

October 19, 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 #17-007, DSH Pool 4 Reallocation

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) #17-007, DSH Pool 4 Reallocation, which transitions the Disproportionate Share Hospital reallocation language from the 1115 Waiver to the State Plan, 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

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: Centers for Medicare and Medicaid Services		1. TRANSMITTAL NUMBER: 17-007	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 (<i>Check One</i>): <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 (<i>Separate Transmittal for each amendment</i>)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR Part 447		7. FEDERAL BUDGET IMPACT: FFY 18: \$0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A, pages 67		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): N/A	
10. SUBJECT OF AMENDMENT: Updates the State Plan to transition the Disproportionate Share Hospital reallocation language from Arizona's 1115 waiver into the state plan.			
11. GOVERNOR'S REVIEW (<i>Check One</i>): <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: 10/19/17			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED:	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL:		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME:		22. TITLE:	
23. REMARKS:			

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

For SPY 2018, excess pool 4 funding not allocated due to OBRA limits will be reallocated first to pools 1, 1A, 2, and 2A. This reallocation to the pools will be based proportionately on the SPY 2018 pool allocation. For each pool, the distribution of the reallocated DSH funding to the hospitals within the pool will be based on each hospital's 2018 relative weights as described in the "Determination of Payment Amounts" section of this Attachment C. SPY 2018 payments made from reallocated funds will be added to the hospital's original SPY 2018 payments with the total SPY payments subject to each hospital's OBRA limit. Additionally, after the reallocating to pools 1, 1A, 2 and 2A, any remaining excess pool 4 funding may then be reallocated to pool 5. The reallocation will be allocated within pool 5 based proportionately according to the hospital's LOM scores, subject to the each hospital's remaining OBRA limit. For SPY 2018, any excess DSH funding in pool 4 not allocated due to OBRA limits may be reallocated to DSH pools 1, 1A, 2, 2A, and 5 until September 30, 2020. The amount to be reallocated to DSH pools 1, 1A, 2 and 2A is \$x. The amount to be reallocated to DSH pool 5 is \$x.

TN No. 17-005

Supersedes

TN No. N/A

Approval Date: _____ Effective Date: October 1, 2017