Janice K. Brewer, Governor Thomas J. Betlach, Director

801 East Jefferson, Phoenix, AZ 85034 PO Box 25520, Phoenix, AZ 85002 Phone: 602-417-4000 www.azahcccs.gov



Our first care is your health care
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

March 18, 2013

Mark Wong Centers for Medicare & Medicaid Services Division of Medicaid & Children's Health Operations 90 Seventh Street, Suite 5-300 (5W) San Francisco, CA 94103-6707

Dear Mr. Wong:

Enclosed is Arizona State Plan Amendment (SPA) #13-002, effective October 1, 2012, which makes a technical correction to include the changes approved in SPA #11-017A to Attachment 4.19-A, page 8 in the State Plan. These updates were inadvertently not included when SPA #12-006A was approved.

If you have any questions about the enclosed SPA, please contact Theresa Gonzales at (602) 417-4732.

Sincerely,

Monica Coury Assistant Director

Office of Intergovernmental Relations

Cc: Jessica Schubel Cheryl Young

TRANSMITTAL AND NOTICE OF APPROVAL OF	1. TRANSMITTAL NUMBER:	2. STATE	
STATE PLAN MATERIAL	13-002	Arizona	
FOR: Centers for Medicare and Medicaid Services	3. PROGRAM IDENTIFICATION: TIT SOCIAL SECURITY ACT (MEDIC.		
TO: REGIONAL ADMINISTRATOR	4. PROPOSED EFFECTIVE DATE		
CENTERS FOR MEDICARE AND MEDICAID SERVICES	October 1, 2012		
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
5. TYPE OF PLAN MATERIAL (Check One):			
☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☐ AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION:	7. FEDERAL BUDGET IMPACT:		
42 CFR 447 Subpart Part C	\$ N/A		
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:	9. PAGE NUMBER OF THE SUPERS OR ATTACHMENT (If Applicable):		
Attachment 4.19-A, page 8	OK ATTACHINENT (IJ Applicable).		
retachment 1.17 11, page 0	Attachment 4.19-A	, page 8	
10. SUBJECT OF AMENDMENT:			
10. SUBJECT OF AMENDMENT:			
Updates the State Plan to make a technical correction that incorporates the changes approved in SPA #11-017A.			
11. GOVERNOR'S REVIEW (Check One):			
GOVERNOR'S OFFICE REPORTED NO COMMENT	☑ OTHER, AS SPEC	IFIED:	
COMMENTS OF GOVERNOR'S OFFICE ENCLOSED			
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL:	16. RETURN TO:		
12. SIGNATURE OF STATE AGENCT OFFICIAL.	10. RETORN 10.		
1/2-0	Monica Coury		
1/104	801 E. Jefferson, MD#4200		
13. TYPED NAME:	Phoenix, Arizona 85034		
Monica Coury			
14. TITLE:			
Assistant Director			
15. DATE SUBMITTED:			
March 18, 2013			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:	18. DATE APPROVED:		
PLAN APPROVED – ON	E COPY ATTACHED		
19. EFFECTIVE DATE OF APPROVED MATERIAL:	20. SIGNATURE OF REGIONAL OF	FICIAL:	
21. TYPED NAME:	22. TITLE:		
23. REMARKS:			

STATE OF ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES INPATIENT HOSPITAL CARE

inflation factor. Accommodation costs were derived by multiplying the covered days on the claim/encounter times the accommodation cost per diems from the cost report.

- e. Costed claims/encounters were then assigned to tiers using the logic specified above. For claims assigned to more than one tier, ancillary costs were allocated to the tiers in the same proportion as the accommodation costs.
- f. All costs were reduced by an audit adjustment factor equal to four percent since cost reports were not audited.
- 2) **Inflation Factor**: For rates effective on and after October 1, 1999, AHCCCS shall inflate the operating component of the tiered per diem rates to the mid-point of the prospective rate year, using the DRI inflation factor. For rates effective October 1, 2010, no inflation factor will be applied.

Length of Stay (LOS) Adjustment: For rates effective October 1, 1999 through September 30, 2000, the operating component of the Maternity and Nursery tiers shall be adjusted to reflect changes in LOS as required by the federal mandate that allows women at least 48 hours of inpatient care for a normal vaginal delivery, and at least 96 hours of inpatient care for a cesarean section delivery, effective for dates of service on and after January 1, 1998. There shall be no LOS updates for any tiers for rates effective on or after October 1, 2000.

B. Direct Medical Education Component

Direct medical education includes nursing school education, intern and resident salaries, fringes and program costs and paramedical education.

1) For the service period July 1, 20110 through June 30, 20121, the Administration shall distribute up to \$15,122,881-18,613,351 as described in this paragraph to the following hospitals: Banner Good Samaritan, Maricopa Medical Center, Phoenix Children's Hospital, Scottsdale Healthcare Osborn, Scottsdale Healthcare Shea, Tucson Medical Center and University Medical Center. In addition to the above amount, this pool also includes the payment amounts listed on page 9(g)(i) for other teaching hospitals. For dates of service on and after October 1, 1997 (FFY98), GME payment dollars will be separated from the tiered per diem rates to create an AHCCCS GME pool. For FFY98 and each year thereafter, the value of the GME pool will be based on the total GME payments made for claims and encounters in FFY96, inflated by the DRI inflation factor. On an annual basis GME pool funds will be distributed to each hospital with an approved GME program based on the percentage of the total FFY96 GME pool that each hospital's FFY96 GME payment represented. In

TN No. <u>12-006A13-002</u>			
Supersedes	Approval Date:	Effective Date: October 1, 2012	
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