

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



Financial Management Group

MAR 22 2017

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

RE: Arizona State Plan Amendment 16-0012-C

Dear Mr. Betlach:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid state plan submitted under transmittal number (TN) 16-0012-C. This amendment establishes a value based payment (VBP) program for nursing home facilities, effective October 1, 2016.

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 TN 16-0012-C is approved effective October 1, 2016. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Blake Holt at (415) 744-3754.

Sincerely,

A handwritten signature in black ink, appearing to read "Kristin Fan". The signature is fluid and cursive, written over a horizontal line.

Kristin Fan
Director

Enclosure

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|--|--|--|---------------------|
| TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: Centers for Medicare and Medicaid Services | | 1. TRANSMITTAL NUMBER: 16-012-C | 2. STATE Arizona |
| | | 3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) | |
| TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES | | 4. PROPOSED EFFECTIVE DATE October 1, 2016 | |
| 5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment) | | | |
| 6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR Part 447 | | 7. FEDERAL BUDGET IMPACT: FFY 17: \$200,800 FFY 18: \$0 | |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Att. 4.19-D, page 9 (b) | | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Same N/A | |
| 10. SUBJECT OF AMENDMENT: Updates the State Plan to include Value Based Purchasing (VBP) differential adjusted payment for nursing facilities. | | | |
| 11. GOVERNOR'S REVIEW (Check One): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL | | | |
| 12. SIGNATURE OF STATE AGENCY OFFICIAL:  | | 16. RETURN TO: Beth Kohler 801 E. Jefferson, MD#4200 Phoenix, Arizona 85034 | |
| 13. TYPED NAME: Beth Kohler | | | |
| 14. TITLE: Deputy Director | | | |
| 15. DATE SUBMITTED: | | | |
| FOR REGIONAL OFFICE USE ONLY | | | |
| 17. DATE RECEIVED: | | 18. DATE APPROVED: MAR 22 2017 | |
| PLAN APPROVED - ONE COPY ATTACHED | | | |
| 19. EFFECTIVE DATE OF APPROVED MATERIAL: OCT 01 2016 | | 20. SIGNATURE OF REGIONAL OFFICIAL:  | |
| 21. TYPED NAME: Kristin Fan | | 22. TITLE: Director, FMC | |
| 23. REMARKS: <div style="border: 1px solid black; padding: 5px;">Pen and ink change to Box 9 with state concurrence.</div> | | | |

STATE OF ARIZONA
METHODS AND STANDARDS FOR ESTABLISHING FEE-FOR-SERVICE PAYMENT RATES
FOR LONG TERM CARE FACILITIES

F. Nursing Facility Value Based Purchasing (VBP) Differential Adjusted Payment

As of October 1, 2016 through September 30, 2017 (Contract Year Ending (CYE) 2017), nursing facilities that are located in Arizona with Arizona Medicaid utilization that meet AHCCCS established value based performance metrics requirements in subsection 1 below will receive a Value Based Purchasing (VBP) Differential Adjusted Payment described in subsection 2 below. The VBP Differential Adjusted Payment Schedule represents a positive adjustment to the AHCCCS Fee-For-Service rates. These payment adjustments will occur for all dates of service in CYE 2017 only. The purpose of the VBP Differential Adjusted Payment is to distinguish facilities which have committed to supporting designated actions that improve patients' care experience, improve members' health, and reduce cost of care growth.

1. To qualify for the VBP Differential Adjusted Payment, a nursing facility must meet the following criteria:

- a) Must be an AHCCCS registered provider type 22; and
- b) Must meet or exceed the Arizona average for the percentage of long stay residents assessed and given, appropriately, the pneumococcal vaccine during the performance period of April 1, 2015 through December 31, 2015.

AHCCCS shall use the nursing facility's performance results published on the Medicare Nursing Home Compare Website (<https://data.medicare.gov/Nursing-Home-Compare/Quality-Measures-Long-Stay/iqd3-nsf3>) to determine the facilities that meet the performance standards described in subsection 1(b) for the performance period of April 1, 2015 through December 31, 2015.

2. Nursing facilities that meet the requirements described in subsection 1 shall receive a 1% increase in payment to its fee-for-service reimbursement rate for October 1, 2016 through September 30, 2017.

Exemptions:

IHS and 638 tribally owned and/or operated facilities, including nursing facilities are exempt from this initiative based on payments primarily at the all-inclusive rate.