

December 17, 2020

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 #20-024, "January NF Rates"**

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) #20-024, January NF Rates, which updates the State Plan Nursing Facility rates, effective January 1, 2021. Please see below for information regarding the fiscal analysis, as well as public comment and Tribal Consultation requirements:

Public Comment:

- <https://www.azahcccs.gov/AHCCCS/PublicNotices/>
- <https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/20210101PublicNotice-NF.pdf>;

Tribal Consultation:

- <https://www.azahcccs.gov/AmericanIndians/TribalConsultation/meetings.html>
- <https://www.azahcccs.gov/AmericanIndians/Downloads/Consultations/Meetings/2020/11052020TribalConsultationPresentation.pdf>

Fiscal Analysis:

	FFS Estimates	Federal Funds	
1.1.21 NF	126,300	94,300	74.67%

\*Estimate based on regular FMAP (assuming most usage is ALTCS).

\*\*Assumes COVID PHE increased FMAP for 3 of 4 quarters in FFY2.

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

Sincerely,



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



## INSTRUCTIONS FOR COMPLETING FORM CMS-179

Use Form CMS-179 to transmit State plan material to the regional office for approval. A separate typed transmittal form should be completed for each plan/amendment submitted.

**Block 1 -Transmittal Number** - Enter the State Plan Amendment transmittal number. Assign consecutive numbers on a **calendar year** basis (e.g., 92-001, 92-002, etc.).

**Block 2 - State** -Type the name of the State submitting the plan material.

**Block 3 - Program Identification** -Title XIX of the Social Security Act (Medicaid).

**Block 4 - Proposed Effective Date** - Enter the proposed effective date of material.

**Block 5 -Type of Plan Material** - Check the appropriate box.

**Block 6 - Federal Statute/Regulation Citation** - Enter the appropriate statutory/regulatory citation.

**Block 7 - Federal Budget Impact - 7(a)** - Enter 1st **Federal Fiscal Year** (FFY) impacted by the SPA & estimated Federal share of the cost of the SPA (in thousands) for 1st FFY. **7(b)** - Enter 2nd FFY impacted by the SPA & estimated Federal share of the cost for 2nd FFY. See SMM section 13026.

**Block 8 - Page No.(s) of Plan Section or Attachment** - Enter the page number(s) of plan material transmitted. If additional space is needed, use bond paper.

**Block 9 - Page No.(s) of the Superseded Plan Section or Attachment (if Applicable)** - Enter the page number(s) (including the transmittal sheet number) that is being superseded. If additional space is needed, use bond paper.

**Block 10 - Subject of Amendment** - Briefly describe plan material being transmitted.

**Block 11 - Governor's Review** - Check the appropriate box. See SMM section 13026 B.

**Block 12 - Signature of State Agency Official** -Authorized State official signs this block.

**Block 13 -Typed Name** -Type name of State official who signed block 12.

**Block 14 -Title** -Type title of State official who signed block 12.

**Block 15 - Date Submitted** - Enter the date you mail plan material to RO.

**Block 16 - Return To** -Type the name and address of State official to whom this form should be returned.

**Block 17–23 (FOR REGIONAL OFFICE USE ONLY).**

**Block 17 - Date Received** - Enter the date plan material is received in RO. See ROM section 6003.2.

**Block 18 - Date Approved** - Enter the date RO approved the plan material.

**Block 19 - Effective Date of Approved Material** - Enter the date the plan material becomes effective. If more than one effective date, list each provision and its effective date in Block 23 or attach a sheet.

**Block 20 - Signature of Regional Official** -Approving RO official signs this block.

**Block 21 -Typed Name** -Type approving official's name.

**Block 22 -Title** -Type approving official's title.

**Block 23 - Remarks** - Use this block to reference pen and ink changes, a partial approval, more than one effective date, etc. If additional space is needed, use bond paper.

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
STATE: ARIZONA

**METHODS AND STANDARDS FOR ESTABLISHING FEE-FOR-SERVICE PAYMENT RATES FOR LONG TERM CARE FACILITIES**

85% for each facility, then add in the per day historic costs for property taxes and insurance to determine the statewide average capital component.

4. Total Rate

The per diem nursing facility rates are calculated by summing the primary care, indirect care, and capital cost components. These rates vary by member level of care and geographic area due to the primary care components.

5. Rate Update

Effective October 1, 2002 and each year thereafter, fee-for-service rates for nursing facilities will be updated by applying an inflation factor or factors to the rate components in effect for the prior year. This method of adjusting fee-for-service rates is consistent with the method used by AHCCCS for other medical services. For rates effective from October 1, 2011 to September 30, 2013, and from October 1, 2015 and thereafter, no inflation factor will be applied.

Below are the AHCCCS FFS Nursing Facility Per Diem Rates effective on and after January 1, 2021:

Level of Care	Revenue Code	Urban Rate*	Rural Rate	Flagstaff
LOA/Therapeutic**	183	\$171.58	\$166.23	\$171.71
LOA/Nursing Home**	185	\$171.58	\$166.23	\$171.71
Level 1	191	\$171.58	\$166.23	\$171.71
Level 2	192	\$187.57	\$181.15	\$187.09
Level 3	193	\$222.49	\$215.37	\$222.45

\*AHCCCS has designated nursing facilities in the Arizona counties of Pima, Pinal, and Maricopa as Urban to be paid at the AHCCCS Urban Rate. All other counties inside or outside of Arizona are designated as Rural and are paid at the AHCCCS Rural Rate (except Flagstaff, which is paid at the rate specified above).

\*\*This LOA rate only applies to reserved beds at Nursing Facilities

**III. Other Provisions**

A. Provider Appeals

Nursing facility providers have the right to request an informal rate reconsideration in accordance with the ALTCS Rules. Appeals are allowed for the following reasons:

- Extraordinary circumstances (as determined by the Director).
- Provision of specialty care services directed at members with high medical needs.
- Unique or unusually high case mix.

Appeals are made in writing to the Director. Appeals which are granted become effective no earlier than the date the appeal was requested.

B. Cost and Wage Reporting

AHCCCS uses cost and wage reports filed by the nursing facilities in the State of Arizona as a basis for these rate calculations.

TN No. 20-024

Supersedes

TN No. 20-003

Approval Date: \_\_\_\_\_ Effective Date: January 1, 2021