

November 10, 2021

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 # 21-017, LTC and Rehab Rates

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) #21-017, LTC and Rehab Rates Update. This SPA updates the State Plan long-term care and rehabilitation rates, effective October 1, 2021.

Tribal Consultation on this SPA occurred on August 12, 2021. The Tribal Consultation presentation is available at:

• https://www.azahcccs.gov/AmericanIndians/TribalConsultation/

Public Notice for this rate update was posted on the following webpages:

- https://www.azahcccs.gov/AHCCCS/PublicNotices/
- https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/Final_Public_Notice_Rate_Changes_202010011.pdf

If there are any questions about the enclosed SPA, please contact Ruben Soliz at <u>ruben.soliz@azahcccs.gov</u> or 602-417-4355.

Sincerely,

Dana Flannery Assistant Director

Arizona Health Care Cost Containment System (AHCCCS)

CENTERS FOR MEDICARE AND MEDICAID SERVICES		OMB NO. 0938-0193			
TRANSMITTAL AND NOTICE OF APPROVAL OF	1. TRANSMITTAL NUMBER:	2. STATE			
STATE PLAN MATERIAL	21-017	Arizona			
FOR: Centers for Medicare and Medicaid Services	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)				
TO: REGIONAL ADMINISTRATOR	4. PROPOSED EFFECTIVE DATE				
CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	October 1, 2021				
5. TYPE OF PLAN MATERIAL (Check One):	<u> </u>				
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□ 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:	7. FEDERAL BUDGET IMPACT:	итепитепі)			
42 CFR Part 447	FFY 2022: \$1,386				
42 CFK Pail 447	FFY 2023: \$1,329				
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:	9. PAGE NUMBER OF THE SUPERS				
A. 1	OR ATTACHMENT (If Applicable):				
Attachment 4.19-A, pg. 27	Attachment 4.19-A, pg. 27				
10. SUBJECT OF AMENDMENT:					
Updates the State Plan long-term care and rehabilitation rates, effective October 1, 2021.					
11. 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					
12. SIGNATURE OF STATE AGENCY OFFICIAL:	16. RETURN TO:				
at the same of the	Dana Flannery 801 E, Jefferson, MD#4200 Phoenix, AZ 85034				
13. TYPED NAME:					
Dana Flannery					
14. TITLE:					
Assistant Director					
15. DATE SUBMITTED:					
November 10, 2021					
FOR REGIONAL OF					
17. DATE RECEIVED:	18. DATE APPROVED:				
PLAN APPROVED – ON	PLAN APPROVED – ONE COPY ATTACHED				
19. EFFECTIVE DATE OF APPROVED MATERIAL:	20. SIGNATURE OF REGIONAL OFF	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 outlier cost-to-charge ratio. The outlier ratios will be the Final Statewide Average Total Cost-to-Charge Ratios for LTCHs in the data file published by CMS as part of the Medicare Long-Term Care Hospital Prospective Payment System for the prior fiscal year. 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, 202021, 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

https://azahcccs.gov/PlansProviders/RatesAndBilling/FFS/LTACrehab.html

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 outlier cost-to-charge ratio. The outlier cost-to-charge ratios will be the Final Statewide Average Total Cost-to-Charge Ratios for LTCHs in the data file published by CMS as part of the Medicare Long-Term Care Hospital Prospective Payment System for the prior fiscal year. 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, 202021, 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

https://azahcccs.gov/PlansProviders/RatesAndBilling/FFS/LTACrehab.html

ΓN No 21-017		
Supersedes TN No. 20-023	Approved:	Effective: October 1, 2021