

December 19, 2023

Blake Holt
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 # 23-0022, EMT Rates

Dear Mr. Holt:

Enclosed is State Plan Amendment (SPA) # 23-0022, EMT Rates. This SPA updates the state plan EMT rates, with an effective date of October 1, 2023.

Tribal Consultation and Public Notice Requirements for this SPA have been fulfilled and the corresponding documentation is provided below:

Tribal Consultation (August 29, 2023):

https://www.azahcccs.gov/AmericanIndians/Downloads/Consultations/Meetings/2023/08292023QuarterlyTC_Presentation.pdf

Public Notice:

https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/Final_Public_Notice_Rate_Changes_20231001.pdf

The Fiscal Impact of this SPA has been calculated as:

- FFY 2024: \$1,373,500
- FFY 2025: \$1,347,400

To arrive at this calculation, Arizona took actual FFY 2022 utilization and applied the implemented rate change from FFY 2023 and the proposed FFY 2024 rate change to calculate the total anticipated expenditures for FFY 2024 and FFY 2025. Arizona assumed an FMAP of 72.53% for FFY 2024 and an FMAP of 71.15% for FFY 2025. As a result, the federal component is slightly different between the two years.

If there are any questions about the enclosed SPA, please contact Maxwell Seifer at maxwell.seifer@azahcccs.gov or 602-417-4722.

Sincerely,



Alex Demyan
Assistant Director
Arizona Health Care Cost Containment System (AHCCCS)

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

1. TRANSMITTAL NUMBER <u>23</u> — <u>0022</u>	2. STATE <u>AZ</u>
3. PROGRAM IDENTIFICATION: TITLE <u>19</u> OF THE SOCIAL SECURITY ACT	

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
October 1, 2023

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR Part 447

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 24 \$ 1,373,500
b. FFY: 25 \$ 1,347,400

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-B: page 5(h), page 5(h)(i), page 5(i)

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Attachment 4.19-B: page 5(h), page 5(i)

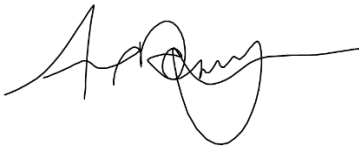
9. SUBJECT OF AMENDMENT
Updates the state plan EMT rates, effective October 1, 2023.

10. GOVERNOR'S REVIEW (Check One)

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

OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL



12. TYPED NAME
Alex Demyan

13. TITLE
Assistant Director

14. DATE SUBMITTED: December 19, 2023

15. RETURN TO

Alex Demyan
801 E. Jefferson St., MD #4200
Phoenix, AZ 85034

FOR CMS USE ONLY

16. DATE RECEIVED	17. DATE APPROVED
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PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL	19. SIGNATURE OF APPROVING OFFICIAL
20. TYPED NAME OF APPROVING OFFICIAL	21. TITLE OF APPROVING OFFICIAL

22. REMARKS

STATE OF ARIZONA
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

The following is a description of methods and standards for determining the payment rates for ambulance transportation services included in the transportation bullet listed in Attachment 4.19-B, page 5b. Except as otherwise noted below, AHCCCS uses a uniform methodology in reimbursing both governmental and private providers for ambulance emergency and non-emergency transportation services.

1) Ground Ambulance Rates set by the Arizona Department of Health Services (ADHS)

ADHS regulates ambulance companies in Arizona (except for those owned and operated by American Indian tribes and federal agencies) licensing and rate setting. ADHS sets rates based on data submitted by providers including direct and indirect costs, reimbursable and non reimbursable charges, utilization data, and public payer settlements. ADHS offers annual provider rate adjustments based upon the Arizona Ambulance Inflation factor (AIF). The AIF is comprised of the average annual change in the CPI-U for transportation (50%) and for medical care (50%). The transportation category is composed of such things as motor vehicles (new and used), motor fuel, parts and equipment, maintenance and repair and public transportation. The medical care category is composed of such things as medical care commodities, medical care services – professional, hospital and related services.

For dates of service prior to October 1, 2009, AHCCCS will reimburse ambulance companies at 80.0% of the ADHS established rate. For dates of service beginning October 1, 2009 through March 31, 2011, AHCCCS will reimburse those providers at 76% of the ADHS established rate. For dates of service beginning April 1, 2011 through September 30, 2011, AHCCCS will reimburse those providers at 72.2% of the ADHS established rate. For dates of service beginning October 1, 2011 through September 30, 2012, AHCCCS will reimburse those providers at 68.6% of the ADHS established rate in effect as of July 7, 2011. For dates of service beginning October 1, 2012 through September 30, 2013, AHCCCS will reimburse those providers at 68.6% of the ADHS established rate in effect as of August 2, 2012 and are posted at: <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>

For dates of service beginning October 1, 2013 through September 30, 2014, AHCCCS will reimburse those providers at 68.6% of the ADHS established rate in effect as of August 2, 2013 and are posted at <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>
 For dates of service beginning October 1, 2014 through September 30, 2015, AHCCCS will reimburse those providers at 74.74% of the ADHS established rate in effect as of August 2, 2014 and are posted at <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>
 For dates of service beginning October 1, 2015 through September 30, 2016, AHCCCS will reimburse those providers at 68.59% of the ADHS established rate in effect as of August 2, 2015 and are posted at www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/
 For dates of service beginning October 1, 2016 through September 30, 2017, AHCCCS will reimburse those providers at 68.59 % of the ADHS established rate in effect as of July 1, 2016 and are posted at <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>
 For dates of service beginning October 1, 2017 through September 30, 2018, AHCCCS will reimburse those providers at 68.59 % of the ADHS established rate in effect as of July 1, 2017 and are posted at <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>
 For dates of service beginning October 1, 2018 through September 30, 2019, AHCCCS will reimburse those providers at 68.59 % of the ADHS established rate in effect as of July 1, 2017 and are posted at <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>
 For dates of service beginning October 1, 2019 through September 30, 2020, AHCCCS will reimburse those providers at 68.59% of the ADHS established rate in effect as of July 1, 2019 and are posted at: <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>.
 For dates of service beginning October 1, 2020 through September 30, 2021, AHCCCS will reimburse those providers at 68.59% of the ADHS established rate in effect as of July 1, 2020 and are posted at: <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>.
 For dates of service beginning October 1, 2021 through September 30, 2022, AHCCCS will reimburse providers at 68.59% of the ADHS established rate in effect as of July 1, 2021, and posted at: <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>
 For dates of service beginning October 1, 2022 through September 30, 2023, AHCCCS will reimburse providers at 68.59% of the ADHS established rate in effect as of July 1, 2022, and posted at <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>
For dates of service beginning October 1, 2023 through September 30, 2024, AHCCCS will reimburse providers at 68.59% of the ADHS established rate in effect as of July 1, 2023, and posted at <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>

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2) Ground Ambulance Rates set by AHCCCS

a) AHCCCS establishes ground ambulance rates for out-of-state companies, companies operated by American Indian tribes except those described in paragraph b or which have a CON and are reimbursed according to reimbursement methodology 1), and federal agencies such as the National Park Service that operates ambulances in Grand Canyon National Park and Lake Mead National Recreation Area. Rates were initially established in 1994 based on the average (mean) reimbursement rates paid by commercial insurance companies. Ground Ambulance Fee Schedule Rates are posted on the AHCCCS website at <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/> , effective ~~October 1, 2023~~October 1, 2022

b) Effective October 1, 2018, rates for ground ambulance services provided by an I.H.S. provider or a tribally owned or operated provider with a section 638 agreement that does not have a Certificate of Necessity (CON) issued by the Arizona Department of Health Services (ADHS), will be the higher of:

(1) the weighted average of the provider-specific rates as set by ADHS that are in effect on July 1, 2018, for each provider that has been issued a CON weighted by utilization of each ground transportation service code derived from both paid claims and encounters for the 12 months ending September 30, 2017; and (2) the weighted average of the provider-specific rates as set by ADHS that are in effect on July 1, 2018, for each provider that has been issued a CON weighted by utilization of each ground transportation service code derived from only paid claims for the 12 months ending September 30, 2017. The higher of the two methodologies will then be multiplied by 68.59% to establish the AHCCCS rate for each ambulance service. Beginning

October 1, 2021, if the methodology produces a rate for the Basic Life Support (BLS) that is equal to or exceeds the Advanced Life Support (ALS) rate, the ALS rate shall be set at 107.5% of the calculated BLS rate. This is applicable to Basic Life Support Codes A0428 & A0429 and Advanced Life Support Codes A0426, A0427, A0433, and A0434. Ground ambulance services provided by an I.H.S. provider or a tribally owned or operated provider with a section 638 agreement that have a Certificate of Necessity (CON) issued by the Arizona Department of Health Services (ADHS) will be reimbursed according to reimbursement methodology 1). These rates will be adjusted with an effective date of October 1 of each subsequent year using the provider-specific rates in effect on July 1 as set by ADHS for each ground ambulance provider that has been issued a CON and utilization data for paid claims and encounters for the 12 months ending September 30th of the previous year.

The methodology described in paragraph 2(b) is the following:

- AHCCCS FFS rate = the greater of (Methodology 1 weighted average rate * 0.6859) or (Methodology 2 weighted average rate * 0.6859).
- Methodology 1 weighted average rate = (C + D) / (A + B)
- Methodology 2 weighted average rate = C / A

Where:

A = FFY 2017 total units billed for the service on FFS claims

B = FFY 2017 total units billed for the service on MCO encounters

C = FFY 2017 total reimbursements for the service on FFS claims

D = FFY 2017 total reimbursements for the service on MCO encounters

After the above methodology is calculated if BLS is = to/or greater than ALS, then BLS Rate * 1.075 = ALS Rate

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~~(1) the weighted average of the provider specific rates as set by ADHS that are in effect on July 1, 2018, for each provider that has been issued a CON weighted by utilization of each ground transportation service code derived from both paid claims and encounters for the 12 months ending September 30, 2017; and (2) the weighted average of the provider specific rates as set by ADHS that are in effect on July 1, 2018, for each provider that has been issued a CON weighted by utilization of each ground transportation service code derived from only paid claims for the 12 months ending September 30, 2017. The higher of the two methodologies will then be multiplied by 68.59% to establish the AHCCCS rate for each ambulance service. Beginning~~

~~October 1, 2021, if the methodology produces a rate for the Basic Life Support (BLS) that is equal to or exceeds the Advanced Life Support (ALS) rate, the ALS rate shall be set at 107.5% of the calculated BLS rate. This is applicable to Basic Life Support Codes A0428 & A0429 and Advanced Life Support Codes A0426, A0427, A0433, and A0434. Ground ambulance services provided by an I.H.S. provider or a tribally owned or operated provider with a section 638 agreement that have a Certificate of Necessity (CON) issued by the Arizona Department of Health Services (ADHS) will be reimbursed according to reimbursement methodology 1). These rates will be adjusted with an effective date of October 1 of each subsequent year using the provider specific rates in effect on July 1 as set by ADHS for each ground ambulance provider that has been issued a CON and utilization data for paid claims and encounters for the 12 months ending September 30th of the previous year.~~

~~The methodology described in paragraph 2(b) is the following:~~

- ~~● AHCCCS FFS rate = the greater of (Methodology 1 weighted average rate * 0.6859) or (Methodology 2 weighted average rate * 0.6859).~~
- ~~● Methodology 1 weighted average rate = (C + D) / (A + B)~~
- ~~● Methodology 2 weighted average rate = C / A~~

~~Where:~~

~~A = FFY 2017 total units billed for the service on FFS claims~~

~~B = FFY 2017 total units billed for the service on MCO encounters~~

~~C = FFY 2017 total reimbursements for the service on FFS claims~~

~~D = FFY 2017 total reimbursements for the service on MCO encounters~~

~~After the above methodology is calculated if BLS is = to/or greater than ALS, then BLS Rate * 1.075 = ALS Rate~~

3) Air Ambulance Rates

AHCCCS establishes reimbursement rates for air ambulance services. For claims with dates of service on or before December 31, 2015, the reimbursement rates are based on a cost study of Air Ambulance Costs conducted in 2000 to establish the initial rates for specialty and non-specialty transports, and are adjusted periodically based on the Consumer Price Index for Other Medical Professionals, the CPI for Transportation, and the Federal Aviation Administration forecast of jet fuel prices. For claims with dates of service from January 1, 2016 through September 30, 2016, the reimbursement rates are based on a study of non- specialty transport and mileage ambulance rates in other western states, setting the AHCCCS rates for non-specialty transports and mileage only equal to the average rate among the states studied. However, rates for specialty transports remain unchanged from those in effect on December 31, 2015. Reimbursement rates for air ambulance services were increased by 8.1% for dates of service after October 1, 2019. Reimbursement rates for base rate Fixed Wing Transport and Rotary Wing Transport were increased by 17.7% and the Neonatal Transport base rate was increased by 7.9%. For dates of service after October 1, 2023-2022, air ambulance rates can be found at <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>