

December 11, 2017

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 #17-012, LTAC and Rehab rates

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) #17-012, LTAC and Rehab Rates, which revises the State Plan to update the LTAC and Rehab rates, effective October 1, 2017.

If you have any questions about the enclosed SPA, please contact Kyle Sawyer at (602) 417-4211.

Sincerely,

Elizabeth Lorenz

Assistant Director

Arizona Health Care Cost Containment System (AHCCCS)

cc: Jessica Woodard, CMS Brian Zolynas, CMS

TRANSMITTAL AND NOTICE OF APPROVAL OF	1. TRANSMITTAL NUMBER:	2. STATE	
STATE PLAN MATERIAL	17-012	Arizona	
FOR: Centers for Medicare and Medicaid Services	3. PROGRAM IDENTIFICATION: TIT		
	SOCIAL SECURITY ACT (MEDICA	AID)	
TO: REGIONAL ADMINISTRATOR	4. PROPOSED EFFECTIVE DATE		
CENTERS FOR MEDICARE AND MEDICAID SERVICES	October 1, 2017		
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 AME		amendment)	
6. FEDERAL STATUTE/REGULATION CITATION:	7. FEDERAL BUDGET IMPACT:		
42 CED Dort 447	FFY 18: \$0		
42 CFR Part 447	FFY 19: \$0		
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:	9. PAGE NUMBER OF THE SUPERS	EDED PLAN SECTION	
o. Problem Ber of The Period Or The Indian.	OR ATTACHMENT (If Applicable):		
Attachment 4.19-A Page 27	Same		
10. SUBJECT OF AMENDMENT:			
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Updates the State Plan to update LTAC and Rehab rates			
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11. GOVERNOR'S REVIEW (Check One):			
☐ OTHER, AS SPECIFIED:			
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 AGENCY OFFICIAL.	10. RETURN 10.		
	Elizabeth Lorenz		
	801 E. Jefferson, MD#4200		
	Phoenix, Arizona 85034		
13. TYPED NAME:	-		
Elizabeth Lorenz			
14. TITLE:	1		
Assistant Director			
15. DATE SUBMITTED:			
12/11/17			
FOR REGIONAL OFFICE USE ONLY			
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

Effective October 1, 2015, 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. The outlier cost-to-charge ratio will be the sum of the urban or rural default operating cost-to-charge ratio appropriate to the location of the hospital and the statewide capital cost-to-charge ratio in the data file established by CMS as part of the Medicare Inpatient Prospective Payment System. The urban cost-to-charge ratio applies to hospitals located in Maricopa County or Pima County, and to out-of-state hospitals. The rural cost-to-charge ratio applies to all other hospitals.

AHCCCS rates were set as of October 1, 201<u>7</u>6, 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 <a href="https://azahcccs.gov/PlansProviders/RatesAndBilling/FFS/LTACrehab.html">https://azahcccs.gov/PlansProviders/RatesAndBilling/FFS/LTACrehab.html</a>

## X. PAYMENT TO REHABILITATION HOSPITALS

Effective October 1, 2015, 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. The outlier cost-to-charge ratio will be the sum of the urban or rural default operating cost-to-charge ratio appropriate to the location of the hospital and the statewide capital cost-to-charge ratio in the data file established by CMS as part of the Medicare Inpatient Prospective Payment System. The urban cost-to-charge ratio applies to hospitals located in Maricopa County or Pima County, and to out-of-state hospitals. The rural cost-to-charge ratio applies to all other hospitals.

AHCCCS rates were set as of October 1, 201<u>7</u>6, 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 <a href="https://azahcccs.gov/PlansProviders/RatesAndBilling/FFS/LTACrehab.html">https://azahcccs.gov/PlansProviders/RatesAndBilling/FFS/LTACrehab.html</a>

TN No. <u>17-012</u> <del>16-008</del>		
Supersedes	Approval Date:	Effective Date: October 1,
<u>20176</u>		
TN No. 4 <u>16-008</u> 5-009		