



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

Region IX

Division of Medicaid & Children's Health Operations

90 Seventh Street, Suite 5-300 (5W)

San Francisco, CA 94103-6706

NOV 21 2011

Thomas J. Betlach, Director  
Arizona Health Care Cost Containment System  
801 East Jefferson Street  
Phoenix, AZ 85034

Dear Mr. Betlach:

Enclosed is an approved copy of Arizona State Plan Amendment (SPA) No. 11-009B. This SPA implements an outpatient hospital reimbursement rate reduction effective for claims with dates of service from October 1, 2011 to September 30, 2012. In that period, reimbursement will be reduced by 5 percent of the payment that otherwise would have been made under the methodology in effect as of October 1, 2010.

The effective date of this SPA is October 1, 2011 as requested. Enclosed is the following approved State Plan page to be incorporated within your approved State Plan:

- Attachment 4.19-B, page 1(a)

If you have any questions, please have your staff contact Cheryl Young at (415) 744-3598 or at [cheryl.young@cms.hhs.gov](mailto:cheryl.young@cms.hhs.gov).

Sincerely,

Gloria Nagle, Ph.D., MPA

Associate Regional Administrator

Division of Medicaid & Children's Health Operations

cc: Jessica Schubel  
HeeYoung Ansell

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:  
11-009- B

2. STATE  
Arizona

**FOR: Centers for Medicare and Medicaid Services**

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE  
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR  
CENTERS FOR MEDICARE AND MEDICAID SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE  
October 1, 2011

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 447, Subpart F; 42 CFR 440.2017; 42 CFR 440.167

7. FEDERAL BUDGET IMPACT:

FY12: \$ ~~(20,415,700)~~ (\$2,404,400)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Page 1(a); Attachment 4.19-B

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (*If Applicable*):

N/A

10. SUBJECT OF AMENDMENT:

An update of the outpatient hospital reimbursement rates beginning October 1, 2011 to September 30, 2012 to reflect a rate reduction of 5%.

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 SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:



16. RETURN TO:

Monica Coury  
801 E. Jefferson, MD#4200  
Phoenix, Arizona 85034

13. TYPED NAME:

Monica Coury

14. TITLE:

Assistant Director

15. DATE SUBMITTED:

June 23, 2011

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

June 23, 2011

18. DATE APPROVED:

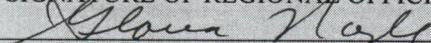
NOV 21 2011

**PLAN APPROVED – ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:

October 1, 2011

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPED NAME: Gloria Nagle

22. TITLE: Associate Regional Administrator  
Medicaid & Children's Health Operations

23. REMARKS:

Box 6-7 pen and ink changes made per State request via email dated 9/16/11.  
Box 7 pen & ink changes made per CMS request and confirmed by AZ via email dated 10/17/11: the revised dollar number reflects fee-for-service (FFS) impact only.

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

---

5% Rate Reduction

Notwithstanding the methods and rates as otherwise described, for claims with dates of service between April 1, 2011 and September 30, 2011, all payments for outpatient hospital services will be reduced by 5% of the payment that would otherwise have been made under the methodology in effect as of October 1, 2010, as described above.

For claims with dates of service effective from October 1, 2011 to September 30, 2012, all payments for outpatient hospital services will be reduced by 5% under the methodology in effect as of October 1, 2011.

Payments for services provided by the Indian Health Service or Tribal 638 Health facilities that are claimed at 100% FMAP are not subject to this 5% rate reduction.

TN No. 11-009B  
Supersedes  
TN No. 10-011B

Approval Date: NOV 21 2011 Effective Date: October 1, 2011