

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 # 21-018, NF Rate Update

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) #21-018, NF Rate Update. This SPA updates the Nursing Facility rates in the State Plan, 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)

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE AND MEDICAID SERVICES		FORM APPROVED OMB NO. 0938-0193			
TRANSMITTAL AND NOTICE OF APPROVAL OF	1. TRANSMITTAL NUMBER:	2. STATE			
STATE PLAN MATERIAL	21-018	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):					
□ 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:				
42 CFR Part 447	FFY 2022: \$2,732,705 FFY 2023: \$2,600,013				
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>):				
Attachment 4.19-D	Attachment 4.10 D				
Pg. 8	Attachment 4.19-D Pg. 8				
10. SUBJECT OF AMENDMENT: Updates the State Plan NF rates.					
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	OTHER, AS SPEC	IFIED:			
12. SIGNATURE OF STATE AGENCY OFFICIAL:	16. RETURN TO:				
RAES	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 OFFICE USE ONLY					
17. DATE RECEIVED:	18. DATE APPROVED:				
PLAN APPROVED – ON	E COPY ATTACHED				
19. EFFECTIVE DATE OF APPROVED MATERIAL:	20. SIGNATURE OF REGIONAL OFF	TCIAL:			
21. TYPED NAME:	22. TITLE:				
23. 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. 2021-October 1, 2021:

Level of Care	Revenue Code	Urban Rate*	Rural Rate	Flagstaff
LOA/Therapeutic **	183	\$171.58 \$183.93	\$166.23 \$178.20	\$171.71 \$184.07
LOA/Nursing Home**	185	\$171.58 \$183.93	\$166.23 \$178.20	\$171.71 \$184.07
Level 1	191	\$171.58 \$183.93	\$166.23 \$178.20	\$171.71 \$184.07
Level 2	192	\$187.57 \$201.08	\$181.15 \$194.19	\$187.09 \$200.56
Level 3	193	\$222.49 \$238.51	\$215.37 \$230.88	\$222.45 \$238.47

*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**

Provider Appeals A.

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.

Cost and Wage Reporting В.

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

TN No. 21-018 Supersedes TN No. 20-024

Approval Date: Effective Date: October 1, 2021