

December 18, 2025

Edwin Walaszek
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 # AZ-25-0029, Nursing Facility (NF) Rates

Dear Mr. Walaszek:

Enclosed is State Plan Amendment (SPA) # AZ-25-0029, Nursing Facility (NF) Rates. This SPA updates the state plan Nursing Facility rates effective January 1, 2026.

Tribal Consultation occurred for this SPA on August 7, 2025.

<https://www.azahcccs.gov/AmericanIndians/Downloads/Consultations/Meetings/2025/08072025Presentation.pdf>

The preliminary public notice for this SPA was posted on October 23, 2025 and is located here: https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/20260101_PublicNotice-NF_Preliminary.pdf

The final public notice for this SPA was posted on November 25, 2025 and is located here: https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/20260101_PublicNotice-NF_Final.pdf

The **Federal Fiscal Impact** of this SPA has been calculated as:

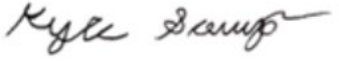
- FFY 2026: \$ 123,812
- FFY 2027: \$ 164,672

Explanation of Federal Fiscal Impact:

The amounts are for FFS only and are the FFP portion only. Arizona took actual FFY 2024 utilization and applied the implemented rate changes from FFY 2025 and the proposed FFY 2026 rate changes to calculate the total anticipated expenditures for FFY 2026 (9 months) and FFY 2027 (12 months). Arizona assumed an FMAP of 64.34% for FFY 2026 and an FMAP of 64.18% for FFY 2027. As a result, the federal component is slightly different between the two years.

If there are any questions about the enclosed SPA, please contact Ryan Melson at Ryan.Melson@azahcccs.gov or 602-417-7309.

Sincerely,

A handwritten signature in black ink, appearing to read "Kyle Sawyer", followed by a vertical line.

Kyle Sawyer
Assistant Director, Public Policy and Strategic Planning
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

2. STATE

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL
SECURITY ACT XIX XXI

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

4. PROPOSED EFFECTIVE DATE

5. FEDERAL STATUTE/REGULATION CITATION

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY _____ \$ _____
b. FFY _____ \$ _____

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

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

9. SUBJECT OF AMENDMENT

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

Kyle Samp

12. TYPED NAME

13. TITLE

14. DATE SUBMITTED

15. RETURN TO

FOR CMS USE ONLY

16. DATE RECEIVED

17. DATE APPROVED

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 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, 2025:

Rates Effective 01/01/2025					
Revenue Code	Description	Urban Rate	Rural Rate	Flagstaff	Tucson
0183	LOA/Therapeutic	\$ 210.65 212.27	\$ 204.08 205.65	\$ 210.21 211.68	\$ 211.76 213.35
0185	LOA/Nursing Home	\$ 210.65 212.27	\$ 204.08 205.65	\$ 210.21 211.68	\$ 211.76 213.35
0191	Subacute Care Level I	\$ 210.65 212.27	\$ 204.08 205.65	\$ 210.21 211.68	\$ 211.76 213.35
0192	Subacute Care Level II	\$ 230.29 232.06	\$ 222.40 224.11	\$ 229.06 230.66	\$ 231.50 233.24
0193	Subacute Care Level III	\$ 273.16 275.26	\$ 264.41 266.45	\$ 272.35 274.26	\$ 274.60 276.66

*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 and Tucson, which are paid at the rates 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.