

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-14-26  
Baltimore, Maryland 21244-1850

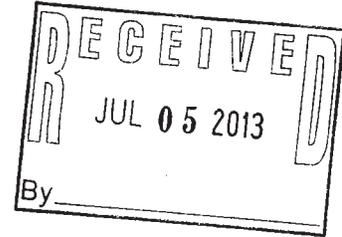


**Disabled & Elderly Health Programs Group**

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JUL 02 2013

Mr. Tom Betlach, Director  
Arizona Health Care Cost Containment System  
801 East Jefferson, MD 4100  
Phoenix, AZ 85034



RE: Implementation of Section 1202 of the Affordable Care Act Primary Care Payment Increase

Dear Mr. Betlach:

The Centers for Medicare & Medicaid Services (CMS) has reviewed Arizona's methodologies submitted on March 29, 2013, and finds them compliant with the requirements outlined in 42 C.F.R. §438.804(a)(1)(i)-(ii) for purposes of implementing the increase in primary care physician payments in a managed care delivery system.

As Arizona has elected to reimburse its MCOs for the enhanced primary care payments retroactively on a non-risk basis, the final step to implement the primary care increase and authorize Federal Financial Participation for these payments is to submit contract amendment(s) for approval to ensure compliance with 42 C.F.R. §438.6(c)(5)(vi). The contract amendment must identify the primary care payment increase as a payment arrangement separate and apart from the risk-based capitation payments to its MCOs.

If you require additional technical assistance to complete the implementation process for this provision, please contact Cheryl Young in the San Francisco Regional Office at (415) 744-3598 or Nicole Kaufman in the Central Office at (410) 786-6604. In addition, questions may be submitted to [CMCSPPACAQuestions@cms.hhs.gov](mailto:CMCSPPACAQuestions@cms.hhs.gov).

Sincerely,

A handwritten signature in cursive script that reads "Nancy Klimon".

Nancy Klimon, DrPH  
Director, Division of Integrated Health Systems

cc: Don Novo  
Gloria Nagle  
Cheryl Young  
Carolyn Kenline  
Henrietta Sam-Louie  
Shelli Silver