

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-26-0007, Disproportionate Share Hospital (DSH) Budget

Dear Mr. Walaszek:

Enclosed is State Plan Amendment (SPA) # AZ-26-0007, Disproportionate Share Hospital (DSH) Budget. This SPA updates the DSH Budget in the State Plan, effective October 1, 2026.

Tribal Consultation occurred for this SPA on August 4, 2026.

https://www.azahcccs.gov/AmericanIndians/Downloads/Consultations/Meetings/2026/08042026_AHC_CCS_TribalConsultationCombinedPresentation.pdf

The public notice period for this SPA closed on August 31, 2026, and no comments were received.

Public Notice for this SPA was posted on the following webpage:

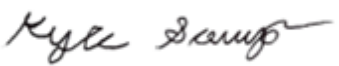
https://www.azahcccs.gov/shared/Downloads/PublicNotices/DSHFY27NOPI_DRAFT_Letterhead.pdf

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

- FFY 2027: \$TBD
- FFY 2028: \$TBD

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 7

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

October 1, 2026

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR Part 447, Section 1923 of the Social Security Act

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2027 \$ TBDb. FFY 2028 \$ TBD7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-A Page 658. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable)
Attachment 4.19-A Page 65

9. SUBJECT OF AMENDMENT

Updates the Disproportionate Share Hospital (DSH) Budget in the State Plan.

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 Sawyer13. TITLE
Assistant Director, Public Policy and Strategic Planning14. DATE SUBMITTED
September 25, 202615. 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 OF ARIZONA
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
INPATIENT HOSPITAL CARE

**DSH Exhibit 3:
AHCCCS
Disproportionate Share Hospital Payment
Methodology Pool Funding Amount**

This Exhibit contains the amount of funding for six pools in the Arizona DSH pool methodology.

Formatted: Font: 9 pt

For State Plan Year (SPY) 2008 and 2009, funding will be allocated among six pools (pools 1, 1A, 2, 2A, 3, and 4). For SPY 2010, funding will be allocated among seven pools (pools 1, 1A, 2, 2A, 3, 4, and 5). Thereafter, the funding will be allocated among six pools (pools 1, 1A, 2, 2A, 4, and 5).

Pools 1, 1A, 2, 2A, and 3 - Non-governmentally-operated hospitals

The funding for pools 1 and 2 will be sufficient to provide an average payment amount of \$6,000 for all hospitals qualifying for both of the two pools. No hospital in pools 1 or 2 will receive less than \$5,000. Therefore, the amount of funding for pools 1 and 2 will be determined by multiplying the number of hospitals qualifying for pools 1 and 2 by \$6,000.

The funding for pools 1A, 2A and 3 (if applicable) will be derived by subtracting the total amount allocated for pools 1 and 2 from the amount of DSH authorized by the Legislature for nongovernmentally operated hospitals. Beginning SPY 2024, 15% of the remaining funds will be allocated to Pool 1A and 85% to Pool 2A. If the expended 1A fund is less than the 15% (such as when the hospitals in Pool 1A collectively have uncompensated care costs less than the 15%), the remainder will transfer to 2A.

- For SPY 2018, the funding for pools 1, 2, 1A, and 2A will be \$884,800.
- For SPY 2019, the funding for pools 1, 2, 1A, and 2A will be \$884,800.
- For SPY 2020, the funding for pools 1, 2, 1A, and 2A will be \$884,800.
- For SPY 2021, the funding for pools 1, 2, 1A, and 2A will be \$884,800.
- For SPY 2022, the funding for pools 1, 2, 1A, and 2A will be \$884,800.
- For SPY 2023, the funding for pools 1, 2, 1A, and 2A will be \$884,800.
- For SPY 2024, the funding for pools 1, 2, 1A, and 2A will be \$884,800.
- For SPY 2025, the funding for pools 1, 2, 1A, and 2A will be \$884,800.
- For SPY 2025, the funding for pools 1, 2, 1A, and 2A will be \$884,800.
- For SPY 2026, the funding for pools 1, 2, 1A, and 2A will be \$884,800.
- For SPY 2027, the funding for pools 1, 2, 1A, and 2A will be \$884,800.

Formatted: Font: 9 pt, Not Expanded by / Condensed by

Formatted: Font: 9 pt

Pool 4 – Governmentally-operated hospitals

The funding for pool 4 is the amount authorized by the Legislature for governmentally operated hospitals.

- For SPY 2018, the funding for pool 4 is \$142,293,400.
- For SPY 2019, the funding for pool 4 is \$142,293,400.
- For SPY 2020, the funding for pool 4 is \$142,293,400.
- For SPY 2021, the funding for pool 4 is \$142,293,400.
- For SPY 2022, the funding for pool 4 is \$142,293,400.
- For SPY 2023, the funding for pool 4 is \$142,293,400.
- For SPY 2024, the funding for pool 4 is \$142,293,400.
- For SPY 2025, the funding for pool 4 is \$142,293,400.
- For SPY 2026, the funding for pool 4 is \$142,293,400.
- For SPY 2027, the funding for pool 4 is \$28,474,900.

Formatted: Font: 10.5 pt

TN No. ~~25-001626-0007~~

Supersedes TN No. ~~24-000925~~ Approval Date: _____

Effective Date: October 1, ~~2025~~2026

0016