

December 12, 2017

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 #17-016, Integrated Clinic, Physician, Physician's Assistant, and Registered Nurse Practitioner Differential Adjusted Payments**

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) #17-016, Integrated Clinic, Physician, Physician's Assistant, and Registered Nurse Practitioner Differential Adjusted Payments, which revises the State Plan to create implement differential adjusted payments for Integrated Clinics, Physicians, Physician's Assistants, and Registered Nurse Practitioners, effective October 1, 2017.

If you have any questions about the enclosed SPA, please contact Kyle Sawyer at (602) 417-4211.

Sincerely,



Elizabeth Lorenz  
Assistant Director  
Arizona Health Care Cost Containment System (AHCCCS)

cc: Jessica Woodard, CMS  
Brian Zolynas, CMS



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

See Supplement 2 to Attachment 4.19-B for ~~value based purchasing (VBP)~~ differential adjusted payment for ~~outpatient hospital services~~ Integrated Clinics and Physicians, Physician Assistants, and Registered Nurse Practitioners.

Rate Updates

Notwithstanding the methods and rates as otherwise described, for claims with dates of service between April 1, 2011 and September 30, 2011, all payments for outpatient hospital services will be reduced by 5% of the payment that would otherwise have been made under the methodology in effect as of October 1, 2010, as described above.

For claims with dates of service effective from October 1, 2011 to September 30, 2015, all payments for outpatient hospital services will be reduced by 5% under the methodology in effect as of October 1, 2011. For claims with dates of service effective October 1, 2015 to September 30, 2016, all payments for outpatient hospital services will be made using the methodology in effect as of September 30, 2015 resulting in a year to year 0% aggregate impact on Outpatient Hospital Rates. For claims with dates of service effective on or after October 1, 2016, outpatient hospital services will be made according to the AHCCCS fee schedule located on the AHCCCS website at <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>. These fees were updated October 1, 2016 for a 0% aggregate impact.

TN No. ~~16-012b~~ 17-016

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

Effective Date: October 1, 2017

TN No. 16-012b ~~16-010b~~

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-  
OTHER TYPES OF CARE

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The following is a description of methods and standards for determining ~~Value Based Purchasing (VBP)~~ Differential Adjusted Payments for ~~hospitals providing outpatient hospital services and providers registered with AHCCCS as integrated clinics and AHCCCS registered physicians, physician's assistants, and registered nurse practitioners.~~ 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. 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 Contract Year Ending (CYE) 201~~8~~7 (October 1, 201~~7~~6 through September 30, 201~~8~~7) only.

~~1) Outpatient Hospital Services~~

~~A. Applicability~~

~~A hospital providing outpatient hospital services must meet the following criteria to qualify for the VBP Differential Adjusted Payment:~~

- ~~1. Must be an AHCCCS registered Arizona hospital; or a high volume out of state hospital as defined at AAC R9-22-712.64(C) with AHCCCS payments exceeding \$5 million in CYE 2014;~~
- ~~2. By June 1, 2016, the hospital must have executed an agreement with and electronically submitted admission, discharge, and transfer information, as well as data from the hospital emergency department, to a qualifying health information exchange organization; and~~
- ~~3. No sooner than January 4, 2016, and no later than February 29, 2016, CMS must have approved the hospital's attestation demonstrating meaningful use as described in 42 CFR 495.22 during an electronic health record reporting period in 2015; or, received its fourth year incentive payment prior to 2016; or, for a children's hospital that does not participate in the Medicare electronic health record incentive program, no sooner than January 4, 2016, and no later than April 30, 2016, the administration must have approved the hospital's attestation demonstrating meaningful use stage 2 as described in 42 CFR 495.22 during an electronic health record reporting period in 2015.~~

~~B. Exemptions:~~

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

~~C. Payment Methodology~~

~~For outpatient services with dates of service from October 1, 2016 through September 30, 2017, the payment otherwise required for outpatient hospital services provided by qualifying hospitals shall be increased by 0.5%.~~

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2)1) Integrated Clinics

**A. Applicability**

Providers must meet the following criteria to qualify for the ~~VBP~~-differential adjusted payment as an integrated clinic:

1. Must be registered with AHCCCS as Integrated Clinic and licensed by the Arizona Department of Health Services as an Outpatient Treatment Center that provides both behavioral health services and physical health services.
2. During the period October 1, 2015 through September 30, 2016, claims for behavioral health services make up at least 40% of the provider's total claims

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**B. Exemptions:**

IHS and 638 tribally owned and/or operated Integrated Clinics are exempt from this initiative at this time based on payments primarily at the federally-mandated all-inclusive rate.

**C. Payment Methodology**

For the contracting year October 1, 2017 through September 30, 2018, ~~VBP~~-Differential Adjusted Rates will be paid for select physical health services and will provide an increase of 10% over the AHCCCS Fee-For-Service rates for the same services. The physical health services that qualify for the ~~VBP~~-Differential Adjusted Rate are published on the Agency's website:

<https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/ValueBasedPaymentPublicComment.pdf>  
<https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/ValueBasedPaymentRateDifferentialPublicNoticeForICs04222016Final>

2) Physicians, Physician Assistants, and Registered Nurse Practitioners

**A. Applicability**

Providers must meet the following criteria to qualify for the differential adjusted payment as a physician, physician assistant, or registered nurse practitioner:

1. Provider must be an AHCCCS registered physician, physician assistant, or registered nurse practitioner
2. Provider must have written at least 100 prescriptions for AHCCCS members
3. Based on approved and adjudicated AHCCCS claims and encounters for July 1, 2016 through December 31, 2016 dispense dates, 50% of the provider's total AHCCCS prescriptions must be Electronic Prescriptions

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**B. Payment Methodology**

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Physicians, physician assistants, and registered nurse practitioners meeting the above criteria will qualify for a 1% increase on all services billed on the CMS Form 1500.

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