

NOTICE OF PUBLIC INFORMATION

1. Name of the Agency: Arizona Health Care Cost Containment System (AHCCCS)

2. The Subject of this Notice: Proposed Increase to Medicaid Reimbursement for Primary Care Services
Effective January 1, 2013 through December 31, 2014 Pursuant to the Affordable Care Act.

3. The Public Information relating to the Subject:

The purpose of this Notice is to advise the public that AHCCCS is proposing to modify reimbursement for primary care services furnished by qualifying physicians, nurse practitioners, and physician assistants in calendar years 2013 and 2014. Increases to reimbursement for these providers is required pursuant to Sections 1902(a)(13), 1902 (jj), 1905 (dd) and 1932(f) of the Social Security Act and federal regulations in 42 CFR Parts 438, 441, and 447 which are described in the final rule published in 77 Federal Register 66670 on November 6, 2012. This Notice describes the reimbursement for this two year time period for providers who meet specific requirements.

Section 1202 of the Affordable Care Act (ACA) requires Medicaid programs to pay fees to designated physicians that are no less than the Medicare fee schedule in effect for 2013 and 2014 or the fee schedule rate that would result from applying the 2009 Medicare physician fee schedule conversion factor to the 2013 or 2014 Medicare Relative Value Units, whichever is greater. The increased payment requirements apply to payments for services rendered January 1, 2013 through December 31, 2014 for certain primary care and vaccine administration services described by specific codes. The applicable codes are: Evaluation and Management (E&M) Codes 99201 through 99499, and Current Procedural Terminology (CPT) vaccine administration codes 90460, 90461, 90471, 90472, 90473, 90474 or their successor codes. Due to the extensive delay in finalizing the federal rule and the requirement that the Centers for Medicare and Medicaid Services (CMS) approve the State methodology for increased payments, AHCCCS and its contractors may initially reimburse qualifying providers according to the current rates beginning January 1, 2013. AHCCCS and its contractors will then reimburse qualifying providers the amount above the current rate attributable to the increase required by the federal rule, retroactive to January 1, 2013.

The rates proposed for 2013 and 2014 are mandated by the ACA. According to final federal rule 42 CFR 447.400, the increased rates will apply to payments to a physician who self attests to a specialty designation of family medicine, general internal medicine, or pediatric medicine or a subspecialty of those specialties recognized by the American Board of Physician Specialties, the American Osteopathic Association, or the American Board of Medical Specialties. The physician must self attest that s/he: 1) is Board certified in such a specialty or subspecialty and/or 2) has billed for at least 60% of the services provided to AHCCCS members with designated E&M or vaccine administration services codes during calendar year 2012. For newly eligible physicians, the 60% billing qualification will be determined based on Medicaid claims for the prior month to the physician's enrollment as an AHCCCS provider.

These increased payment rates will also apply to nurse practitioners and physician assistants when they practice under the supervision of a physician who qualifies for the increased payments. AHCCCS has elected to extend the enhanced payments to these same qualifying providers when they provide services to KidsCare members.

The final federal rule clarifies that independently practicing non-physician practitioners who are not under the supervision of an eligible physician, are not eligible for increased payments. In addition, the final rule states that FQHC's and RHC's are not eligible for increased payments.

It is anticipated that the proposed rates for the designated primary care services for the January 1, 2013 through December 31, 2014 time period will increase payments to providers by approximately 27.5%. This increase is estimated to result in an aggregate increase in total expenditures to qualifying providers in the amount of \$323,600,000 which would be comprised of approximately \$30,000,000 in State funds. In accordance with federal law, the federal government will provide 100% federal financial participation for any increase in payment above the amounts that would have been paid using the approved 2009 Medicaid rates. The increased payments to qualifying providers for KidsCare members during the two year period are anticipated to be approximately \$4,750,000 which are estimated to be comprised of approximately \$1,575,000 in State funding. CMS is in the process of developing guidance for States to implement this final rule, and AHCCCS will provide additional information regarding the enhanced primary care payment process in the near future.

4. A list of previous notices published in the Arizona Administrative Register relating to the notice of public information.

None

5. Public comments relating to the notice of public information.

Written comments to this Notice of Public Information must be received no later than 5:00 PM on December 31, 2012. Please send written comments to:

Name: Michael Veit, Contracts and Purchasing Administrator

Address: Arizona Health Care Cost Containment System

701 E. Jefferson Street

Phoenix, AZ 85034

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6. Location where copies of the proposed changes are available for review

Information regarding the proposed primary care services reimbursement may be found on the website maintained by AHCCCS located at: www.azahcccs.gov. Many public libraries offer access to the internet. In addition the information can be obtained at the:

AHCCCS Administration

701 E Jefferson

Phoenix, AZ 85034