

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



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**Financial Management Group**

March 6, 2019

Jami Snyder, Director  
Arizona Health Care Cost Containment System  
801 E. Jefferson  
Phoenix, AZ 85034

RE: Arizona State Plan Amendment 18-016

Dear Ms. Snyder:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 18-016. This amendment updates the differential adjusted payment program for inpatient hospitals, effective October 1, 2018.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30), 1903(a), and 1923 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 18-016 is approved effective October 1, 2018. We are enclosing the HCFA-179 and the amended plan pages.

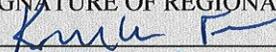
If you have any questions, please call Blake Holt at (415) 744-3754.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kristin Fan", is positioned above the typed name.

Kristin Fan  
Director

Enclosures

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: 18-016	2. STATE Arizona
<b>FOR: Centers for Medicare and Medicaid Services</b>		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, 2018	
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 19: \$4,746,300	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 4.19-A Page 28 – 28(a)		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  Attachment 4.19-A Page 28	
10. SUBJECT OF AMENDMENT:  Revises the State Plan to update the Inpatient DAP program, effective October 1, 2018.			
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: 12/27/18			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED:		18. DATE APPROVED: <b>MAR 06 2019</b>	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: <b>OCT 01 2018</b>		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: <b>Kristin Fan</b>		22. TITLE: <b>Director, FMO</b>	
23. REMARKS:			

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

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**Section XI – Inpatient Differential Adjusted Payment**

**A. Overview:**

As of October 1, 2018 through September 30, 2019 (Contract Year Ending (CYE) 2019), AHCCCS-registered Arizona hospitals (other than the facilities described in section C. below) which meet Agency established value based performance metrics requirements in section B. below will receive a Differential Adjusted Payment described in section D. 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 discharge in CYE 2019 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.

**B. Applicability**

To qualify for the Inpatient Differential Adjusted Payment, a hospital providing inpatient hospital services must meet one of the following criteria:

- a. Hospitals receiving APR-DRG reimbursement must submit a letter of intent to AHCCCS no later than June 15, 2018 committing to achieving specified milestones related to participation in the state health information exchange prior to specified dates.
  - i. The letter of intent must include the following milestones:
    - 1.No later than July 31, 2018 the hospital must execute an agreement with a qualifying health information exchange organization (HIE).
    - 2.No later than October 31, 2018 the hospital must approve and authorize a formal scope of work with a qualifying HIE organization to develop and implement the data exchange necessary to meet the requirements next two milestones.
    - 3.No later than March 31, 2019 the hospital must electronically submit admission, discharge, and transfer information (generally known as ADT information), including data from the hospital emergency department if the provider has an emergency department, to a qualifying health information exchange organization.
    - 4.No later than June 30, 2019 the hospital must electronically submit to a qualifying HIE organization laboratory and radiology information (if the provider has these services); transcription, medication information, and discharge summaries that include, at a minimum, discharge orders, discharge instructions, active medications, new prescriptions, active problem lists (diagnosis), treatments/procedures conducted during the stay, active allergies, and discharge destination.
  - ii. Hospitals qualifying under subsection a may receive an additional DAP increase if they have obtained a Pediatric-Prepared Emergency Care certification from the Arizona Chapter of the American Academy of Pediatrics on or before May 1, 2018.

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- b. Other hospitals submit a letter of intent to AHCCCS no later than June 15, 2018 committing to achieving specified milestones related to participation in the state health information exchange prior to specified dates.
- i. The letter of intent must include the following milestones:
- 1.No later than July 31, 2018 the hospital must execute an agreement with a qualifying health information exchange organization (HIE).
  - 2.No later than October 31, 2018 the hospital must approve and authorize a formal scope of work with a qualifying HIE organization to develop and implement the data exchange necessary to meet the requirements next two milestones.
  - 3.No later than March 31, 2019 the hospital must electronically submit admission, discharge, and transfer information (generally known as ADT information), including data from the hospital emergency department if the provider has an emergency department, to a qualifying health information exchange organization.
  - 4.No later than June 30, 2019 the hospital must electronically submit to a qualifying HIE organization laboratory and radiology information (if the provider has these services), transcription, medication information, and discharge summaries that include, at a minimum, discharge orders, discharge instructions, active medications, new prescriptions, active problem lists (diagnosis), treatments/procedures conducted during the stay, active allergies, and discharge destination.

**C. Exemptions:**

IHS and 638 tribally owned and/or operated facilities, including hospital and nursing facilities are exempt from this initiative.

**D. Payment Methodology**

For hospitals, meeting the above qualifications, all payments for inpatient services will be increased by 3.0%. Hospitals which meet the qualifications of section B subsection (a)(ii) will receive an additional 0.5% increase on all payments for inpatient services if they meet the qualifications listed in subsection i. These increases do not apply to supplemental payments.