

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

March 2, 2020

Jami Snyder, Director
Arizona Health Care Cost Containment System
801 E. Jefferson
Phoenix, AZ 85034

RE: Arizona SPA 19-0021

Dear Ms. Snyder:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 19-0021. This amendment updates the inpatient hospital Differential Adjusted Payment (DAP) program effective October 1, 2019.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. This is to inform you that Medicaid State plan amendment TN 19-0021 is approved effective October 1, 2019. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Mark Wong at (415) 744-3561.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kristin Fan", is positioned above the printed name and title.

Kristin Fan
Director

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER <u>19-021</u>	2. STATE Arizona
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE October 1, 2019	

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 AMENDMENT (Separate transmittal for each amendment)


6. FEDERAL STATUTE/REGULATION CITATION 42 CFR Part 447	7. FEDERAL BUDGET IMPACT a. FFY 2020 \$ 6,177,700 b. FFY 2021 \$ 6,237,400
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-A pg. 28(a)-(g) , 28	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Attachment 4.19-A pg. 28-28(a)

10. SUBJECT OF AMENDMENT

Updates the IP DAP program, effective October 1, 2019.

11. GOVERNOR'S REVIEW (Check One)

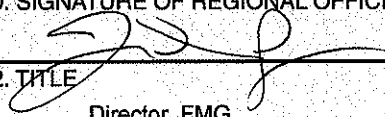
GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL 	16. RETURN TO Dana Hearn 801 E. Jefferson, MD#4200 Phoenix, Arizona 85034
13. TYPED NAME Dana Hearn	
14. TITLE Assistant Director	
15. DATE SUBMITTED 12/30/2019	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED	18. DATE APPROVED March 2, 2020
-------------------	---------------------------------

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL October 1, 2019	20. SIGNATURE OF REGIONAL OFFICIAL 
21. TYPED NAME Kristin Fan	22. TITLE Director, FMG

23. REMARKS

Pen-and-ink changes made to Boxes 7 and 8 by CMS with concurrence by state on 2/27/2020.

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, 2019 through September 30, 2020 (Contract Year Ending (CYE) 2020), 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 2020 (October 1, 2019 through September 30, 2020) 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 (provider type 02) receiving APR-DRG reimbursement are eligible for DAP increases under the following criteria..

- i. **Health Information Exchange Participation**

Participation in a qualifying Health Information Exchange (HIE) organization qualifies the hospital for a 2.5% DAP increase for services. Participation means that by May 15, 2019, the hospital (both those addressed in sections 1 and 2 below) must have submitted a Letter of Intent (LOI) to AHCCCS and the HIE, in which it agrees to achieve the following milestones by the specified dates, or maintain its participation in the milestone activities if they have already been achieved:

1. Providers That Did Not Participate in CYE 2019 DAP:
 - a. Milestone #1: No later than July 31, 2019 the hospital must execute an agreement with a qualifying HIE organization.
 - b. Milestone #2: No later than October 31, 2019 the hospital must approve and authorize a formal scope of work (SOW) with a qualifying HIE organization to develop and implement the data exchange necessary to meet the requirements of Milestones #3 and #4.
 - c. Milestone #3: No later than March 31, 2020 the hospital must electronically submit actual patient identifiable 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 the production environment of a qualifying HIE organization.
 - d. Milestone #4: No later than June 30, 2020 the hospital must electronically submit actual patient identifiable laboratory and

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

- 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 to the production environment of a qualifying HIE organization.
2. Returning CYE 2019 DAP Participants:
- a. Base requirement: The hospital must already have in place an active participation agreement with a qualifying HIE organization and must maintain the data submission requirements of the CYE 2019 DAP requirements throughout CYE 2020.
 - b. Milestone #1: No later than July 1, 2019 the hospital must submit actual patient identifiable immunization data to the production environment of a qualifying HIE organization.
 - c. Milestone #2: No later than October 1, 2019 the hospital must approve and authorize a formal SOW with a qualifying HIE organization to initiate and complete a data quality profile to be produced by a qualifying HIE organization.
 - d. Milestone #3: No later than December 31, 2019 the hospital must complete the initial data quality profile with a qualifying HIE organization.
 - e. Milestone #4: No later than March 31, 2020 the hospital must complete the data quality scope of work by producing the final data quality profile with a qualifying HIE organization.

For criteria (1)(c), (1)(d), and (2)(b), the information transferred to the qualifying HIE must be actual patient data; the transfer of test data does not fulfill these requirements. It must include all patient data, including behavioral health data and data covered by 42 CFR Part 2.

In order to receive the 2.5% DAP increase for HIE participation a hospital (both those addressed in sections 1 and 2 above) must submit an LOI to the HIE and AHCCCS by May 15, 2019 at the following email addresses:

FFSRates@azahcccs.gov, and

ceo@healthcurrent.org

If a hospital has already achieved one or more of the CYE 2020 milestones as of May 15, 2019, the LOI must include a commitment by the hospital to maintain its participation in those milestone activities for the period May 15, 2019 through September 30, 2020.

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

If a hospital submits an LOI and receives the 2.5% DAP increase for CYE 2020, but fails to achieve one or more of the milestones by the specified date, or fails to maintain its participation in the milestone activities, that hospital will be ineligible to receive DAP for dates of service from October 1, 2020 through September 30, 2021 (CYE 2021) if a DAP is available at that time.

Hospitals which submitted an LOI and received a DAP increase for CYE 2019 but failed to achieve one or more milestone or failed to maintain its participation in the milestone activities are ineligible to receive DAP in CYE 2020.

ii. Sepsis Care Performance Measure

Applicability

Hospitals that meet or exceed the state-wide average for the Sepsis Care performance measure will qualify for a 1.0% DAP increase. On April 30, 2019, AHCCCS will download data from the Medicare Hospital Compare website for the Early Management Bundle, Severe Sepsis/Septic Shock (SEP-1) performance measure. This measure reflects the percentage of patients who received appropriate care for severe sepsis and septic shock. Facility results will be compared to the Arizona average results for the measure. Hospitals that meet or exceed the state-wide average percentage will qualify for the DAP increase.

A pediatric hospital will qualify to receive this DAP increase if it is a participant in the Improving Pediatric Sepsis Outcomes (IPSO) collaborative for 2019, as identified on April 30, 2019 on the following website: [https://www.childrenshospitals.org/-/media/Files/CHA/Main/Quality and Performance/Sepsis/2018-IPSO-Enrolled-Hospitals.pdf](https://www.childrenshospitals.org/-/media/Files/CHA/Main/Quality%20and%20Performance/Sepsis/2018-IPSO-Enrolled-Hospitals.pdf).

iii. Pediatric Preparedness Certification

Hospitals that hold a Pediatric-Prepared Emergency Care certification will qualify for a 0.5% DAP increase. By May 1, 2019, the hospital must have obtained a Pediatric-Prepared Emergency Care certification from the Arizona Chapter of the American Academy of Pediatrics (AzaAP).

- b. Other hospitals and Inpatient Facilities (Psychiatric Hospitals, with the exception of public hospitals, Provider Type 71; Subacute Facilities (1-16 Beds), Provider Type B5; Rehabilitation Hospitals, Provider Type C4; Long Term Acute Care Hospitals, Provider Type C4) are eligible for DAP increases under the following criteria.

1. Health Information Exchange Participation

TN No. 19-021
Supersedes
TN No. NEW

Approval Date: March 2, 2020

Effective Date: October 1, 2019

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

Participation in a qualifying HIE organization qualifies the hospital for a 2.0% DAP increase for services. Participation means that by May 15, 2019, the hospital (both those addressed in sections i. and ii. below) must have submitted a LOI to AHCCCS and the HIE, in which it agrees to achieve the following milestones by the specified dates, or maintain its participation in the milestone activities if they have already been achieved:

i. Providers That Did Not Participate in CYE 2019 DAP:

1. Milestone #1: No later than July 31, 2019 the hospital must execute an agreement with a qualifying HIE organization.
2. Milestone #2: No later than October 31, 2019 the hospital must approve and authorize a formal SOW with a qualifying HIE organization to develop and implement the data exchange necessary to meet the requirements of Milestones #3 and #4.
3. Milestone #3: No later than March 31, 2020 the hospital must electronically submit actual patient identifiable 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 the production environment of a qualifying HIE organization.
4. Milestone #4: No later than June 30, 2020 the hospital must electronically submit actual patient identifiable 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 to the production environment of a qualifying HIE organization.

ii. Returning CYE 2019 DAP Participants:

1. Base requirement: The hospital must already have in place an active participation agreement with a qualifying HIE organization and must maintain the data submission requirements of the CYE 2019 DAP requirements throughout CYE 2020.
2. Milestone #1: No later than October 1, 2019 the hospital must approve and authorize a formal SOW with a qualifying HIE organization to initiate and complete a data quality profile to be produced by a qualifying HIE organization.
3. Milestone #2: No later than January 1, 2020 the hospital must complete the initial data quality profile with a qualifying HIE organization.

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

For criteria (i)(3) and (i)(4), the information transferred to the qualifying HIE must be actual patient data; the transfer of test data does not fulfill these requirements. It must include all patient data, including behavioral health data and data covered by 42 CFR Part 2.

In order to receive the 2.0% DAP increase for HIE participation a hospital (both those addressed in sections i. and ii. above) must submit an LOI to the HIE and AHCCCS by May 15, 2019 at the following email addresses: FFSRates@azahcccs.gov, and ceo@healthcurrent.org

If a hospital has already achieved one or more of the CYE 2020 milestones as of May 15, 2019, the LOI must include a commitment by the hospital to maintain its participation in those milestone activities for the period May 15, 2019 through September 30, 2020.

If a hospital submits an LOI and receives the 2.0% DAP increase for CYE 2020, but fails to achieve one or more of the milestones by the specified date, or fails to maintain its participation in the milestone activities, that hospital will be ineligible to receive DAP for dates of service from October 1, 2020 through September 30, 2021 (CYE 2021) if a DAP is available at that time.

Hospitals which submitted an LOI and received a DAP increase for CYE 2019 but failed to achieve one or more milestone or failed to maintain its participation in the milestone activities are ineligible to receive DAP in CYE 2020.

2. Inpatient Psychiatric Facility Quality Reporting Program

Hospitals that meet the Inpatient Psychiatric Facility Quality Reporting Program (IPFQR) performance measure will qualify for a 2.0% DAP increase. On April 30, 2019, AHCCCS will download the most current data from the QualityNet.org website to identify Medicare's Annual Payment Update (APU) recipients. APU recipients are those facilities that satisfactorily met the requirements for the IPFQR program, which includes multiple clinical quality measures. Facilities identified as APU recipients will qualify for the DAP increase.

3. Long-Term Care Hospital Pressure Ulcers Performance Measure

Hospitals that meet or fall below the national average for the pressure ulcers performance measure will qualify for a 2.0% DAP increase. On April 30, 2019, AHCCCS will download the most current data from the Medicare Long Term Hospital Compare website for the rate of pressure ulcers that are new or worsened. Facility results will be compared to the national average results for the measure. Hospitals that meet or fall below the national average percentage will qualify for the DAP increase.

4. Inpatient Rehabilitation Pressure Ulcers Performance Measure

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

Hospitals that meet or fall below the national average for the pressure ulcers performance measure will qualify for a 2.0% DAP increase. On April 30, 2019, AHCCCS will download the most current data from the Medicare Inpatient Rehabilitation Facility Compare website for the rate of pressure ulcers that are new or worsened. Facility results will be compared to the national average results for the measure. Hospitals that meet or fall below the national average percentage will qualify for the DAP increase.

- i.
- ii.

C. Exemptions:

IHS and 638 tribally owned and/or operated Integrated Clinics are exempt from this initiative at this time based on payments primarily at the federally-mandated all-inclusive rate.

D. Payment Methodology

For hospitals receiving APR-DRG reimbursement (described in Section B(a) above), fee-for-service payment rates may be increased up a maximum of 4.0%. Payment rates for inpatient services will be increased by 2.5% if they meet the HIE requirements, by 1.0% if they meet the sepsis requirements, and by 0.5% if they hold the Pediatric-Prepared Emergency Care certification.

These increases do not apply to supplemental payments.

For other hospitals and inpatient facilities (described in Section B(b) above), fee-for-service payment rates may be increased up a maximum of 4.0%. Payment rates for inpatient services will be increased by 2.0% if they meet the HIE requirements. For inpatient psychiatric facilities, payment rates for services will be increased by 2.0% if they meet the requirements detailed in b.2. For Long-Term Care Hospitals, payment rates for services will be increased by 2.0% if they meet the requirements detailed in b.3. For inpatient rehabilitation hospitals, payment rates for services will be increased by 2.0% if they meet the requirements detailed in b.4.

These increases do not apply to supplemental payments.

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

The following is a description of methods and standards for determining Differential Adjusted Payments for Critical Access Hospitals. 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. 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 service in Contract Year Ending (CYE) 2020 (October 1, 2019 through September 30, 2020) only.

1) Critical Access Hospitals

A. Applicability

Hospitals designated as a Critical Access Hospital (CAH) by May 1, 2019 are eligible for DAP increases under the following criteria.

- a. Participation in a qualifying HIE organization qualifies the CAH for a 8.0% DAP increase for services. Participation means that by May 15, 2019, the CAH must have submitted a LOI to AHCCCS and the HIE, in which it agrees to achieve the following milestones by the specified dates, or maintain its participation in the milestone activities if they have already been achieved:
 - i. Base requirement: The hospital must already have in place an active participation agreement with a qualifying HIE organization and must maintain the data submission requirements of the CYE 2019 DAP requirements throughout CYE 2020.
 - ii. Milestone #1: No later than July 1, 2019 the hospital must submit actual patient identifiable immunization data to the production environment of a qualifying HIE organization.
 - iii. Milestone #2: No later than October 1, 2019 the hospital must approve and authorize a formal SOW with a qualifying HIE organization to initiate and complete a data quality profile to be produced by a qualifying HIE organization.
 - iv. Milestone #3: No later than December 31, 2019 the hospital must complete the initial data quality profile with a qualifying HIE organization.
 - v. Milestone #4: No later than March 31, 2020 the hospital must complete the data quality scope of work by producing the final data quality profile with a qualifying HIE organization.

For criteria (a)(ii), the information transferred to the qualifying HIE must be actual patient data; the transfer of test data does not fulfill these requirements. It must include all patient data, including behavioral health data and data covered by 42 CFR Part 2.

In order to receive the 8.0% DAP increase for HIE participation a hospital must submit an LOI to the HIE and AHCCCS by May 15, 2019 at the following email addresses: FFSRates@azahcccs.gov, and ceo@healthcurrent.org

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

If a hospital has already achieved one or more of the CYE 2020 milestones as of May 15, 2019, the LOI must include a commitment by the hospital to maintain its participation in those milestone activities for the period May 15, 2019 through September 30, 2020. If a hospital submits an LOI and receives the 8.0% DAP increase for CYE 2020, but fails to achieve one or more of the milestones by the specified date, or fails to maintain its participation in the milestone activities, that hospital will be ineligible to receive DAP for dates of service from October 1, 2020 through September 30, 2021 (CYE 2021) if a DAP is available at that time.

Hospitals which submitted an LOI and received a DAP increase for CYE 2019 but failed to achieve one or more milestone or failed to maintain its participation in the milestone activities are ineligible to receive DAP in CYE 2020.

- b. Critical Access Hospitals which meet all of the criteria in subsection (a) above, have a Level I-IV trauma center as of May 15, 2019, and are located less than five miles from Interstate 10 will receive an additional 20.0% DAP increase for services.
- c. Hospitals that hold a Pediatric-Prepared Emergency Care certification will qualify for a 0.5% DAP increase. By May 1, 2019, the hospital must have obtained a Pediatric-Prepared Emergency Care certification from the AzAAP.

B. Exemptions:

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

C. Payment Methodology

For critical access hospitals, payment rates for inpatient services will be increased by 8.0% if they meet the HIE requirements, by 28.0% if they meet both the HIE requirements and the Level I-IV Trauma Center **and Interstate 10** requirements, and by 0.5% if they hold the Pediatric-Prepared Emergency Care certification. These increases do not apply to supplemental payments. For critical access hospitals, payment rates for inpatient services will be increased by 8.0% if they meet the HIE requirements, by 28.0% if they meet both the HIE requirements and the Level I-IV Trauma Center requirements, and by 0.5% if they hold the Pediatric-Prepared Emergency Care certification. These increases do not apply to supplemental payments.