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 #19-021, “IP DAP”

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) #19-021, IP DAP, which updates the State Plan to update the Inpatient DAP program, 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/PublicNotices/)

Tribal Consultation:
- [https://www.azahcccs.gov/AmericanIndians/TribalConsultation/meetings.html](https://www.azahcccs.gov/AmericanIndians/TribalConsultation/meetings.html)

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
Updates the IP DAP program, effective October 1, 2019.
Section XI – Inpatient Differential Adjusted Payment

A. Overview:
As of October 1, 2019 through September 30, 2020, 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 2020 (October 1, 2019 through September 30, 2020) 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:

- Hospitals receiving APR-DRG reimbursement are eligible for DAP increases under the following criteria 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.

- Health Information Exchange Participation
  Participation in a qualifying Health Information Exchange (HIE) organization qualifies the hospital for a 2.5% DAP increase for both inpatient and outpatient services. Participation means that by May 15, 2019, the hospital (both those addressed in sections i. and ii. below) must have submitted a Letter of Intent (LOI) to AHCCCS and the HIE, in which it agrees to achieve the following milestones by the specified dates, or maintain its participation in the milestone activities if they have already been achieved:

  1. Providers That Did Not Participate in CYE 2019 DAP:
     a. Milestone #1: No later than July 31, 2019 the hospital must execute an agreement with a qualifying HIE organization.
     b. Milestone #2: No later than October 31, 2019 the hospital must approve and authorize a formal scope of work (SOW) with a qualifying HIE organization to develop and implement the data exchange necessary to meet the requirements of Milestones #3 and #4.
     c. Milestone #3: No later than March 31, 2020 the hospital must electronically submit actual patient identifiable 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 the production environment of a qualifying HIE organization.

d. Milestone #4: No later than June 30, 2020 the hospital must electronically submit actual patient identifiable 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 to the production environment of a qualifying HIE organization.

2. Returning CYE 2019 DAP Participants:
   a. Base requirement: The hospital must already have in place an active participation agreement with a qualifying HIE organization and must maintain the data submission requirements of the CYE 2019 DAP requirements throughout CYE 2020.
   b. Milestone #1: No later than July 1, 2019 the hospital must submit actual patient identifiable immunization data to the production environment of a qualifying HIE organization.
   c. Milestone #2: No later than October 1, 2019 the hospital must approve and authorize a formal SOW with a qualifying HIE organization to initiate and complete a data quality profile to be produced by a qualifying HIE organization.
   d. Milestone #3: No later than December 31, 2019 the hospital must complete the initial data quality profile with a qualifying HIE organization.
   e. Milestone #4: No later than March 31, 2020 the hospital must complete the data quality scope of work by producing the final data quality profile with a qualifying HIE organization.

For criteria (1)(c), (1)(d), and (2)(b), the information transferred to the qualifying HIE must be actual patient data; the transfer of test data does not fulfill these requirements. It must include all patient data, including behavioral health data and data covered by 42 CFR Part 2.

In order to receive the 2.5% DAP increase for HIE participation a hospital (both those addressed in sections (i) and (ii) above) must submit an LOI to the HIE and AHCCCS by May 15, 2019 at the following email addresses:

FFSRates@azahcccs.gov, and

ceo@healthcurrent.org
If a hospital has already achieved one or more of the CYE 2020 milestones as of May 15, 2019, the LOI must include a commitment by the hospital to maintain its participation in those milestone activities for the period May 15, 2019 through September 30, 2020.

If a hospital submits an LOI and receives the 2.5% DAP increase for CYE 2020, but fails to achieve one or more of the milestones by the specified date, or fails to maintain its participation in the milestone activities, that hospital will be ineligible to receive DAP for dates of service from October 1, 2020 through September 30, 2021 (CYE 2021) if a DAP is available at that time.

ii. Sepsis Care Performance Measure

Applicability
Hospitals that meet or exceed the state-wide average for the Sepsis Care performance measure will qualify for a 1.0% DAP increase. On April 30, 2019, AHCCCS will download data from the Medicare Hospital Compare website for the Early Management Bundle, Severe Sepsis/Septic Shock (SEP-1) performance measure. This measure reflects the percentage of patients who received appropriate care for severe sepsis and septic shock. Facility results will be compared to the Arizona average results for the measure. Hospitals that meet or exceed the state-wide average percentage will qualify for the DAP increase.

A pediatric hospital will qualify to receive this DAP increase if it is a participant in the Improving Pediatric Sepsis Outcomes (IPSO) collaborative for 2019, as identified on April 30, 2019 on the following website: https://www.childrenshospitals.org/-/media/Files/CHA/Main/Quality_and_Performance/Sepsis/2018‐IPSO‐Enrolled‐Hospitals.pdf.

iii. Pediatric Preparedness Certification

Hospitals that hold a Pediatric-Prepared Emergency Care certification will qualify for a 0.5% DAP increase. By May 1, 2019, the hospital must have obtained a Pediatric-Prepared Emergency Care certification from the Arizona Chapter of the American Academy of Pediatrics (AzAAP).

1. The letter of intent must include the following milestones:
   i. No later than July 31, 2018 the hospital must execute an agreement with a qualifying health information exchange organization (HIE).
   ii. 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.
   iii. 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.

iv. 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.

2. 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.

b. Other hospitals and Inpatient Facilities (Psychiatric Hospitals, with the exception of public hospitals, Provider Type 71; Subacute Facilities (1-16 Beds), Provider Type B5; Rehabilitation Hospitals, Provider Type C4; Long Term Acute Care Hospitals, Provider Type C4 are eligible for DAP increases under the following criteria.) are eligible for DAP increases under the following criteria. 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.

1. Health Information Exchange Participation

Participation in a qualifying HIE organization qualifies the hospital for a 2.0% DAP increase for both inpatient and outpatient services. Participation means that by May 15, 2019, the hospital (both those addressed in sections i. and ii. below) must have submitted a LOI to AHCCCS and the HIE, in which it agrees to achieve the following milestones by the specified dates, or maintain its participation in the milestone activities if they have already been achieved:

i. Providers That Did Not Participate in CYE 2019 DAP:

1. Milestone #1: No later than July 31, 2019 the hospital must execute an agreement with a qualifying HIE organization.

2. Milestone #2: No later than October 31, 2019 the hospital must approve and authorize a formal SOW with a qualifying HIE organization to develop and implement the data exchange necessary to meet the requirements of Milestones #3 and #4.

3. Milestone #3: No later than March 31, 2020 the hospital must electronically submit actual patient identifiable 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 the production environment of a qualifying HIE organization.

4. Milestone #4: No later than June 30, 2020 the hospital must electronically submit actual patient identifiable 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 to the production environment of a qualifying HIE organization.

ii. Returning CYE 2019 DAP Participants:

1. Base requirement: The hospital must already have in place an active participation agreement with a qualifying HIE organization and must maintain the data submission requirements of the CYE 2019 DAP requirements throughout CYE 2020.

2. Milestone #1: No later than October 1, 2019 the hospital must approve and authorize a formal SOW with a qualifying HIE organization to initiate and complete a data quality profile to be produced by a qualifying HIE organization.

3. Milestone #2: No later than January 1, 2020 the hospital must complete the initial data quality profile with a qualifying HIE organization.

For criteria (i)(3), (i)(4), and (ii)(2), the information transferred to the qualifying HIE must be actual patient data; the transfer of test data does not fulfill these requirements. It must include all patient data, including behavioral health data and data covered by 42 CFR Part 2.

In order to receive the 2.0% DAP increase for HIE participation a hospital (both those addressed in sections i. and ii. above) must submit an LOI to the HIE and AHCCCS by May 15, 2019 at the following email addresses: FFSRates@azahcccs.gov, and ceo@healthcurrent.org

If a hospital has already achieved one or more of the CYE 2020 milestones as of May 15, 2019, the LOI must include a commitment by the hospital to maintain its participation in those milestone activities for the period May 15, 2019 through September 30, 2020.

If a hospital submits an LOI and receives the 2.0% DAP increase for CYE 2020, but fails to achieve one or more of the milestones by the specified date, or fails to maintain its participation in the milestone activities, that hospital will be ineligible to receive DAP for dates of service from October 1, 2020 through September 30, 2021 (CYE 2021) if a DAP is available at that time.

2. Inpatient Psychiatric Facility Quality Reporting Program

Hospitals that meet the Inpatient Psychiatric Facility Quality Reporting Program (IPFQR) performance measure will qualify for a 2.0% DAP increase. On April 30,
2019, AHCCCS will download the most current data from the QualityNet.org website to identify Medicare’s Annual Payment Update (APU) recipients. APU recipients are those facilities that satisfactorily met the requirements for the IPFQR program, which includes multiple clinical quality measures. Facilities identified as APU recipients will qualify for the DAP increase.

3. **Long-Term Care Hospital Pressure Ulcers Performance Measure**

Hospitals that meet or fall below the national average for the pressure ulcers performance measure will qualify for a 2.0% DAP increase. On April 30, 2019, AHCCCS will download the most current data from the Medicare Long Term Hospital Compare website for the rate of pressure ulcers that are new or worsened. Facility results will be compared to the national average results for the measure. Hospitals that meet or fall below the national average percentage will qualify for the DAP increase.

4. **Inpatient Rehabilitation Pressure Ulcers Performance Measure**

Hospitals that meet or fall below the national average for the pressure ulcers performance measure will qualify for a 2.0% DAP increase. On April 30, 2019, AHCCCS will download the most current data from the Medicare Inpatient Rehabilitation Facility Compare website for the rate of pressure ulcers that are new or worsened. Facility results will be compared to the national average results for the measure. Hospitals that meet or fall below the national average percentage will qualify for the DAP increase.

The letter of intent must include the following milestones:

i. No later than July 31, 2018 the hospital must execute an agreement with a qualifying health information exchange organization (HIE).

ii. 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.

iii. 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.

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

D. Payment Methodology
For Hospitals receiving APR-DRG reimbursement (described in Section B(a) above), during the contracting year October 1, 2019 through September 30, 2020, Differential Adjusted Rates will provide an increase of 1% over the AHCCCS Fee-For-Service rates for eligible providers.

For other hospitals and inpatient facilities (described in Section B(b) above, all payments for inpatient and outpatient services will be increased by 2.0% if they meet the HIE requirements. For inpatient psychiatric facilities, all payments for services will be increased by 2.0% if they meet the requirements detailed in A.2. For Long-Term Care Hospitals, all payments for services will be increased by 2.0% if they meet the requirements detailed in A.3. For hospitals, all payments for services will be increased by 2.0% if they meet the requirements detailed in A.4. These increases do not apply to supplemental payments.
The following is a description of methods and standards for determining Differential Adjusted Payments for hospitals. 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. 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 service in Contract Year Ending (CYE) 2020 (October 1, 2019 through September 30, 2020) only.

1) Critical Access Hospitals

A. Applicability

Hospitals designated as a Critical Access Hospital (CAH) by May 1, 2019 are eligible for DAP increases under the following criteria.

a. Participation in a qualifying HIE organization qualifies the CAH for a 8.0% DAP increase for both inpatient and outpatient services. Participation means that by May 15, 2019, the CAH must have submitted a LOI to AHCCCS and the HIE, in which it agrees to achieve the following milestones by the specified dates, or maintain its participation in the milestone activities if they have already been achieved:

   i. Base requirement: The hospital must already have in place an active participation agreement with a qualifying HIE organization and must maintain the data submission requirements of the CYE 2019 DAP requirements throughout CYE 2020.

   ii. Milestone #1: No later than July 1, 2019 the hospital must submit actual patient identifiable immunization data to the production environment of a qualifying HIE organization.

   iii. Milestone #2: No later than October 1, 2019 the hospital must approve and authorize a formal SOW with a qualifying HIE organization to initiate and complete a data quality profile to be produced by a qualifying HIE organization.

   iv. Milestone #3: No later than December 31, 2019 the hospital must complete the initial data quality profile with a qualifying HIE organization.

   v. Milestone #4: No later than March 31, 2020 the hospital must complete the data quality scope of work by producing the final data quality profile with a qualifying HIE organization.

For criteria (a)(iii), (a)(iv), and (a)(v), the information transferred to the qualifying HIE must be actual patient data; the transfer of test data does not fulfill these requirements. It must include all patient data, including behavioral health data and data covered by 42 CFR Part 2.
In order to receive the 8.0% DAP increase for HIE participation a hospital must submit an LOI to the HIE and AHCCCS by May 15, 2019 at the following email addresses: FFSRates@azahcccs.gov, and ceo@healthcurrent.org

If a hospital has already achieved one or more of the CYE 2020 milestones as of May 15, 2019, the LOI must include a commitment by the hospital to maintain its participation in those milestone activities for the period May 15, 2019 through September 30, 2020. If a hospital submits an LOI and receives the 8.0% DAP increase for CYE 2020, but fails to achieve one or more of the milestones by the specified date, or fails to maintain its participation in the milestone activities, that hospital will be ineligible to receive DAP for dates of service from October 1, 2020 through September 30, 2021 (CYE 2021) if a DAP is available at that time.

b. Critical Access Hospitals which meet all of the criteria in subsection (a) above, have a Level I-IV trauma center, and are located less than five miles from Interstate 10 will receive an additional 20.0% DAP increase for both inpatient and outpatient services.

c. Hospitals that hold a Pediatric-Prepared Emergency Care certification will qualify for a 0.5% DAP increase. By May 1, 2019, the hospital must have obtained a Pediatric-Prepared Emergency Care certification from the AzAAP. AHCCCS does not intend to consider this metric for a DAP increase for CYE 2021

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

C. Payment Methodology
For hospitals, all payments for inpatient services will be increased by 8.0% if they meet the HIE requirements, by 20.0% if they meet the Level I-IV Trauma Center requirements, and by 0.5% if they hold the Pediatric-Prepared Emergency Care certification. These increases do not apply to supplemental payments.

D. AHCCCS does not intend to consider this metric a DAP increase for CY2021.
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 a 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.