

December 30, 2019

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 #19-019, "LTC & Rehab Rates"

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) #19-019, LTC & Rehab Rates, which updates the State Plan long-term care and rehabilitation rates, effective October 1, 2019. Please see below for information regarding public comment and Tribal Consultation requirements:

Public Comment:

- <https://www.azahcccs.gov/AHCCCS/PublicNotices/>
- https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/NOPI_Rate_Changes_20191001.pdf;

Tribal Consultation:

- <https://www.azahcccs.gov/AmericanIndians/TribalConsultation/meetings.html>
- https://www.azahcccs.gov/AmericanIndians/Downloads/Consultations/Meetings/2019/Tribal_Consultation_Master_071119.pdf

If you have any questions about the enclosed SPA, please contact Alex Demyan at (602) 417-4130.

Sincerely,



Dana Hearn
Assistant Director
Arizona Health Care Cost Containment System (AHCCCS)

cc: Blake Holt, CMS
Brian Zolynas, CMS
Mohamed Arif, AHCCCS

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER <u>1 9</u> — <u>0 1 9</u>	2. STATE Arizona
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
4. PROPOSED EFFECTIVE DATE October 1, 2019	

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (*Check One*)

- NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN 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 a. FFY 2020 \$ 1,700 b. FFY 2021 \$ 1,700
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-A pg. 27	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>) Attachment 4.19-A pg. 27

10. SUBJECT OF AMENDMENT

Updates the State Plan long-term care and rehabilitation rates, effective October 1, 2019.

11. GOVERNOR'S REVIEW (*Check One*)

- GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL 	16. RETURN TO Dana Hearn 801 E. Jefferson, MD#4200 Phoenix, Arizona 85034
13. TYPED NAME Dana Hearn	
14. TITLE Assistant Director	
15. DATE SUBMITTED 12/30/2019	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED	18. DATE APPROVED
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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

IX. PAYMENT TO LONG-TERM ACUTE CARE HOSPITALS

Effective October 1, 2015, long-term acute care hospitals are paid a per diem rate which will be an intensive care unit (ICU) rate, a surgery rate, or a routine rate. A hospital is eligible to receive an ICU rate or a surgery rate if the hospital is licensed by the Arizona Department of Health Services to provide ICU or surgical services.

The ICU rate applies to inpatient days associated on the claim with revenue codes in the ranges 200-204, 207-212, and 219. The surgery rate applies to inpatient days associated on the claim with revenue codes 360-369 in combination with valid procedure codes that are not on the AHCCCS excluded surgery procedures list. The routine rate applies to all other inpatient days.

An outlier is a hospital claim on which the covered charges exceed the outlier threshold, which will be an ICU threshold, a surgery threshold, or a routine threshold. The outlier thresholds for long-term acute care hospitals are the thresholds that were in effect for those hospitals on September 30, 2014. Outliers shall be reimbursed by multiplying covered charges by the outlier cost-to-charge ratio. The outlier ratios will be the Final Statewide Average Total Cost-to-Charge Ratios for LTCHs in the data file published by CMS as part of the Medicare Long-Term Care Hospital Prospective Payment System for the prior fiscal year. The urban cost-to-charge ratio applies to hospitals located in Maricopa County or Pima County, and to out-of-state hospitals. The rural cost-to-charge ratio applies to all other hospitals.

AHCCCS rates were set as of October 1, 20~~19~~~~18~~, and are effective for dates of admission on and after that date. AHCCCS rates and outlier thresholds for payments to long-term acute care hospitals are published on the agency's website at <https://azahcccs.gov/PlansProviders/RatesAndBilling/FFS/LTACrehab.html>

X. PAYMENT TO REHABILITATION HOSPITALS

Effective October 1, 2015, rehabilitation hospitals are paid a statewide per diem rate.

An outlier is a hospital claim on which the covered charges exceed the outlier threshold. The outlier threshold for rehabilitation hospitals is the threshold that was in effect for those hospitals on September 30, 2014. Outliers shall be reimbursed by multiplying covered charges by the outlier cost-to-charge ratio. The outlier cost-to-charge ratios will be the Final Statewide Average Total Cost-to-Charge Ratios for LTCHs in the data file published by CMS as part of the Medicare Long-Term Care Hospital Prospective Payment System for the prior fiscal year. The urban cost-to-charge ratio applies to hospitals located in Maricopa County or Pima County, and to out-of-state hospitals. The rural cost-to-charge ratio applies to all other hospitals.

AHCCCS rates were set as of October 1, ~~2018~~~~2019~~, and are effective for dates of admission on and after that date. AHCCCS rates and outlier thresholds for payments to rehabilitation hospitals are published on the agency's website at <https://azahcccs.gov/PlansProviders/RatesAndBilling/FFS/LTACrehab.html>

TN No. ~~17-012~~~~18-017~~ 19-019

Supersedes

Approval Date: _____

Effective Date: October 1,

2019

TN No. ~~17-012~~~~18-017~~ 18-017