

December 27, 2018

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 #18-016, Inpatient DAP

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) #18-016, Inpatient DAP, which revises the State Plan to update the Inpatient DAP program, effective October 1, 2018.


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: Blake Holt, CMS
Brian Zolynas, CMS

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: 18-016	2. STATE Arizona
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
FOR: Centers for Medicare and Medicaid Services		
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE October 1, 2018	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)		
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR Part 447	7. FEDERAL BUDGET IMPACT: FFY 19: \$4,746,300	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A Page 28 – 28(a)	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-A Page 28	
10. SUBJECT OF AMENDMENT: Revises the State Plan to update the Inpatient DAP program, effective October 1, 2018.		
11. GOVERNOR'S REVIEW (Check One): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		
12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: Elizabeth Lorenz 801 E. Jefferson, MD#4200 Phoenix, Arizona 85034	
13. TYPED NAME: Elizabeth Lorenz		
14. TITLE: Assistant Director		
15. DATE SUBMITTED: 12/27/18		
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 OFFICIAL:	
21. TYPED NAME:	22. TITLE:	
23. REMARKS:		

STATE OF ARIZONA
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
INPATIENT HOSPITAL CARE

Section XI – Inpatient Differential Adjusted Payment

A. Overview:

As of October 1, 201~~87~~ through September 30, 201~~98~~ (Contract Year Ending (CYE) 201~~98~~), AHCCCS-registered Arizona hospitals (other than the facilities described in section C. below) which meet Agency established value based performance metrics requirements in section B. below will receive a Differential Adjusted Payment described in section D. below. The Differential Adjusted Payment Schedule represents a positive adjustment to the AHCCCS Fee-For-Service rates. These payment adjustments will occur for all dates of discharge in CYE 201~~98~~ only. The purpose of the 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.

B. Applicability

To qualify for the Inpatient Differential Adjusted Payment, a hospital providing inpatient hospital services must meet one of the following criteria:

- a. Hospitals receiving APR-DRG reimbursement must ~~have executed an agreement with a state's health information exchange on or before May 15, 2017 and must have electronically submitted laboratory, radiology, transcription, and medication information, plus admission, discharge, and transfer information (including data from the hospital emergency department) to the state's health information exchange on or before May 15, 2017~~ submit a letter of intent to AHCCCS ~~no later than June 15, 2018 committing to achieving specified milestones related to participation in the state health information exchange prior to specified dates. Failure to meet a milestone or maintain participation in an achieved milestone activity will disqualify a facility from receiving DAP payments for CYE 202019.~~
 - i. The letter of intent must include the following milestones:
 1. No later than July 31, 2018 the hospital must execute an agreement with a qualifying health information exchange organization (HIE).
 2. No later than October 31, 2018 the hospital must approve and authorize a formal scope of work with a qualifying HIE organization to develop and implement the data exchange necessary to meet the requirements next two milestones.
 3. No later than March 31, 2019 the hospital must electronically submit admission, discharge, and transfer information (generally known as ADT information), including data from the hospital emergency department if the provider has an emergency department, to a qualifying health information exchange organization.
 4. No later than June 30, 2019 the hospital must electronically submit to a qualifying HIE organization laboratory and radiology information (if the provider has these services), transcription, medication information, and discharge summaries that include, at a minimum, discharge orders, discharge instructions, active medications, new prescriptions, active problem lists (diagnosis), treatments/procedures conducted during the stay, active allergies, and discharge destination.

TN No. ~~17-01518-016~~

Supersedes Approval Date: _____

Effective Date: October 1, 201~~87~~

TN No. ~~16-012-A17-015~~

STATE OF ARIZONA
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
INPATIENT HOSPITAL CARE

- ii. Hospitals qualifying under subsection a may receive an additional DAP increase if they have obtained a Pediatric-Prepared Emergency Care certification from the Arizona Chapter of the American Academy of Pediatrics on or before May 1, 2018.
- b. Other hospitals submit a letter of intent to AHCCCS no later than June 15, 2018 committing to achieving specified milestones related to participation in the state health information exchange prior to specified dates. Failure to meet a milestone or maintain participation in an achieved milestone activity will disqualify a facility from receiving DAP payments for CYE 202019. must have executed an agreement with and electronically submitted admission, discharge, and transfer information, as well as data from the facility's emergency department if appropriate, to the state's health information exchange. Facilities must have an executed agreement and initiate activity with the state's health information exchange by October 1, 2017. Additionally, the state's health information exchange will conduct a readiness assessment of all interested facilities and will determine, based on the results of the assessment, whether or not the facility is approved to proceed with connectivity and meeting the program deadlines.
 - i. The letter of intent must include the following milestones:
 1. No later than July 31, 2018 the hospital must execute an agreement with a qualifying health information exchange organization (HIE).
 2. No later than October 31, 2018 the hospital must approve and authorize a formal scope of work with a qualifying HIE organization to develop and implement the data exchange necessary to meet the requirements next two milestones.
 3. No later than March 31, 2019 the hospital must electronically submit admission, discharge, and transfer information (generally known as ADT information), including data from the hospital emergency department if the provider has an emergency department, to a qualifying health information exchange organization.
 4. No later than June 30, 2019 the hospital must electronically submit to a qualifying HIE organization laboratory and radiology information (if the provider has these services), transcription, medication information, and discharge summaries that include, at a minimum, discharge orders, discharge instructions, active medications, new prescriptions, active problem lists (diagnosis), treatments/procedures conducted during the stay, active allergies, and discharge destination.
 - 5.

C. Exemptions:

IHS and 638 tribally owned and/or operated facilities, including hospital and nursing facilities are exempt from this initiative.

D. Payment Methodology

For hospitals, meeting the above qualifications, all payments for inpatient services will be increased by 0.53.0%. Hospitals which meet the qualifications of section B subsection (a)(ii) will a receive an additional 0.5% increase on all payments for inpatient services if they meet the qualifications listed in

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~~subsection i. Any hospital which does not meet a milestone prior to the specified date will not receive any DAP reimbursements for CYE 2019. This~~ These increases ~~does~~ not apply to supplemental payments.

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