

March 22, 2024

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 # 24-0001, January Nursing Facility (NF) Rates**

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) # 24-0001, January Nursing Facility (NF) Rates. This SPA updates the NF rates, with an effective date of January 1, 2024.

Tribal Consultation and Public Notice Requirements for this SPA have been fulfilled and the corresponding documentation is provided below:

Tribal Consultation (August 29, 2023):

[https://www.azahcccs.gov/AmericanIndians/Downloads/Consultations/Meetings/2023/08292023QuarterlyTC\\_Presentation.pdf](https://www.azahcccs.gov/AmericanIndians/Downloads/Consultations/Meetings/2023/08292023QuarterlyTC_Presentation.pdf)

Public Notice:

[https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/Final Public Notice Rate Changes 20231001.pdf](https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/Final%20Public%20Notice%20Rate%20Changes%20231001.pdf)

The Fiscal Impact of this SPA has been calculated as:

- FFY 2024: \$168,900
- FFY 2025: \$207,100

The amounts are for FFS only and are the FFP portion only. To arrive at this calculation, Arizona took actual FFY 2022 utilization and applied the implemented rate changes from FFY 2023 and the proposed FFY 2024 rate changes to calculate the total anticipated expenditures for FFY 2024 (9 months) and FFY 2025 (12 months). Arizona assumed an FMAP of 72.53% for FFY 2024 and an FMAP of 71.15% for FFY 2025. As a result, the federal component is slightly different between the two years.

If there are any questions about the enclosed SPA, please contact Maxwell Seifer at [maxwell.seifer@azahcccs.gov](mailto:maxwell.seifer@azahcccs.gov) or 602-417-4722.

Sincerely,



Alex Demyan  
Assistant Director  
Arizona Health Care Cost Containment System (AHCCCS)

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER <u>24</u> — <u>0001</u>	2. STATE <u>AZ</u>
3. PROGRAM IDENTIFICATION: TITLE <u>19</u> OF THE SOCIAL SECURITY ACT	

TO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE  
January 1, 2024

5. FEDERAL STATUTE/REGULATION CITATION  
42 CFR Part 447, Subpart C

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)  
a. FFY 24 \$ 168,900  
b. FFY: 25 \$ 207,100

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  
  
Attachment 4.19-D, page 8

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  
  
Attachment 4.19-D, page 8

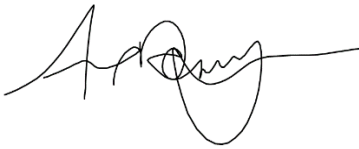
9. SUBJECT OF AMENDMENT  
January Nursing Facility (NF) Rates

10. 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 SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL



12. TYPED NAME  
Alex Demyan

13. TITLE  
Assistant Director

14. DATE SUBMITTED: March 22, 2024

15. RETURN TO  
Alex Demyan  
801 E. Jefferson St., MD #4200  
Phoenix, AZ 85034

**FOR CMS USE ONLY**

16. DATE RECEIVED	17. DATE APPROVED
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**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL	19. SIGNATURE OF APPROVING OFFICIAL
20. TYPED NAME OF APPROVING OFFICIAL	21. TITLE OF APPROVING OFFICIAL

22. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
**STATE: ARIZONA**

**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. Rate Update**

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 on and after January 1, 2024:

Level of Care	Revenue Code	Urban Rate	Rural Rate	Flagstaff
LOA/Therapeutic**	0183	<del>\$209.37</del> \$208.29	<del>\$202.84</del> \$201.79	<del>\$208.85</del> \$207.77
LOA/Nursing Home**	0185	<del>\$209.37</del> \$208.29	<del>\$202.84</del> \$201.79	<del>\$208.85</del> \$207.77
Level I	0191	<del>\$209.37</del> \$208.29	<del>\$202.84</del> \$201.79	<del>\$208.85</del> \$207.77
Level II	0192	<del>\$228.89</del> \$227.71	<del>\$221.05</del> \$219.91	<del>\$227.58</del> \$226.40
Level III	0193	<del>\$271.50</del> \$270.10	<del>\$262.81</del> \$261.45	<del>\$270.59</del> \$269.19

\*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 (except Flagstaff, which is paid at the rate specified above).

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

**III. Other Provisions**

**A. Provider Appeals**

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. Cost and Wage Reporting**

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