

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 #19-022, "OP DAP"

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) #19-022, OP DAP, which updates the State Plan to update the OP 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/Downloads/PublicNotices/rates/FinalNoticeOfPublicInformationDifferentialAdjustedPaymentsEffectiveOctober_1_2019-September_30_2020_DatesOfService.pdf

Tribal Consultation:

- <https://www.azahcccs.gov/AmericanIndians/TribalConsultation/meetings.html>
- https://www.azahcccs.gov/AmericanIndians/Downloads/Consultations/Meetings/2019/TribalConsultationMaster_052419.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 2 2</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 \$ _____ b. FFY 2021 \$ _____
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT SUPPLEMENT 2 to attachment 4.19-B pg. 1-6	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>) SUPPLEMENT 2 to attachment 4.19-B pg. 1-3

10. SUBJECT OF AMENDMENT

Updates the State Plan OP DAP program, 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
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL	20. SIGNATURE OF REGIONAL OFFICIAL
21. TYPED NAME	22. TITLE

23. REMARKS

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-
OTHER TYPES OF CARE

The following is a description of methods and standards for determining Differential Adjusted Payments for providers registered with AHCCCS as integrated clinics and AHCCCS registered physicians, physician's assistants, and registered nurse practitioners, and outpatient hospitals and sub-acute behavioral health residential treatment facilities. 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) 202019 (October 1, 20198 through September 30, 202019) only.

1) Integrated Clinics**A. Applicability**

Providers must meet the following criteria to qualify for the differential adjusted payment as an integrated clinic:

1. Must be registered with AHCCCS as Integrated Clinic and licensed by the Arizona Department of Health Services as an Outpatient Treatment Center that provides both behavioral health services and physical health services.
2. During the period October 1, 2017 through September 30, 2018, claims for behavioral health services make up at least 40% of the provider's total claims
3. By May 1, 2019, must have executed an agreement with a qualifying health information exchange organization and electronically transfer information, including both a registration event as well as an encounter summary, to a qualifying health information exchange organization.
4. By May 15, 2019, the clinic must have executed an agreement with a qualifying HIE organization and electronically submitted actual patient identifiable information, including both a registration event as well as an encounter summary, to the production environment of the qualifying HIE organization. The clinic must maintain this HIE requirement through September 30, 2020. If a clinic is in the process of integrating a new Practice Management and Electronic Health Record system, then it may have until September 1, 2019 to electronically submit actual patient identifiable information, including both a registration event as well as an encounter summary, to the production environment of the qualifying HIE organization.

B. 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.

C. Payment MethodologyTN No. 19-022

Supersedes Approval Date: _____

Effective Date: October 1, 20198TN No. ~~17-016~~18-019

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-
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~~A. For the contracting year October 1, 2019 through September 30, 2020, Differential Adjusted Rates will be paid for select physical health services and will provide an increase of 10% over the AHCCCS Fee-For-Service rates for the same services. The physical health services that qualify for the Differential Adjusted Rate are published on the Agency's website:~~

~~https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/FinalNoticeOfPublicInformationDifferentialAdjustedPaymentsEffectiveOctober_1_2019-September_30_2020_DatesOfService.pdf~~ **Applicability**

~~Providers must meet the following criteria to qualify for the differential adjusted payment as an integrated clinic:~~

- ~~1. Must be registered with AHCCCS as Integrated Clinic and licensed by the Arizona Department of Health Services as an Outpatient Treatment Center that provides both behavioral health services and physical health services.~~
- ~~2. During the period October 1, 2016 through September 30, 2017, claims for behavioral health services make up at least 40% of the provider's total claims~~
- ~~3. By May 1, 2018, must have executed an agreement with a qualifying health information exchange organization and electronically transfer information, including both a registration event as well as an encounter summary, to a qualifying health information exchange organization.~~

~~B. 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.~~

~~C. Payment Methodology~~

~~For the contracting year October 1, 2018 through September 30, 2019, Differential Adjusted Rates will be paid for select physical health services and will provide an increase of 10% over the AHCCCS Fee-For-Service rates for the same services. The physical health services that qualify for the Differential Adjusted Rate are published on the Agency's website:~~

~~<https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/ValueBasedPaymentPublicComment.pdf>~~

2) Physicians, Physician Assistants, and Registered Nurse Practitioners**A. Applicability**

Providers must meet the following criteria to qualify for the differential adjusted payment as a physician, physician assistant, or registered nurse practitioner:

1. Provider must be an AHCCCS registered physician, physician assistant, or registered nurse practitioner

TN No. 19-022

Supersedes

Approval Date: _____

Effective Date: October 1, 2019TN No. ~~17-016~~ 18-019

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-
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2. Provider must have written at least 80 prescriptions for AHCCCS members
3. Based on approved and adjudicated AHCCCS claims and encounters for July 1, 2018 through December 31, 2018 dispense dates, 65% of the provider's total AHCCCS prescriptions must be Electronic Prescriptions
4. AHCCCS will compute claims and encounters for this purpose as of May 1, 2019 to determine which providers meet the minimum threshold

E-Prescription statistics will be identified by the AHCCCS provider ID for the prescribing provider, and computed by AHCCCS based on the following factors:

- i. Only approved and adjudicated AHCCCS claims and encounters for July 1, 2018 through December 31, 2018 dispense dates will be utilized in the computations.
- ii. AHCCCS will compute claims and encounters for this purpose as of May 1, 2019 to determine which providers meet the minimum threshold.
- iii. AHCCCS will not consider any other data when determining which providers qualify for the DAP increase.
- iv. E-Prescriptions include those prescriptions generated through a computer-to-computer electronic data interchange protocol, following a national industry standard and identified by Origin Code 3.
- v. Refills of original prescriptions whereby the original prescriptions meet the definition of E-Prescriptions shall not be counted as E-Prescriptions.

The DAP will apply to claims for covered AHCCCS services where the rendering provider ID on the claim is the same as the prescribing provider ID that was identified and found to meet the criteria described above.

B. Payment Methodology

Physicians, physician assistants, and registered nurse practitioners meeting the above criteria will qualify for a 1% increase on all services billed on the CMS Form 1500. Due to operational issues related to contracting arrangements with entities rather than individual practitioners, AHCCCS' MCOs may pay the DAP in a manner other than on an individual claim basis, on at least a quarterly basis. In the event an expected quarterly payment to an entity is less than twenty five dollars, the MCOs will be permitted to delay payment to the entity until the earlier occurs: payments due of at least twenty-five dollars or final quarterly payment for CYE 2020.

A. Applicability

Providers must meet the following criteria to qualify for the differential adjusted payment as a physician, physician assistant, or registered nurse practitioner:

1. Provider must be an AHCCCS registered physician, physician assistant, or registered nurse practitioner
2. Provider must have written at least 80 prescriptions for AHCCCS members
3. Based on approved and adjudicated AHCCCS claims and encounters for July 1, 2017 through December 31, 2017 dispense dates, 60% of the provider's total AHCCCS prescriptions must be Electronic Prescriptions

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-
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B. Payment Methodology

~~Physicians, physician assistants, and registered nurse practitioners meeting the above criteria will qualify for a 1% increase on all services billed on the CMS Form 1500.~~

3) Outpatient Hospitals and Sub-acute Behavioral Health Residential Treatment Facilities Dental Providers**A. Overview:**

~~The following is a description of methods and standards for determining Differential Adjusted Payments for providers registered with AHCCCS as dental providers. 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.~~

~~As of October 1, 2018 through September 30, 2019 (Contract Year Ending (CYE) 2019), AHCCCS-registered Arizona hospitals and sub-acute behavioral health residential treatment facilities not subject to APR-DRG Reimbursement 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

~~Dental Providers (Provider Types D1, D2, D3, D4, 07, 54) are eligible for a DAP increase under the following criteria.~~

i. Dental Sealants for Children Performance Measure

~~A provider that meets the criteria for the dental sealants for children performance measure will qualify for a 1.0% DAP increase. Providers that increased the number of AHCCCS child members from 5 through 15 years of age to whom they provided dental sealants from CYE 2017 to CYE 2018 are considered to meet this measure. AHCCCS will review only approved and adjudicated claims and encounter data in order to compute a count of the number of AHCCCS members who are children aged 5 through 15 years who received a dental sealant for each time period. AHCCCS will compute claims and encounters for this purpose as of May 1, 2019. Providers with a computed increase to their count will qualify for the DAP increase.~~

C. Exemptions:

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METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-
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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.

D. Payment Methodology

For 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.

4) Home and Community Based Services Providers

A. Overview

The following is a description of methods and standards for determining Differential Adjusted Payments for providers registered with AHCCCS as dental providers. 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.

B. Applicability

Home and Community Based Services (HCBS) Providers (Provider Types A3, FI, IC, 23, 39, 40, 46, 77, and 95) are eligible for a DAP increase under the following criteria.

a. Electronic Visit Verification Readiness Survey

AHCCCS has requested HCBS Providers respond to an Electronic Visit Verification (EVV) readiness survey. A provider that completes the EVV survey in its entirety by May 28, 2019 will qualify for a 1.0% DAP increase. The DAP increase will be applicable to select Attendant Care, Companion Care, Habilitation, Home Health (aid, therapy, nursing services), Homemaker, Personal Care, Respite, and Skills Training services that are provided with place of service (POS) Home, Assisted Living Facility, and Other. See Attachment B for the specific list of codes which are proposed to increase for purposes of DAP (code list updated May 20, 2019).

Attachment B located on page 15 of AHCCCS's DAP public notice linked here: https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/FinalNoticeOfPublicInformationDifferentialAdjustedPaymentsEffectiveOctober_1_2019-September_30_2020_DatesOfService.pdf

The DAP increase will be applicable to the specified services provided either on a FFS basis, or by all AHCCCS Contractors, for all lines of business, including the Arizona Long Term Care System (ALTCS).

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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.

D. Payment Methodology

For the contracting year October 1, 2019 through September 30, 2020, Differential Adjusted Rates will provide an increase of 1.0% over the AHCCCS Fee-For-Service rates for eligible providers.

5) Behavioral Health Outpatient Clinics and Integrated Clinics**A. Overview**

The following is a description of methods and standards for determining Differential Adjusted Payments for providers registered with AHCCCS as integrated clinics and AHCCCS registered physicians, physician's assistants, and registered nurse practitioners, and outpatient hospitals and behavioral health outpatient clinics. 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.

B. Applicability

Behavioral Health Outpatient Clinics, Provider Type 77, and Integrated Clinics, Provider Type IC are eligible for DAP increases under the following criteria:

b. Partnerships with Schools to Provide Behavioral Health Services

A clinic that meets the criteria for partnering with schools to provide behavioral health services will qualify for a 1.0% DAP increase. Partnership is defined as a provider that has memoranda of agreement or understanding (MOA or MOU) with three or more schools in place as of May 15, 2019 that allow for the clinic to provide behavioral health services to school-aged children in the school setting. On May 15, 2019, AHCCCS will review such documents as have been submitted by each provider by e-mail to FFSRates@azahcccs.gov in order to determine the number of qualifying MOAs or MOUs for each provider. Providers with three or more MOAs or MOUs that meet this requirement will qualify for the DAP increase.

c. Autism Centers of Excellence

A clinic that meets the criteria to be considered an Autism Center of Excellence (COE) will qualify for a 3.0% DAP increase. An Autism COE is defined as a provider that has

State: ARIZONA

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been identified as such by any AHCCCS MCO in the "Value Based Providers/Centers of Excellence" attachment to its "Provider Network Development and Management Plan," submitted by November 15, 2018. Providers that have been identified as an Autism COE in this manner will qualify for the DAP increase.

d. Provision of Services to Members in a Difficult to Access Location

A clinic that meets the criteria for provision of services to members in a difficult to access location that cannot be accessed by ground transportation due to the nature and extent of the surrounding Grand Canyon terrain will qualify for a DAP increase of 3.0% on all claims and encounters. Provision of services is defined as a provider that has an MOA or MOU with a tribal government to access tribal territory in order to provide behavioral health services to members located in the Grand Canyon. The signed MOA or MOU must be in place by May 31, 2019 and submitted to AHCCCS by e-mail to FFSRates@azahcccs.gov. On May 31, 2019, AHCCCS will review such documents as have been submitted by each provider in order to determine providers that meet this requirement and will qualify for this DAP increase.

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 Behavioral Health Outpatient Clinics, Provider Type 77, and Integrated Clinics, Provider Type IC, all payments for Fee for Service services will be increased by: 1.0% if they meet the school-based behavioral health services requirement, 3.0% if they meet the criteria to be considered an Autism Center for Excellence, 3.0% if the clinic meets the criteria for provision of services to members in a difficult to access location that cannot be accessed by ground transportation due to the nature and extent of the surrounding Grand Canyon terrain. These increases do not apply to supplemental payments.

~~B. Applicability~~

~~**C. To qualify for the Outpatient Differential Adjusted Payment, a hospital or a sub-acute behavioral health residential treatment facility providing outpatient services 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.**~~

~~**D. The letter of intent must include the following milestones:**~~

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

~~**F. 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**~~

~~**G.**~~

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-
OTHER TYPES OF CARE

~~H. 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.~~

~~I. 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.~~

~~J.—~~

~~K. A hospital, qualifying under section 3.B.1 above, and subject to APR-DRG reimbursement for inpatient services, 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.~~

~~L.—~~

~~**M. Exemptions:**~~

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

~~O.—~~

~~**P. Payment Methodology**~~

~~Q.—~~

~~R. For hospitals and sub-acute behavioral health residential treatment facilities meeting the above qualifications in section 3.B.1 above, all payments for outpatient services will be increased by 3.0%. Hospitals subject to APR-DRG reimbursement for inpatient services, which meet the criteria in 3.B.2 above will receive an additional 0.5% increase for all outpatient services.~~