

September 25, 2026

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-26-0005, Community-Based Wraparound Services

Dear Mr. Walaszek:

Enclosed is State Plan Amendment (SPA) # AZ-26-0005, Community-Based Wraparound Services coverage and rate Increase. This SPA updates Supplement 3 to Attachment 3.1-A and Attachment 4.19-B page 1(b). The Community-Based Wraparound Services SPA will reserve an effective date of August 1, 2026. This is the rate established for this period; however, a new rate will be established for the All-Other Rate SPA submission this fall.

Tribal Consultation on this SPA occurred on May 7, 2026. Here is the webpage:

https://www.azahcccs.gov/AmericanIndians/Downloads/Consultations/Meetings/2026/May2026_AHCCCS_TC_Presentation.pdf

Public Notice for this SPA was posted on July 30, 2026 at the following

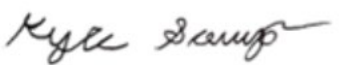
webpage: https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/Final_Public_Notice_H2021_Effective_8-1-2026.pdf

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

- FFY 2026: \$1,400
- FFY 2027: \$0

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

Sincerely,



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 6 — 0 0 0 5

2. STATE

A Z3. 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

August 1, 2026

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR 441.18(a)(8)(i); 441.18(a)(9); 42 CFR Part 447

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2026 \$ 1,400b. FFY 2027 \$ 07. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Supplement 3 to Attachment 3.1-A Pages 1-4 - NEW
Attachment 4.19-B Page 1(b) - NEW8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable)

9. SUBJECT OF AMENDMENT

Updates the state plan to include coverage of Community-Based Wraparound Services and an updated Community-Based Wraparound Services rate.

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

Kyle Sawyer

13. TITLE

Assistant Director, Public Policy and Strategic Planning

14. DATE SUBMITTED

September 25, 2026

15. RETURN TO

Kyle Sawyer
150 N. 18th Ave.
Phoenix, AZ 85007**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/Territory: AZ**

**TARGETED CASE MANAGEMENT SERVICES
Community Based Wraparound Services**

Target Group (42 Code of Federal Regulations 441.18(a)(8)(i) and 441.18(a)(9)):

High Needs Case Management: Focuses upon providing case management and other support and rehabilitation services to children with complex needs and multiple systems involvements for whom less intensive case management would likely impair their functioning. Children with high service intensity needs who require to be offered the assignment of a high needs case manager are identified as:

- i. **Children six through 17 years of age: CALOCUS level of 4, 5, or 6.**
- ii. **Children zero through five years of age with two or more of the following:**
 - 1) Other agency involvement; specifically: Arizona Early Intervention Program (AzEIP), Department of Child Safety (DCS), and/or the Division of Developmental Disabilities (DDD) in the Department of Economic Security (DES), and/or**
 - 2) Out of home placement for behavioral health treatment (within past six months), and/or**
 - 3) Psychotropic medication utilization (two or more medications), and/or**
 - 4) Evidence of severe psycho-social stressors (e.g., family member serious illness, disability, death, job loss, eviction).**

X Target group includes individuals transitioning to a community setting. Case-management services will be made available for up to **180** consecutive days of a covered stay in a medical institution. The target group does not include individuals between ages 22 and 64 who are served in Institutions for Mental Disease or individuals who are inmates of public institutions). (State Medicaid Directors Letter (SMDL), July 25, 2000)

Areas of State in which services will be provided (§1915(g)(1) of the Act):

X Entire State

 Only in the following geographic areas: **[Specify areas]**

Comparability of services (§§1902(a)(10)(B) and 1915(g)(1))

 Services are provided in accordance with §1902(a)(10)(B) of the Act.

X Services are not comparable in amount duration and scope (§1915(g)(1)).

Definition of services (42 CFR 440.169): Targeted case management services are defined as services furnished to assist individuals, eligible under the State Plan, in gaining access to needed medical, social, educational and other services. Targeted Case Management includes the following assistance:

- Comprehensive assessment and periodic reassessment of individual needs, to determine the need for any medical, educational, social or other services. These assessment activities include
 - taking client history;
 - identifying the individual's needs and completing related documentation; and
 - gathering information from other sources such as family members, medical providers, social workers, and educators (if necessary), to form a complete assessment of the eligible individual;

Comprehensive assessments occur once a year. State-defined standards are re-evaluated every six months.

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TARGETED CASE MANAGEMENT SERVICES
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- ❖ Development (and periodic revision) of a specific care plan that is based on the information collected through the assessment that
 - specifies the goals and actions to address the medical, social, educational, and other services needed by the individual;
 - includes activities such as ensuring the active participation of the eligible individual, and working with the individual (or the individual's authorized health care decision maker) and others to develop those goals; and
 - identifies a course of action to respond to the assessed needs of the eligible individual;
- ❖ Referral and related activities (such as scheduling appointments for the individual) to help the eligible individual obtain needed services including
 - activities that help link the individual with medical, social, educational providers, or other programs and services that are capable of providing needed services to address identified needs and achieve goals specified in the care plan; and
- ❖ Monitoring and follow-up activities:
 - activities and contacts that are necessary to ensure the care plan is implemented and adequately addresses the eligible individual's needs, and which may be with the individual, family members, service providers, or other entities or individuals and conducted as frequently as necessary, and including at least one annual monitoring, to determine whether the following conditions are met:
 - services are being furnished in accordance with the individual's care plan;
 - services in the care plan are adequate; and
 - changes in the needs or status of the individual are reflected in the care plan. Monitoring and follow-up activities include making necessary adjustments in the care plan and service arrangements with providers.

For monitoring and follow-up activities:

 - **Monitoring and follow-up activities include reviewing the care plan as clinically indicated but at least monthly and convening the care team virtually or in person as clinically indicated, but at least weekly, to update the care plan to reflect the changing needs of the child. The care team performs such reviews and include (1) whether services are being provided in accordance with the care plan (2) whether the services in the care plan are adequate and (3) whether there are changes in the needs or status of the individual and if so, adjusting the care plan as necessary.**
 - **Contacts may be face-to-face, by telephone, or in writing. Frequency is jointly determined by the member and the provider. However, at a minimum, a member will be contacted every 30 days.**

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State/Territory: AZ

TARGETED CASE MANAGEMENT SERVICES
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Case management includes contacts with non-eligible individuals that are directly related to identifying the eligible individual's needs and care, for the purposes of helping the eligible individual access services; identifying needs and supports to assist the eligible individual in obtaining services; providing case managers with useful feedback, and alerting case managers to changes in the eligible individual's needs.
(42 CFR 440.169(e))

Qualifications of providers (42 CFR 441.18(a)(8)(v) and 42 CFR 441.18(b)):

Providers of high needs case management services shall be State registered providers that meet all federal and state provider qualification, licensing, and enrollment requirements. High needs case managers shall meet all State-defined standards and requirements.

High needs case manager providers must be qualified and experienced to provide case management services to children with complex needs. Providers shall ensure an adequate number of qualified and trained provider case managers are available within their provider network to meet the needs of eligible individuals. Providers shall ensure that high needs case managers are oriented to the fundamentals of effective case management, evaluated for competency to provide case management services, and receive basic and ongoing training in specialized subjects relevant to the needs of this population.

High needs case manager providers must utilize evidence-based practices. High needs case managers shall complete State defined Child and Family Team (CFT) training and demonstrate competency in CFT practice consistent with State established requirements. High needs case managers shall receive ongoing coaching and supervision to maintain competency, which may include, but not limited to, observation, group coaching, and individual debriefing.

Clinics must also be compliant with the Differential Adjusted Payment (DAP) Milestones (<https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/CYE26DAPNotice.pdf>), including, but not limited to, State approved virtual and online module training, caseload ratios not exceeding 1:25, and coaching sessions with the State.

Freedom of choice (42 CFR 441.18(a)(1)):

The State assures that the provision of case management services will not restrict an individual's free choice of providers in violation of section 1902(a)(23) of the Act.

1. Eligible individuals will have free choice of any qualified Medicaid provider within the specified geographic area identified in this plan.
2. Eligible individuals will have free choice of any qualified Medicaid providers of other medical care under the plan.

Freedom of Choice Exception (§1915(g)(1) and 42 CFR 441.18(b)):

Target group consists of eligible individuals with developmental disabilities or with chronic mental illness. Providers are limited to qualified Medicaid providers of case management services capable of ensuring that individuals with developmental disabilities or with chronic mental illness receive needed services:

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TARGETED CASE MANAGEMENT SERVICES

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Access to Services (42 CFR 441.18(a)(2), 42 CFR 441.18(a)(3), 42 CFR 441.18(a)(6)):

The State assures the following:

- Case management (including targeted case management) services will not be used to restrict an individual's access to other services under the plan.
- Individuals will not be compelled to receive case management services, condition receipt of case management (or targeted case management) services on the receipt of other Medicaid services, or condition receipt of other Medicaid services on receipt of case management (or targeted case management) services; and
- Providers of case management services do not exercise the agency's authority to authorize or deny the provision of other services under the plan.

Payment (42 CFR 441.18(a)(4)):

Payment for case management or targeted case management services under the plan does not duplicate payments made to public agencies or private entities under other program authorities for this same purpose.

Case Records (42 CFR 441.18(a)(7)):

Providers maintain case records that document for all individuals receiving case management as follows: (i) The name of the individual; (ii) The dates of the case management services; (iii) The name of the provider agency (if relevant) and the person providing the case management service; (iv) The nature, content, units of the case management services received and whether goals specified in the care plan have been achieved; (v) Whether the individual has declined services in the care plan; (vi) The need for, and occurrences of, coordination with other case managers; (vii) A timeline for obtaining needed services; (viii) A timeline for reevaluation of the plan.

Limitations:

Case management does not include, and Federal Financial Participation (FFP) is not available in expenditures for, services defined in §440.169 when the case management activities are an integral and inseparable component of another covered Medicaid service (State Medicaid Manual (SMM) 4302.F).

Case management does not include, and Federal Financial Participation (FFP) is not available in expenditures for, services defined in §440.169 when the case management activities constitute the direct delivery of underlying medical, educational, social, or other services to which an eligible individual has been referred, including for foster care programs, services such as, but not limited to, the following: research gathering and completion of documentation required by the foster care program; assessing adoption placements; recruiting or interviewing potential foster care parents; serving legal papers; home investigations; providing transportation; administering foster care subsidies; making placement arrangements. (42 CFR 441.18(c))

FFP only is available for case management services or targeted case management services if there are no other third parties liable to pay for such services, including as reimbursement under a medical, social, educational, or other program except for case management that is included in an individualized education program or individualized family service plan consistent with §1903(c) of the Act. (§§1902(a)(25) and 1905(c))

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State: ArizonaMETHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

Rate Updates

Effective for dates of service August 1, 2026 through September 30, 2026, AHCCCS is implementing a specialized state developed rate for H2021-Community-Based Wrap-Around Services, per 15 minutes, as described in Supplement 3 to Attachment 3.1-A. Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers for other types of care.