

December 12, 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 #17-017, Nursing Facilities Differential Adjusted Payments

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) #17-017, Nursing Facilities Differential Adjusted Payments, which revises the State Plan to create implement differential adjusted payments for nursing facilities, 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	17-017	Arizona		
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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, 201	7		
DEPARTMENT OF HEALTH AND HUMAN SERVICES	, .			
5. TYPE OF PLAN MATERIAL (Check One):				
, ,				
☐ NEW STATE PLAN ☐ AMENDMENT TO BE O	CONSIDERED AS NEW PLAN			
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 CED D 447	FFV 40			
42 CFR Part 447	FFY 18: \$365,000			
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:	FFY 19: \$364,500  9. PAGE NUMBER OF THE SUPERS	EDED DI AN SECTION		
8. FAGE NUMBER OF THE FLAN SECTION OR ATTACHMENT.	OR ATTACHMENT (If Applicable):			
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Attachment 4.19-D 9(b)	Same			
10. SUBJECT OF AMENDMENT:				
Updates the State Plan establishes differential adjusted paym	ents for nursing facilities			
11. GOVERNOR'S REVIEW (Check One):		IEIED.		
☐ GOVERNOR'S OFFICE REPORTED NO COMMENT ☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED	OTHER, AS SPEC	IFIED:		
NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL				
THE RELEVED WITHIN 15 DITTS OF SODIMITING				
12. SIGNATURE OF STATE AGENCY OFFICIAL:	16. RETURN TO:			
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122(~	Elizabeth Lorenz			
	801 E. Jefferson, MD#4200			
	Phoenix, Arizona 85034			
V				
13. TYPED NAME:				
Elizabeth Lorenz				
14. TITLE:				
Assistant Director				
15. DATE SUBMITTED:				
12/12/17				
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 OFF	FICIAL:		
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21. TYPED NAME:	22. TITLE:			
22 DEMADES.				

## STATE OF ARIZONA METHODS AND STANDARDS FOR ESTABLISHING FEE-FOR-SERVICE PAYMENT RATES FOR LONG TERM CARE FACILITIES

## F. Nursing Facility Value Based Purchasing (VBP) Differential Adjusted Payment

As of October 1, 201<u>7</u>6 through September 30, 201<u>8</u>7 (Contract Year Ending (CYE) 201<u>8</u>7), nursing facilities that are located in Arizona with Arizona Medicaid utilization that meet AHCCCS established value based performance metrics requirements in subsection 1 below will receive a <u>Value Based Purchasing (VBP)</u> Differential Adjusted Payment described in subsection 2 below. The <u>VBP</u> Differential Adjusted Payment Schedule represents a positive adjustment to the AHCCCS Fee-For-Service rates. These payment adjustments will occur for all dates of service in CYE 201<u>8</u>7 only. The purpose of the <u>VBP</u>-Differential Adjusted Payment is to distinguish facilities which have committed to supporting designated actions that improve patients' care experience, improve members' health, and reduce cost of care growth.

- To qualify for the VBP\_Differential Adjusted Payment, a nursing facility must meet the following criteria:
- a) Must be an AHCCCS registered provider type 22; and
- <u>b)</u> Must meet or exceed the Arizona average for the percentage of long stay residents assessed and given, appropriately, the pneumococcal vaccine during the performance period of April 1, 2015 through December 31, 2015 for the most recently published rate as of April 30, 2017; and/or
- b)c)Must meet or exceed the Arizona average for the percentage of long stay residents assessed and given, appropriately, the influenza vaccine for the most recently published rate as of April 30, 2017
- d) AHCCCS shall use the nursing facility's performance results published on the Medicare Nursing Home Compare Website (https://data.medicare.gov/Nursing-Home-Compare/Quality-Measures-Long-Stay/iqd3-nsf3) to determine the facilities that meet the performance standards described in subsection 1(b) and 1(c). for the performance period of April 1, 2015 through December 31, 2015.
- Nursing facilities that meet the requirements described in subsection 1 shall <u>be eligible to</u> receive a differential adjusted payment. Eligible nursing facilities will receive a 1% increase in payment to its fee-for-service reimbursement rate for October 1, 20176 through September 30, 20187 for meeting either subsection 1(b) or subsection 1(c). Eligible nursing facilities which meet both subsection 1(b) and 1(c) will receive a 2% increase to its fee-forservice reimbursement rate for October 1, 2017 through September 30, 2018

## Exemptions:

IHS and 638 tribally owned and/or operated facilities, including nursing facilities are exempt from this initiative based on payments primarily at the all-inclusive rate.

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TN No. <del>16-012-C</del> 17-	-017		
Supersedes	Approval Date:	Effective Date:	October 1, 2017
TN No. N/A16-012	-C		