

December 29, 2015

Mark Wong  
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 #15-009, LTAC and Rehabilitation Hospitals**

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) #15-009, LTAC and Rehab Hospitals, which updates the State Plan to describe how Arizona pays Long Term Care Acute and Rehabilitation hospitals, effective October 1, 2015.

If you have any questions about the enclosed SPA, please contact Theresa Gonzales at (602) 417-4732.

Sincerely,



Monica H. Coury  
Assistant Director  
Office of Intergovernmental Relations

cc: Brian Zolynas, CMS  
Blake Holt, CMS  
Jessica Woodard, CMS



STATE OF ARIZONA  
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES  
INPATIENT HOSPITAL CARE

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**IX. PAYMENT TO LONG-TERM ACUTE CARE HOSPITALS**

Long-term acute care hospitals are paid a per diem rate which will be an intensive care unit (ICU) rate, a surgery rate, or a routine rate. A hospital is eligible to receive an ICU rate or a surgery rate if the hospital is licensed by the Arizona Department of Health Services to provide ICU or surgical services.

The ICU rate applies to inpatient days associated on the claim with revenue codes in the ranges 200-204, 207-212, and 219. The surgery rate applies to inpatient days associated on the claim with revenue codes 360-369 in combination with valid procedure codes that are not on the AHCCCS excluded surgery procedures list. The routine rate applies to all other inpatient days.

An outlier is a hospital claim on which the covered charges exceed the outlier threshold, which will be an ICU threshold, a surgery threshold, or a routine threshold. The outlier thresholds for long-term acute care hospitals are the thresholds that were in effect for those hospitals on September 30, 2014. Outliers shall be reimbursed by multiplying covered charges by the statewide urban or rural cost-to-charge ratio.

AHCCCS rates were set as of October 1, 2015, and are effective for dates of admission on and after that date. AHCCCS rates and outlier thresholds for payments to long-term acute care hospitals are published on the agency's website at <http://www.azahcccs.gov/commercial/ProviderBilling/rates/LTACRehab.aspx>.

**X. PAYMENT TO REHABILITATION HOSPITALS**

Rehabilitation hospitals are paid a statewide per diem rate.

An outlier is a hospital claim on which the covered charges exceed the outlier threshold. The outlier threshold for rehabilitation hospitals is the threshold that was in effect for those hospitals on September 30, 2014. Outliers shall be reimbursed by multiplying covered charges by the statewide urban or rural cost-to-charge ratio.

AHCCCS rates were set as of October 1, 2015, and are effective for dates of admission on and after that date. AHCCCS rates and outlier thresholds for payments to rehabilitation hospitals are published on the agency's website at <http://www.azahcccs.gov/commercial/ProviderBilling/rates/LTACRehab.aspx>.

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TN No. 15-009

Supersedes

TN No. N/A

Approval Date: \_\_\_\_\_

Effective Date: October 1, 2015