

March 22, 2024

Brian Zolynas  
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 # 24-0002, Physician Administered Drugs (PAD) Rate SPA**

Dear Mr. Zolynas:

Enclosed is State Plan Amendment (SPA) # 24-0002, Physician Administered Drug (PAD) Rates. This SPA updates the state plan Physician Administered Drug (PAD) rates, with an effective date of January 1, 2024.

Tribal Consultation and Public Notice Requirements for this SPA have been fulfilled and the corresponding documentation is provided below:

Tribal Consultation (August 29, 2023):

[https://www.azahcccs.gov/AmericanIndians/Downloads/Consultations/Meetings/2023/08292023QuarterlyTC\\_Presentation.pdf](https://www.azahcccs.gov/AmericanIndians/Downloads/Consultations/Meetings/2023/08292023QuarterlyTC_Presentation.pdf)

Public Notice:

[https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/Final\\_Public\\_Notice\\_Rate\\_Changes\\_20231001.pdf](https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/Final_Public_Notice_Rate_Changes_20231001.pdf)

The Fiscal Impact of this SPA has been calculated as:

- FFY 2024: \$158,200
- FFY 2025: \$ 155,200

To arrive at this calculation, Arizona took actual FFY 2022 utilization and applied the implemented rate change from FFY 2023 and the proposed FFY 2024 rate change to calculate the total anticipated expenditures for FFY 2024 and FFY 2025. Arizona assumed an FMAP of 72.53% for FFY 2024 and an FMAP of 71.15% for FFY 2025. As a result, the federal component is slightly different between the two years.

If there are any questions about the enclosed SPA, please contact Maxwell Seifer at [maxwell.seifer@azahcccs.gov](mailto:maxwell.seifer@azahcccs.gov) or 602-417-4722.

Sincerely,



Alex Demyan  
Assistant Director  
Arizona Health Care Cost Containment System (AHCCCS)

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER <u>24</u> — <u>0002</u>	2. STATE <u>AZ</u>
3. PROGRAM IDENTIFICATION: TITLE <u>19</u> OF THE SOCIAL SECURITY ACT	

TO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE  
January 1, 2024

5. FEDERAL STATUTE/REGULATION CITATION  
42 CFR 447

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)  
a. FFY 24 \$ 158,200  
b. FFY: 25 \$ 155,200

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  
  
Attachment 4.19-B, page 2(b)

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  
  
Attachment 4.19-B, page 2(b)

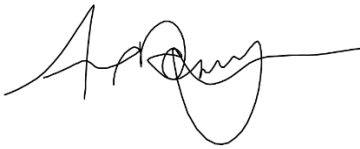
9. SUBJECT OF AMENDMENT  
Updates the state plan Physician Administered Drugs (PAD) rates, effective January 1, 2024.

10. 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 SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL



12. TYPED NAME  
Alex Demyan

13. TITLE  
Assistant Director

14. DATE SUBMITTED: March 22, 2024

15. RETURN TO

Alex Demyan  
801 E. Jefferson St., MD #4200  
Phoenix, AZ 85034

**FOR CMS USE ONLY**

16. DATE RECEIVED	17. DATE APPROVED
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**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL	19. SIGNATURE OF APPROVING OFFICIAL
20. TYPED NAME OF APPROVING OFFICIAL	21. TITLE OF APPROVING OFFICIAL

22. REMARKS

State: ARIZONA  
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES  
OTHER TYPES OF CARE

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Physician Administered Drugs will be reimbursed using the following methodology:

1. Physician billing:  
Effective for claims with dates of service January 1, 2024, and after: For non-chemotherapy drugs that are priced on the Medicare Part B Drug Schedule, AHCCCS sets its FFS rates as ~~95~~100% of the Medicare Part B rate. For chemotherapy drugs and drugs that are not priced on the Medicare Part B Drug Schedule, AHCCCS sets its rates as 80.75% of the Average Wholesale Price.
2. For Outpatient Hospital billing:  
For all drugs that are priced on the Medicare Outpatient Prospective Payment System fee schedule, AHCCCS sets its FFS rates as 80% of the Medicare OPPS rate. For drugs that are not priced on the Medicare Outpatient Prospective Payment System fee schedule, AHCCCS sets its FFS rates equal to the FFS rates for physician billing.
3. For Ambulatory Surgery Center billing:  
For all drugs that are priced on the Medicare Ambulatory Surgery Center Fee Schedule, AHCCCS sets its FFS rates as 95% of the Medicare ASC Fee Schedule rate.
4. Long Acting Reversible Contraceptives (LARCs)  
Effective for claims with dates of service January 1, 2023, and after, the reimbursement of Food and Drug Administration (FDA)-approved Long-Acting Reversible Contraceptives (LARCs), including intrauterine devices (IUDs) and contraceptive implants, will be reimbursed at the Wholesale Acquisition Cost. LARC reimbursement rates will be updated on the first day of each quarter and remain unchanged throughout that respective quarter.
5. Investigational/Experimental drugs are not reimbursed by AHCCCS.
6. AHCCCS will meet the reimbursement requirements of the Federal Upper Payment Limit (FUL) defined drugs in the aggregate by reviewing that the NADAC does not exceed the FUL levels.