

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
San Francisco Regional Office  
90 Seventh Street, Suite 5-300 (5W)  
San Francisco, CA 94103-6706



**DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS**

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April 6, 2017

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

Dear Mr. Betlach:

We have reviewed the proposed State Plan Amendment (SPA) 16-002, which was submitted to the Centers for Medicare & Medicaid Services (CMS) San Francisco Regional Office on March 31, 2016. This SPA changes the methodology for determining air ambulance rates.

Based on the information provided, we are approving SPA 16-002 with an effective date of January 1, 2016 as requested. We are enclosing the approved Form CMS-179 and the following Medicaid State Plan page:

- Attachment 4.19-B, Page 5h

If you have any additional questions or need further assistance, please contact Brian Zolynas at (415) 744-3601 or [Brian.Zolynas@cms.hhs.gov](mailto:Brian.Zolynas@cms.hhs.gov).

Sincerely,

/s/

Henrietta Sam-Louie  
Associate Regional Administrator  
Division of Medicaid & Children's Health Operations

Enclosure:

cc: Jessica Woodard



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

The following is a description of methods and standards for determining the payment rates for ambulance transportation services included in the transportation bullet listed in Attachment 4.19-B, page 5b. Except as otherwise noted below, AHCCCS uses a uniform methodology in reimbursing both governmental and private providers for ambulance emergency and non-emergency transportation services.

1) Ground Ambulance Rates set by the Arizona Department of Health Services (ADHS)

ADHS regulates ambulance companies in Arizona (except for those owned and operated by American Indian tribes and federal agencies) licensing and rate setting. ADHS sets rates based on data submitted by providers including direct and indirect costs, reimbursable and non reimbursable charges, utilization data, and public payer settlements. ADHS offers annual provider rate adjustments based upon the Arizona Ambulance Inflation factor (AIF). The AIF is comprised of the average annual change in the CPI-U for transportation (50%) and for medical care (50%). The transportation category is composed of such things as motor vehicles (new and used), motor fuel, parts and equipment, maintenance and repair and public transportation. The medical care category is composed of such things as medical care commodities, medical care services – professional, hospital and related services.

For dates of service prior to October 1, 2009, AHCCCS will reimburse ambulance companies at 80.0% of the ADHS established rate. For dates of service beginning October 1, 2009 through March 31, 2011, AHCCCS will reimburse those providers at 76% of the ADHS established rate. For dates of service beginning April 1, 2011 through September 30, 2011, AHCCCS will reimburse those providers at 72.2% of the ADHS established rate. For dates of service beginning October 1, 2011 through September 30, 2012, AHCCCS will reimburse those providers at 68.6% of the ADHS established rate in effect as of July 7, 2011. For dates of service beginning October 1, 2012 through September 30, 2013, AHCCCS will reimburse those providers at 68.6% of the ADHS established rate in effect as of August 2, 2012 and are posted at:

<https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>

For dates of service beginning October 1, 2013 through September 30, 2014, AHCCCS will reimburse those providers at 68.6% of the ADHS established rate in effect as of August 2, 2013 and are posted at:

<https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>

For dates of service beginning October 1, 2014 through September 30, 2015, AHCCCS will reimburse those providers at 74.74% of the ADHS established rate in effect as of August 2, 2014 and are posted at:

<https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>

For dates of service beginning October 1, 2015 through September 30, 2016, AHCCCS will reimburse those providers at 68.59% of the ADHS established rate in effect as of August 2, 2015 and are posted at:

[www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/](http://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/)

2) Ground Ambulance Rates set by AHCCCS

AHCCCS establishes ground ambulance rates for out-of-state companies, companies operated by American Indian tribes, and federal agencies such as the National Park Service that operates ambulances in Grand Canyon National Park and Lake Meade National Recreation Area. Rates were initially established in 1994 based on the average (mean) reimbursement rates paid by commercial insurance companies. AHCCCS adjusts ground ambulance rates periodically based on the Consumer Price Index for Medical Services, the Consumer Price Index for Other Medical Services and the price of gasoline in Arizona. Rates are posted on the AHCCCS website at <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>

3) Air Ambulance Rates

AHCCCS establishes reimbursement rates for air ambulance services. For claims with dates of service on or before December 31, 2015, the reimbursement rates are based on a cost study of Air Ambulance Costs conducted in 2000 to establish the initial rates for specialty and non-specialty transports, and are adjusted periodically based on the Consumer Price Index for Other Medical Professionals, the CPI for Transportation, and the Federal Aviation Administration forecast of jet fuel prices. For claims with dates of service from January 1, 2016 through September 30, 2016, the reimbursement rates are based on a study of non-specialty transport and mileage ambulance rates in other western states, setting the AHCCCS rates for non-specialty transports and mileage only equal to the average rate among the states studied. However, rates for specialty transports remain unchanged from those in effect on December 31, 2015. The AHCCCS fee-for-service rates are posted on the AHCCCS website at <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>

TN No. 16-002

Supersedes

TN No. 15-004

Approval Date: April 6, 2017

Effective Date: January 1, 2016