

December 29, 2015

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

RE: Arizona SPA #15-009, LTAC and Rehabilitation Hospitals

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) #15-009, LTAC and Rehab Hospitals, which updates the State Plan to describe how Arizona pays Long Term Care Acute and Rehabilitation hospitals, effective October 1, 2015.

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

Sincerely,

Monica H. Coury Assistant Director

Office of Intergovernmental Relations

cc: Brian Zolynas, CMS Blake Holt, CMS Jessica Woodard, CMS

CENTERS FOR MEDICARE AND MEDICAID SERVICES	1. TRANSMITTAL NUMBER:	OMB NO. 0938-0193	
TRANSMITTAL AND NOTICE OF APPROVAL OF		2. STATE	
STATE PLAN MATERIAL	15-009	Arizona	
FOR: Centers for Medicare and Medicaid Services	3. PROGRAM IDENTIFICATION: TIT SOCIAL SECURITY ACT (MEDIC.		
TO DECIONAL ADMINISTRATOR	4 DDODOGED EFFECTIVE DATE		
TO: REGIONAL ADMINISTRATOR	4. PROPOSED EFFECTIVE DATE	1.5	
CENTERS FOR MEDICARE AND MEDICAID SERVICES	October 1, 201	15	
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 C	FFY 16: \$24,000		
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):		
Att. 4.19-D, page 27.	Same		
10. SUBJECT OF AMENDMENT:			
Updates the State Plan to describe payments to long term acute care and rehabilitation hospitals			
11. GOVERNOR'S REVIEW (Check One): ☐ GOVERNOR'S OFFICE REPORTED NO COMMENT ☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED ☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL	☐ OTHER, AS SPEC	EIFIED:	
12. SIGNATURE OF STATE AGENCY OFFICIAL:	16. RETURN TO:		
13. TYPED NAME: Monica Coury 14. TITLE: Assistant Director	Monica Coury 801 E. Jefferson, MD#4200 Phoenix, Arizona 85034		
15. DATE SUBMITTED:			
December 29, 2015	VEICE LICE ONLY		
FOR REGIONAL OF			
17. DATE RECEIVED:	18. DATE APPROVED:		
PLAN APPROVED – ONE 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

IX. PAYMENT TO LONG-TERM ACUTE CARE HOSPITALS

Long-term acute care hospitals are paid a per diem rate which will be an intensive care unit (ICU) rate, a surgery rate, or a routine rate. A hospital is eligible to receive an ICU rate or a surgery rate if the hospital is licensed by the Arizona Department of Health Services to provide ICU or surgical services.

The ICU rate applies to inpatient days associated on the claim with revenue codes in the ranges 200-204, 207-212, and 219. The surgery rate applies to inpatient days associated on the claim with revenue codes 360-369 in combination with valid procedure codes that are not on the AHCCCS excluded surgery procedures list. The routine rate applies to all other inpatient days.

An outlier is a hospital claim on which the covered charges exceed the outlier threshold, which will be an ICU threshold, a surgery threshold, or a routine threshold. The outlier thresholds for long-term acute care hospitals are the thresholds that were in effect for those hospitals on September 30, 2014. Outliers shall be reimbursed by multiplying covered charges by the statewide urban or rural cost-to-charge ratio.

AHCCCS rates were set as of October 1, 2015, and are effective for dates of admission on and after that date. AHCCCS rates and outlier thresholds for payments to long-term acute care hospitals are published on the agency's website at

http://www.azahcccs.gov/commercial/ProviderBilling/rates/LTACRehab.aspx.

X. PAYMENT TO REHABILITATION HOSPITALS

Rehabilitation hospitals are paid a statewide per diem rate.

An outlier is a hospital claim on which the covered charges exceed the outlier threshold. The outlier threshold for rehabilitation hospitals is the threshold that was in effect for those hospitals on September 30, 2014. Outliers shall be reimbursed by multiplying covered charges by the statewide urban or rural cost-to-charge ratio.

AHCCCS rates were set as of October 1, 2015, and are effective for dates of admission on and after that date. AHCCCS rates and outlier thresholds for payments to rehabilitation hospitals are published on the agency's website at

http://www.azahcccs.gov/commercial/ProviderBilling/rates/LTACRehab.aspx.

TN No. <u>15-009</u>		
Supersedes	Approval Date:	Effective Date: October 1, 2015
TN No. N/A		