

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

FEB 07 2018

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

RE: Arizona State Plan Amendment 17-017

Dear Mr. Betlach:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid state plan submitted under transmittal number (TN) 17-017. This amendment establishes a differential adjusted payment program for nursing home facilities, effective October 1, 2017.

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 17-017 is approved effective October 1, 2017. 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 blue ink, appearing to read "Kristin Fan", is positioned below the word "Sincerely,".

Kristin Fan
Director

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: Centers for Medicare and Medicaid Services		1. TRANSMITTAL NUMBER: 17-017	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, 2017	
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 18: \$365,000 FFY 19: \$364,500	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-D 9(b)		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Same	
10. SUBJECT OF AMENDMENT: Updates the State Plan establishes differential adjusted payments 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: Elizabeth Lorenz 801 E. Jefferson, MD#4200 Phoenix, Arizona 85034	
13. TYPED NAME: Elizabeth Lorenz			
14. TITLE: Assistant Director			
15. DATE SUBMITTED: 12/12/17			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: FEB 07 2018	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: OCT 01 2017		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Kristin Fan		22. TITLE: Director, FMC	
23. REMARKS:			

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

F. Nursing Facility Differential Adjusted Payment

As of October 1, 2017 through September 30, 2018 (Contract Year Ending (CYE) 2018), 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 Differential Adjusted Payment described in subsection 2 below. The 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 2018 only. The purpose of the 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 Differential Adjusted Payment, a nursing facility must meet the following criteria:
 - a) Must be an AHCCCS registered provider type 22; and
 - b) i) Must meet or exceed the Arizona average for the percentage of long stay residents assessed and given, appropriately, the pneumococcal vaccine for the most recently published performance score as of April 30, 2017; and/or
ii) Must meet or exceed the Arizona average for the percentage of long stay residents assessed and given, appropriately, the influenza vaccine for the most recently published performance score as of April 30, 2017.
 - c) 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)(i) and 1(b)(ii).

2. Nursing facilities that meet the requirements described in subsection 1 shall be eligible to receive a differential adjusted payment. Eligible nursing facilities will receive a 1% increase in payment to its fee-for-service reimbursement rate for October 1, 2017 through September 30, 2018 for meeting either subsection 1(b)(i) or subsection 1(b)(ii). Eligible nursing facilities which meet both subsection 1(b)(i) and 1(b)(ii) will receive a 2% increase to its fee-for-service reimbursement rate for October 1, 2017 through September 30, 2018

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.