

August 27, 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 #15-005-D, Nursing Facility Rates

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) #15-005-D, Nursing Facility Rates which updates rates for nursing facility services and permanently ends the automatic inflation factor as of 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 Jessica Woodard, CMS

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE AND MEDICAID SERVICES		FORM APPROVED OMB NO. 0938-0193
TRANSMITTAL AND NOTICE OF APPROVAL OF	1. TRANSMITTAL NUMBER:	2. STATE
STATE PLAN MATERIAL	15-005D	Arizona
FOR: Centers for Medicare and Medicaid Services	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE October 1, 2015	
5. TYPE OF PLAN MATERIAL (<i>Check One</i>):		
	CONSIDERED AS NEW PLAN	AMENDMENT
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AME	NDMENT (Separate Transmittal for each 7. FEDERAL BUDGET IMPACT:	amendment)
6. FEDERAL STATUTE/REGULATION CITATION:	7. FEDERAL BUDGET IMPACT:	
42 CFR 447 Subpart C	FFY 15: Forthcoming	
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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):	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 8.	Same	
10. SUBJECT OF AMENDMENT: Updates reimbursement rates for Nursing Facilities the period permanently removes the automatic inflation factor beginning	-	, 2016 and
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	IFIED:
12. SIGNATURE OF STATE AGENCY OFFICIAL:	16. RETURN TO:	
Mario	Monica Coury 801 E. Jefferson, MD#4200	
13. TYPED NAME: Monica Coury 14. TITLE: Assistant Director 15. DATE SUBMITTED:	Phoenix, Arizona 85034	
August 27, 2015		
FOR REGIONAL OF 17. DATE RECEIVED:	FICE USE ONLY 18. DATE APPROVED:	
PLAN APPROVED – ON	Ε СОРУ ΑΤΤΑСΗΕΡ	
19. EFFECTIVE DATE OF APPROVED MATERIAL:	20. SIGNATURE OF REGIONAL OFF	FICIAL:
21. TYPED NAME:	22. TITLE:	
23. REMARKS:		

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT **STATE:** <u>ARIZONA</u>

METHODS AND STANDARDS FOR ESTABLISHING FEE-FOR-SERVICE PAYMENT RATES FOR LONG TERM CARE FACILITIES

85% for each facility, then add in the per day historic costs for property taxes and insurance to determine the statewide average capital component.

4. Total Rate

The per diem nursing facility rates are calculated by summing the primary care, indirect care, and capital cost components. These rates vary by member level of care and geographic area due to the primary care components.

5. <u>Rate Update</u>

Effective October 1, 2002 and each year thereafter, fee-for-service rates for nursing facilities will be updated by applying an inflation factor or factors to the rate components in effect for the prior year. This method of adjusting fee-for-service rates is consistent with the method used by AHCCCS for other medical services. For rates effective from October 1, 2011 to September 30, 2013, and from October 1, 2015 and thereafter, no inflation factor will be applied._

Below are the AHCCCS FFS Nursing Facility Per Diem Rates effective from October 1, 2014 to September 30, $201\frac{65}{5}$ (which represent a two percent increase, in lieu of the inflation factor application, from the per diem rates that were in effect as of September 30, 2014):

Level of Care	Revenue	Urban Rate*	Rural Rate
	Code		
Level 1	0191	\$147.83	\$143.24
Level 2	0192	\$161.62	\$156.08
Level 3	0193	\$191.70	\$185.57
LOA (Leave of	0183, 0185	\$147.83	\$143.24
Absence)**			

*AHCCCS has designated nursing facilities in the Arizona counties of Pima, Pinal, and Maricopa as Urban to be paid at the AHCCCS Urban Rate. All other counties inside or outside of Arizona are designated as Rural and are paid at the AHCCCS Rural Rate.

**This LOA rate only applies to reserved beds at Nursing Facilities

III. Other Provisions

A. <u>Provider Appeals</u>

Nursing facility providers have the right to request an informal rate reconsideration in accordance with the ALTCS Rules. Appeals are allowed for the following reasons:

- Extraordinary circumstances (as determined by the Director).
- Provision of specialty care services directed at members with high medical needs.
- Unique or unusually high case mix.

Appeals are made in writing to the Director. Appeals which are granted become effective no earlier than the date the appeal was requested.

B. <u>Cost and Wage Reporting</u>

AHCCCS uses cost and wage reports filed by the nursing facilities in the State of Arizona as a basis for these rate calculations.