

December 27, 2018

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 #18-015, DSH 2019**

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) #18-015, DSH 2019, which revises the State Plan to continue the DSH program for 2019.

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: Blake Holt, CMS  
Brian Zolynas, CMS



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

3. The hospital is a governmentally- operated hospital and is not an IHS facility, tribally owned and/or operated facility, or an other federally owned or operated facility. ("Group 4")		
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### Medicare Certification

In addition to the eligibility requirements outlined above, in order to receive payment under Medicaid, hospitals must meet the requirements for participation as a hospital in Medicare (except in the case of medical supervision of nurse-midwife services). Therefore, for purposes of DSH, the facility must be Medicare-certified during the state plan rate year for which the initial DSH payment is made.

If a facility is Medicare-certified for the full state plan rate year for which the initial DSH payment is made, but subsequently loses that certification, the facility remains eligible to receive the payment (together with any payment adjustments). If a hospital is only Medicare-certified for part of the state plan rate year for which the initial DSH payment is made, the eligibility and the payment will be calculated based on the period for which the hospital was Medicare- certified.

### **Data on a State Plan Year Basis**

DSH payments are made based on the State Plan Year. The State Plan Year (or State Plan Rate Year or SPY) is equivalent to the Federal Fiscal Year and runs from October 1 to September 30 of each year. The calculations to determine eligibility for, and the amount of, DSH payments, will be made on the basis of the State Plan Year. When data is not available based on a State Plan Year, the calculations to determine eligibility for, and the amount of, DSH payments, will be performed separately for each hospital's fiscal year which encompass the SPY and these results will be prorated based on the distribution of months from each of the two years. For example, for SPY ~~2018-2019~~ (10/1/~~17-18~~ to 9/30/~~1918~~), for a hospital that has a CMS 2552 Report year that runs from 7/1 to 6/30, the proration of the results of the calculations from the 2552 Report will be derived by summing:

1. 9/12<sup>th</sup> of the result of the calculations performed for the fiscal/CMS Report year ending 6/30/~~1918~~, and
2. 3/12<sup>th</sup> of the result of the calculations performed for the fiscal/CMS Report year ending 6/30/~~2019~~.

TN No. ~~17-00518-015~~

Supersedes

TN No. ~~17-005N/A~~

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

Effective Date: ~~October 27<sup>th</sup>, 2018~~

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**DSH Exhibit 3:  
AHCCCS  
Disproportionate Share Hospital Payment  
Methodology Pool Funding Amount**

This Exhibit contains the amount of funding for six pools in the Arizona DSH pool methodology.

For State Plan Year (SPY) 2008 and 2009, funding will be allocated among six pools (pools 1, 1A, 2, 2A, 3, and 4). For SPY 2010, funding will be allocated among seven pools (pools 1, 1A, 2, 2A, 3, 4, and 5). Thereafter, the funding will be allocated among six pools (pools 1, 1A, 2, 2A, 4, and 5).

Pools 1, 1A, 2, 2A, and 3 - Non-governmentally-operated hospitals

The funding for pools 1 and 2 will be sufficient to provide an average payment amount of \$6,000 for all hospitals qualifying for both of the two pools. No hospital in pools 1 or 2 will receive less than \$5,000. Therefore, the amount of funding for pools 1 and 2 will be determined by multiplying the number of hospitals qualifying for pools 1 and 2 by \$6,000.

The funding for pools 1A, 2A and 3 (if applicable) will be derived by subtracting the total amount allocated for pools 1 and 2 from the amount of DSH authorized by the Legislature for non-governmentally operated hospitals. Beginning SPY 2011, these remaining funds will be split with 15% for Pool 1A and 85% for Pool 2A.

- For SPY 2018, the funding for pools 1, 2, 1A, and 2A will be \$884,800.
- For SPY 2019, the funding for pools 1, 2, 1A, and 2A will be \$884,800.

Pool 4 – Governmentally-operated hospitals

The funding for pool 4 is the amount authorized by the Legislature for governmentally operated hospitals.

- For SPY 2018, the funding for pool 4 is \$142,293,400.
- For SPY 2019, the funding for pool 4 is \$142,293,400.

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## Pool 5

The funding for pool 5 is specified below.

- For SPY 2018, the funding for Pool 5 is the FY 2018 Arizona DSH allotment total computable amount minus \$143,178,200.
- For SPY 2019, the funding for Pool 5 is the FY 2019 Arizona DSH allotment total computable amount minus \$143,178,200.

For SPY 2018, the pool 5 hospitals are:

Benson Hospital  
Holy Cross Hospital  
Kingman Regional Medical Center  
Little Colorado Medical Center  
Mt. Graham Regional Medical Center  
Northern Cochise Community Hospital  
Page Hospital  
Yuma Regional Medical Center

For SPY 2019, the pool 5 hospitals are:

Benson Hospital  
Holy Cross Hospital  
Kingman Regional Medical Center  
Little Colorado Medical Center  
Mt. Graham Regional Medical Center  
Northern Cochise Community Hospital  
Page Hospital  
Yuma Regional Medical Center

Upon reconciliation, Pool 5 funds will be recouped due to changes in hospital qualification or payment limits; Pool 5 overpayments are not redistributed to other hospitals.”

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