

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



Center for Medicaid and CHIP Services

NOV 18 2011

Tom Betlach, Director
Arizona Health Care Cost Containment System
801 E. Jefferson
Phoenix, AZ 85034

RE: Arizona SPA 11-009D


Dear Mr. Betlach:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 11-009D. This amendment reduces nursing facility payment rates by five percent, for services from October 1, 2011 to September 30, 2012.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30), and 1903(a) 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 11-009D is approved effective October 1, 2011. We are enclosing the HCFA-179 and the amended plan pages.

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

Sincerely,


Cindy Mann
Director, CMCS

Enclosures

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, 2012, no inflation factor will be applied.

III. Other Provisions

A. Provider Appeals

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.

B. Cost and Wage Reporting

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. 11-009D
Supersedes
TN No. 05-007

Approval Date: NOV 18 2011 Effective Date: October 1, 2011

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

IV. Temporary Rate Reduction

Notwithstanding the methods and rates as otherwise described in this attachment, for dates of service effective from October 1, 2011 to September 30, 2012, payments will be at the payment rates in effect as of September 30, 2011, reduced by 5%.

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

TN No. 11-009D
Supersedes
TN No. N/A

Approval Date: **NOV 18 2011** Effective Date: October 1, 2011