

NOTICE OF PUBLIC INFORMATION-PUBLIC NOTICE

1. **Name of the Agency:** Arizona Health Care Cost Containment System (AHCCCS)
2. **The topic of the public information notice:** AHCCCS Fee-For-Service (FFS) proposed rates for designated fee schedules to be effective for dates of service beginning October 1, 2016 and supplemental payments proposed by the AHCCCS Administration for Nursing Facility providers for the time period beginning January 1, 2017.
3. **The public information relating to the topic:**
 - a. This Notice of Public Information describes proposed changes to the Arizona Health Care Cost Containment System (AHCCCS) Fee-For-Service (FFS) rates to be effective October 1, 2016. The AHCCCS Administration is proposing changes to the FFS rates specified in this Notice to assure that payments are consistent with efficiency, economy, and quality of care and are sufficient to enlist enough providers so that care and services are available at least to the extent that such care and services are available to the general population in the geographic area. The estimated increase in FFS payments as a result of the proposed rate changes is expected to be approximately \$11,056,000 for the time period of October 1, 2016 through September 30, 2017. More detailed information regarding the proposed fee schedule changes is included below.

Additionally, this Notice describes proposed changes to AHCCCS supplemental payments to Nursing Facility providers for the time period of January 1, 2017 through September 30, 2017. In accordance with ARS §36-2999.51 et seq., the AHCCCS Administration administers a nursing facility provider assessment on health care services and items provided by nursing facilities and issues supplemental payments to nursing facilities. As a result of the proposed Increases to the dollar amount of the nursing facility assessment, additional supplemental funding will be available for nursing facilities, thus supporting accessibility of critical health care services to vulnerable populations and enhancing the ability of nursing facilities to provide high quality yet cost effective care. An estimated \$3,235,000 increase in total supplemental payments to FFS nursing facilities funded by the assessment for the fiscal year ending September 30, 2017 is anticipated.

1. AHCCCS FFS RATES:

The following fee schedules will be updated as described below:

- Select Behavioral Health Fee Schedule outpatient rates will be updated to reflect an aggregate 13.8% increase to align with market rates and address access to care.
- Home and Community-Based Services Fee Schedule rates will be increased by 2%, uniformly applied to the current rates, to address federally-mandated cost increases and improvements in the Arizona economy leading to challenges in hiring and retaining direct care staff.
- Nursing Facility Fee Schedule rates will be increased by 1%, uniformly applied to the current rates, to address improvements in the Arizona economy leading to challenges in hiring and retaining direct care staff and to ensure access to care.
- Hospice per diem rates will be updated to match the *Medicaid Hospice Payment Rates* for Arizona published by Medicare.

- Inpatient Hospital APR-DRG rates will be updated to continue the transition from the tiered per diem methodology, which is budget neutral in aggregate across all hospitals that are reimbursed under the APR-DRG methodology. Further information about the AHCCCS transition to APR-DRG can be found on the AHCCCS website at the following location: <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/ManagedCare/DRGbasedpayments.html>
 - Outlier reimbursement under the APR-DRG methodology utilizes cost-to-charge ratios (CCRs) which are updated based on CCRs established by CMS as of September 1 of each year, in accordance with A.A.C.R9-22-712.68. Proposed rates reflect the current CCRs effective October 1, 2015 through September 30, 2016. The Public Notice of final institutional rates will be published after September 2016, and will include the updated CCRs.
- Physician Drug Schedule rates will be updated to address changes in drug prices which will result in a 3.3% aggregate increase.
- Ambulance rates that are based on the Arizona Ground Ambulance Service Rate Schedule published by the Arizona Department of Health Services (ADHS), Bureau of Emergency Medical Services, will be updated in accordance with state law, with an estimated aggregate impact of 0%.
- FFS Emergency Ground Ambulance Fee Schedule rates (other than those based on rates established by the Arizona Department of Health Services, Bureau of Emergency Medical Services) will be updated to adjust the base reimbursement rates for ambulance trips and associated mileage by 15% in aggregate, including the establishment of a rural differential for both trips and mileage in order to ensure access to care.
- A FFS rate will be established for a Treat and Refer visit rendered by a Treat and Refer provider. AHCCCS will establish a new provider type for this purpose, effective October 1, 2016.
- Arizona Early Intervention Program (AzEIP) Speech Therapy Fee Schedule rates are proposed for one procedure code, along with related modifiers, settings, and group sizes. These rates will be utilized for payment for the speech therapy procedure when provided to an AHCCCS member who is a child identified in the AHCCCS system as an AzEIP recipient.

The following fee schedules will be updated for a 0% aggregate fiscal impact, reflecting changes to the Medicare fee schedules on which they are based:

- Ambulatory Surgical Center Fee Schedule rates
- Outpatient Hospital Fee Schedule rates
- Physician Fee Schedule rates
- Clinical Laboratory Fee Schedule rates
- Durable Medical Equipment, Prosthetics, Orthotics and Supplies Fee Schedule rates.

The following fee schedules will be updated for a 0% aggregate fiscal impact, realigning rates in consultation with industry provider representatives to better address access to care:

- Dental Fee Schedule rates
- Air Ambulance Transportation Fee Schedule rates
- Long-Term Acute Care Hospitals and Rehabilitation Hospitals per diem rates.

The following fee schedules will remain unchanged:

- Behavioral Health Fee Schedule inpatient rates

- Freestanding Dialysis Facility composite rates
- Non-Emergency Ground Transportation rates.

Value-Based Purchasing (VBP) Differential Adjusted Fee Schedule rates are proposed to distinguish providers who have committed to supporting designated actions that improve the patient care experience, improve member health, and reduce cost of care growth. The proposed VBP differential rates are applicable for dates of service from October 1, 2016 through September 30, 2017. FFS rates for select providers meeting specific criteria will be increased as follows:

- For qualified AHCCCS-registered Arizona Nursing Facility providers meeting criteria as set forth below, an additional 1.0% increase in payments above the October 1, 2016 Nursing Facility Fee Schedule rates
 - Nursing Facilities that meet or exceed the Medicare Nursing Home Compare Arizona Average for the pneumococcal vaccine measure qualify for the VBP Differential Adjusted Payment increase. The pneumococcal vaccine measure is the percent of long-stay residents assessed and appropriately given the vaccine. The facility's results on Medicare Nursing Home Compare for this quality measure will be compared to the accompanying Arizona average results for the measure, for the most recently published rate as of June 1, 2016
- For qualified AHCCCS-registered Arizona Hospital providers (provider type 02) meeting criteria as set forth below, an additional 0.5% in inpatient and outpatient hospital payments above the amount otherwise payable under the October 1, 2016 Inpatient (DRG and per diem) and Outpatient Hospital Fee Schedule rates.
 - The hospital must participate in the Network, the state's health information exchange, by June 1, 2016 as described in A.A.C. R9-22-712.71, and
 - The hospital must have achieved Meaningful Use Stage 2 for Program Year 2015 as described in A.A.C. R9-22-712.71
- For qualified AHCCCS-registered Integrated Clinics meeting criteria as set forth below, an additional 10% increase in payments above the capped fee-for-service fee schedule rates for selected physical health services.
 - Providers registered with AHCCCS as Integrated Clinics and licensed by the Arizona Department of Health Services as an Outpatient Treatment Center which provide both behavioral health services and physical health services, for those dates of service between October 1, 2016 and September 30, 2017 that coincide with the provider's registration as an Integrated Clinic.

2. AHCCCS NURSING FACILITY SUPPLEMENTAL PAYMENTS:

Nursing Facility provider supplemental payments are funded by an assessment on these providers which are matched with Federal Funds. Pursuant to State Law ARS §36-2999.51 et seq., the assessment amount will increase effective January 1, 2017, resulting in an increase in supplemental payments to Nursing facility providers. The estimated increase in supplemental payments to FFS providers is \$3,235,000. For more information, refer to the Notice of Proposed Rulemaking on the AHCCCS website at <https://www.azahcccs.gov/shared/Downloads/Reporting/ProposedStateRules/AHCCCSR928702NFAssessmentNOPR07152016.pdf>.

- b. Comments regarding the proposed AHCCCS FFS rates and nursing facility supplemental payments may be submitted electronically at FFSRates@azahcccs.gov or in writing to:

Meggan Harley
Arizona Health Care Cost Containment System
701 E. Jefferson St. Phoenix, Arizona 85034

All comments must be received no later than 5:00 p.m. on August 17, 2016.

Comments may also be submitted to the proposed rulemaking regarding the nursing facility assessment and corresponding supplemental payments as specified in the proposed rulemaking at:

<https://www.azahcccs.gov/PlansProviders/CurrentProviders/State/proposedrules.html>

- c. Individual FFS rates reflecting the changes to reimbursement described above can be obtained from the AHCCCS website at: <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/AHCCCSProviderRateAnalysis2016.html>
- d. Many public libraries offer access to the internet. In addition, the information can be obtained at the Offices of the AHCCCS Administration, 701 E. Jefferson, Phoenix, AZ 85034.