

PROGRAM CHANGES AND FEE SCHEDULE CHANGES

Introduction

This document contains Arizona Health Care Cost Containment System (AHCCCS) programmatic and Fee-for-Service (FFS) rate changes.

Program Changes

Each program change listed below was effective between January 2018 and October 2020. Due to the varied dates of program changes, each contract year contained in the Data Book reflects a different benefit design. The list below is a brief description of the program changes and their effective dates. Additional information can be found in the actuarial certifications which are posted on the [AHCCCS website](#). This document does not include any program changes that were effective after the contract year ending (CYE) 21 Regional Behavioral Health Authority (RBHA) capitation rate certification was published. For program changes after October 2020, review the CYE 22 RBHA actuarial certification on the [AHCCCS website](#).

Table I – Program Change Items and Effective Date

Program Change Item	Effective Date(s)
Diagnosis Related Group (DRG) Impacts	January 2018
Hepatitis C Virus (HCV) Treatment	January 2018
Behavioral Health Non-Emergency Medical Transportation (NEMT) to Community-Based Support Programs (CBSP)	July 2018
Out-of-Network Inpatient Behavioral Health Services	July 2018
Applied Behavior Analysis (ABA)	October 2018 and November 2019
Social Determinants of Health	October 2018
Supplemental Security Income (SSI)/Social Security Disability Insurance (SSDI) Outreach, Access and Recovery (SOAR)	October 2018
Substance Use Disorder Assessment	October 2018
Behavioral Health Services in Schools	October 2018 and October 2019
Licensed Independent Substance Abuse Counselors (LISAC) Mental Health Assessment	November 2018
Naturopathic Physician Early and Periodic Screening, Diagnostic and Treatment (EPSDT)	March 2019

AHCCCS Competitive Contract Expansion (CCE) YH20-0002
 Section B - Program Changes and Fee Schedule Changes
 Document – Program Changes and Fee Schedule Changes

Prenatal Syphilis Screen	March 2019
Transportation Network Companies (TNC)	May 2019
3D Mammography	June 2019
Pharmacy Benefit Manager Administrative Spread Removal	July 2019
Adult Human Papillomavirus Immunization Guidance	August 2019
Advanced Practice Nurse Medicated Assisted Treatment (MAT)	October 2019
Cystic Fibrosis Drug Approval	October 2019
Behavioral Health Residential Facilities (BHRF) Personal Care Differential	October 2019
Pharmacy Reimbursement Savings	October 2019 and October 2020
Telehealth	October 2019
Sickle Cell Anemia Drugs Approval	November 2019
Duchenne Muscular Dystrophy Drug Approval	December 2019
Pharmacy and Therapeutic Committee Decisions	Various Dates
Peanut Allergy Drug Approval	January 2020
Opioid Treatment Program (OTP) Medicare Reimbursement	January 2020
Increase Frequency of Dental Fluoride Visits	February 2020
Adult Hepatitis C Screening Recommendation	March 2020
Increase to Annual Respite Hour Limit	March 2020
Pay and Chase Guidance	April 2020
Mantle Cell Lymphoma Drug Approval	July 2020
Depression and Anxiety Screening Codes	August 2020
Spinal Muscular Atrophy Drug Approval	August 2020
Flu Vaccine Initiative	September 2020
Inpatient Dental Hygienist Teeth Cleanings	October 2020
Expanded Telehealth Use	October 2020
Off Campus Hospital Outpatient Department Reimbursement	October 2020
Outpatient Psychiatric Hospital Reimbursement	October 2020
Supports During School Hours	Various

Detailed Descriptions: For Table I Program Change Items

DRG Reimbursement Rate Changes

AHCCCS will transition from version 31 to version 34 of the All Patient Refined Diagnostic Related Groups (APR-DRG) payment classification system on January 1, 2018. AHCCCS has used v31 APR-DRG national weights published by 3M since the initial implementation of the system on October 1, 2014 until the present. To make the APR-DRG grouper fully ICD-10 code compliant, AHCCCS will rebase the inpatient system and update to APR-DRG v34 effective January 1, 2018. Rebasng involves updating the DRG grouper version, relative weights, and DRG base rates via payment simulation modeling using more recent data.

HCV Treatment

The AHCCCS Pharmacy and Therapeutics (P&T) Committee reviewed the HCV direct acting antiviral (DAA) agents and recommended Mavyret as the sole preferred agent to treat HCV based on both clinical efficacy and cost effectiveness. AHCCCS has accepted the P&T's recommendation. The AHCCCS Policy Committee (APC) reviewed the AHCCCS Medical Policy Manual, Policy 320 N, Hepatitis C Prior Authorization Requirements for DAA medication and removed the fibrosis level requirements that were previously necessary in order to access treatment. The APC also removed the one treatment per lifetime limitation from the policy and added retreatment guidelines. These changes are effective January 1, 2018.

Behavioral Health NEMT to CBSP

Policy guidance effective July 1, 2018, clarified that covered NEMT services may be provided to transport an individual to select CBSP. The policy specifies a list of select qualifying CBSP, such as Alcoholics Anonymous and National Alliance on Mental Illness Family Support. The base data adjustment reflects the fact that only one quarter of CYE 18 was impacted by the policy and adjusts the first three quarters in a similar fashion.

Out-of-Network Inpatient Behavioral Health Services

Beginning July 1, 2018, the Arizona Legislature passed HB 2659 which limits AHCCCS reimbursement of inpatient behavioral health services provided at a non-contracted facility to 90 percent of AHCCCS fee schedule rates. Prior to the law's implementation, AHCCCS reimbursed these non-contracted services at 100 percent of fee schedule rates.

ABA

AHCCCS policy was updated effective November 1, 2019 to include clarifying language on the requirement for the AHCCCS Complete Care (ACC) and RBHA programs to provide covered ABA services to children not receiving these services through another program. They are covered services as part of the EPSDT program for children under 21 years of age. The policy clarification is consistent with CMS guidance dated July 7, 2014, which directs states to cover medically necessary services for treatment of autism spectrum disorder as part of the EPSDT program for

children under 21 years of age. The policy guidance is expected to gradually raise awareness and increase utilization of these covered ABA services.

Social Determinants of Health

The Targeted Investments Program has benchmarks for screening members for the presence of social determinants of health. These benchmarks are expected to result in increased use of the covered screening services in CYE 19 and CYE 20.

SSI/SSDI SOAR

Effective October 1, 2018, AHCCCS began recognizing SOAR as a distinct reimbursable case management service. Through SOAR, providers assist individuals who are homeless or at risk of becoming homeless and who have a serious mental illness in applying for federal SSI/SSDI benefits.

Substance Use Disorder Assessment

Effective October 1, 2018, AHCCCS updated provider fee schedules to include a targeted increase to providers who conduct a computer-guided, structured interview utilizing American Society of Addiction Medicine (ASAM) software. The service enables providers to determine the appropriate level of treatment based upon a set of medically accepted criteria.

Behavioral Health Services in Schools

The Arizona Legislature passed SB 1520 during the 2018 Legislative session which included an appropriation to fund increased behavioral health services in schools. The targeted services are in addition to any existing behavioral health services provided, including those provided to students with disabilities under the State's School Based Services program. AHCCCS adjusted CYE 19 capitation rates effective October 1, 2018 for the additional costs of services that will be provided in schools. HB 2747 passed during the 2019 Legislative session continues to fund behavioral health services in schools.

LISAC Mental Health Assessments

Effective November 1, 2018, AHCCCS included LISAC among qualifying providers that will be reimbursed for non-physician mental health assessments. The scope of practice for LISAC includes evaluation and treatment of substance abuse disorders, which can require use of mental health assessments.

Naturopathic Physicians Providing EPSDT

In CYE 19, AHCCCS began accepting applications for naturopathic physicians to provide EPSDT services to children under 21 years of age. The AHCCCS Office of Administrative and Legal Services (OALS) interpreted federal and state laws to require the State to cover "medical care, or any other type of remedial care recognized under State law" provided by naturopathic physicians as EPSDT services to "correct or ameliorate" any physical or mental conditions of the member. Use of services provided by naturopathic physicians to members will largely replace existing use of

services provided by other registered physician provider types. State law, however, places some limitations on the medication's naturopathic physicians may prescribe while many of the practitioners use pharmacological interventions sparingly. As a result, several naturopathic physician office visits will require additional follow-up visits to a prescribing provider, increasing use of services.

Prenatal Syphilis Screening

In September 2018, the Arizona Department of Health Services (ADHS) declared a syphilis outbreak for women and babies in Arizona. In response to the outbreak, AHCCCS issued a joint position statement with ADHS on February 28, 2019 to clarify that AHCCCS covers three prenatal syphilis screens during a member's pregnancy. The statement aligns with screening recommendations from the Centers for Disease Control and Prevention (CDC) that all pregnant women receive a screen during their first prenatal visit, and again early in the third trimester and at the time of delivery if they are at high risk of syphilis.

TNC

Beginning May 1, 2019, AHCCCS established a TNC provider type that delivers NEMT services through a ridesharing model. The TNC-specific fee schedule is lower than ordinary NEMT base rates.

3D Mammography

Effective June 1, 2019, upon recommendation of the AHCCCS Quality Management Team, AHCCCS began covering digital breast tomosynthesis (3D mammograms) for preventive screening and diagnosis of adults 21 years of age and older. The AHCCCS Quality Management Team made the recommendation in recognition of studies that find use of 3D mammograms in addition to or in place of 2D services has, improved detection of breast cancer in some populations. Contractors are permitted to use prior authorization criteria in evaluating medical necessity of 3D services for members.

Pharmacy Benefit Manager Administrative Spread Removal

In July 2019, AHCCCS provided additional guidance on several contract requirements that aim to increase transparency and cost-effectiveness. One requirement provided guidance on how the PBM pass-through pricing model was to be implemented and administrative expenses reported. In accordance with contract requirements, the medical expense costs should decrease associated with the removal of spread pricing with the administrative expenses increasing to reflect the requirements for transparency in reporting PBM administrative expenses.

Adult Human Papillomavirus Immunization Guidance

On August 16, 2019, the CDC Advisory Committee on Immunizations (ACIP) released a recommendation that adults 27 to 45 years of age at risk of contracting human papillomavirus immunization (HPV) are vaccinated. This represents an expansion to previous guidance, which recommended HPV immunizations for adults 19 to 26 years of age. Effective October 1, 2020, AHCCCS modified policy guidance to reflect the ACIP recommendation on HPV immunizations for adults.

Increase to Annual Respite Hour Limit

CMS approved AHCCCS' requested 1115 Waiver authority to increase the annual limit in covered respite care services that a member may receive from 600 hours to 720 hours a year. The authority was effective retroactively from March 1, 2020 until 60 days after the end of the federal emergency declaration. The estimates assume that the authority will extend for the 12 months of CYE 21.

Pay and Chase Guidance

Federal regulation 42 CFR 433.139, *Payment of Claims*, requires agencies and their contractors to pay and chase claims for preventive pediatric care services, including EPSDT services, regardless of the existence of third-party liability at the time the claim is filed. Preventive pediatric care refers to screening and diagnostic services to identify congenital, physical, and mental health routine examinations performed in the absence of complaints, and screening or treatment designed to avert various infectious and communicable diseases from occurring in children under 21 years of age. As a result of questions to AHCCCS regarding coordination of benefits for members with Autism Spectrum Disorder, the agency provided additional clarification to Contractors in FFY 20 (October 1, 2019 to September 30, 2020) on preventive services that must be reimbursed on a pay and chase basis. This clarification was anticipated to increase costs of contractors in situations in which they are unable to successfully recover funding from liable third parties.

Advanced Practice Nurse MAT

The Federal Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act permits Nurse Specialists, Certified Nurse Midwives, and Certified Registered Nurse Anesthetists to administer Buprenorphine for MAT. The federal law is expected to increase use of MAT and costs to the program.

Cystic Fibrosis Drug Approval

On October 21, 2019, the Food and Drug Administration (FDA) approved the cystic fibrosis transmembrane conductance regulator (CFTR) modulator drug Trikafta for treatment of cystic fibrosis in individuals aged 12 years and older. The Medicaid Drug Rebate Program (MDRP) requires state Medicaid coverage of most FDA approved drugs in exchange for national rebate agreements with drug manufacturers. In accordance with requirements of participation in the MDRP, AHCCCS began coverage of Trikafta on October 21, 2019. Effective October 1, 2020, all CFTR drugs (Trikafta, Symdeko, and Orkambi) are eligible for reinsurance.

BHRF Personal Care Differential

Effective October 1, 2019, the AHCCCS DHCM Rates & Reimbursement Team established a differentiated FFS rate for BHRF that are licensed by ADHS to provide personal care services.

Pharmacy Reimbursement Savings

Analysis of pharmacy claims for all AHCCCS managed care programs and AHCCCS FFS program has identified significant variability across all contractors, and analysis of repriced claims data compared to CMS National Average Drug Acquisition Cost (NADAC), AHCCCS FFS pricing, and industry benchmark pricing identified that valuing claims data to the lesser of health plan paid amounts or AHCCCS FFS repriced amounts would result in an annual savings of \$68.2 million or 5.6 percent of pharmacy spend for FFY 18 across all programs. AHCCCS contractors should reasonably be able to achieve pharmacy pricing that is at or near that achieved by the AHCCCS FFS program. However, AHCCCS recognized that the full savings amount may not be reasonably achievable in a single year, and for CYE 20 therefore adjusted the base pharmacy data of each program by 33 percent of the savings that could be achieved in that program by repricing to the lesser of current health plan pricing and AHCCCS FFS pricing. For CYE 21, AHCCCS adjusted the base pharmacy data of each program by 66 percent of the savings. Based on continued analysis, further adjustments may be made to phase-in larger savings amounts in subsequent contract periods.

Telehealth for Rural and Urban Access to Care

Effective October 1, 2019, AHCCCS policy was revised to improve access to telehealth services. The revision to policy eliminates restrictions on service categories for which telehealth can be used, removes place of service requirements for the distant site provider, and clarifies that telehealth services may be used in urban and rural settings. Distance to a provider may act as a barrier to care for remotely located individuals. As a result, elimination of restrictions on service categories for which telehealth can be used is expected to reduce differences in use across service areas.

Sickle Cell Anemia Drugs Approval

In November 2019, the FDA approved the drugs Oxbryta and Adakveo for treatment of sickle cell disease. Collectively, the drugs were approved for treatment of individuals 12 years and older. The MDRP requires state Medicaid coverage of most FDA approved drugs in exchange for national rebate agreements with drug manufacturers. In accordance with requirements of participation in the MDRP, AHCCCS began coverage of Oxbryta and Adakveo on November 25, 2019 and November 20, 2019, respectively.

Duchenne Muscular Dystrophy Drug Approval

On December 12, 2019, the FDA approved Vyondys 53 for treatment of Duchenne muscular dystrophy in individuals with a mutation that is amenable to exon 53 skipping. The MDRP required state Medicaid coverage of most FDA approved drugs in exchange for national rebate agreements with drug manufacturers. In accordance with requirements of participation in the MDRP, AHCCCS began coverage of Vyondys 53 on December 12, 2019.

Pharmacy & Therapeutics Committee Decisions

On the recommendations of the Pharmacy and Therapeutics (P&T) Committee, AHCCCS adopted policy changes during various contract years that are expected to impact the utilization and unit costs of the contractors' pharmacy costs. The P&T Committee evaluates scientific evidence on the relative safety, efficacy, effectiveness and clinical appropriateness of prescription drugs and reviews how the State can minimize the net cost of pharmaceuticals when considering the value of drug rebates.

Peanut Allergy Drug Approval

On January 31, 2020, the FDA approved the immunotherapy drug Palforzia for treatment of peanut allergy in children 4 to 17 years of age. The MDRP requires state Medicaid coverage of most FDA approved drugs in exchange for national rebate agreements with drug manufacturers. In accordance with requirements of participation in MDRP, AHCCCS began coverage of Palforzia on January 31, 2020.

OTP Reimbursement

Pursuant to final rule 2019-24086, Medicare began reimbursing OTPs for opioid use disorder (OUD) treatment services provided to individuals with Medicare Part B insurance on and after January 1, 2020. Under the change, reimbursement of OTP services and MAT drugs to members dually enrolled in Medicare and Medicaid for treatment of OUD will shift from AHCCCS contractors and Medicare Part D to Medicare Part B. Medicare OTP services on and after January 1, 2020 are not subject to the traditional Medicare Part B 20 percent coinsurance during the contract period.

Increased Frequency of Dental Fluoride Visits

Beginning February 1, 2020, AHCCCS increased the maximum number of dental fluoride varnish applications that members may receive, from two to four applications a year.

Adult Hepatitis C Screening Recommendation

On March 2, 2020, the U.S. Preventive Services Task Force (USPSTF) published a final recommendation that all adults 19 to 79 years of age be screened for hepatitis C. This represents an expansion of recommended screening from the previous guidance that adults born between 1945 and 1965 be screened. Effective October 1, 2020, AHCCCS modified policy guidance to reflect the USPSTF final recommendation on hepatitis screenings for adults.

Mantle Cell Lymphoma Drug Approval

On July 24, 2020, the FDA approved Tecartus for the treatment of adult patients with relapsed or refractory mantle cell lymphoma. The MDRP requires state Medicaid coverage of most FDA approved drugs in exchange for national rebates agreements with drug manufacturers. In

accordance with requirements of participation in the MDRP, AHCCCS began coverage of Tecartus on July 24, 2020. Beginning October 1, 2020, Tecartus will be eligible for reinsurance.

Depression and Anxiety Screening Codes

Effective August 1, 2020, AHCCCS began coverage of procedure code 96127 for brief emotional or behavioral assessments.

Spinal Muscular Atrophy Drug Approval

On August 7, 2020, the FDA approved Evrysdi for the treatment of Spinal Muscular Atrophy in patients two months and older. The MDRP requires state Medicaid coverage of most FDA approved drugs in exchange for national rebate agreements with drug manufacturers. In accordance with requirements of participation in the MDRP, AHCCCS began coverage of Evrysdi on August 7, 2020. Effective October 1, 2020, Evrysdi is eligible for reinsurance.

Flu Vaccine Initiative

AHCCCS is implementing initiatives to support use of influenza vaccinations during the COVID-19 outbreak. Effective September 1, 2020, the agency increased FFS rates on influenza vaccination and administration codes and on administration codes for all Vaccine for Children (VFC) program vaccines by 10 percent. Effective September 1, 2020, AHCCCS also modified policy guidance to permit pharmacists to administer influenza vaccinations to children ages 3 - 18 years old and to permit qualified emergency medical service providers to administer influenza vaccinations to members of all ages. Prior to the change, policy limited pharmacist administered influenza vaccines to adults 19 years and older. Lastly, Contractors provided a \$10 gift card to members that received an influenza vaccination in the contract period. AHCCCS anticipates this gift card incentive will increase member use of these services. Contractor costs to purchase and administer the gift cards are funded separately in the non-benefit portion of the CYE 21 capitation rates.

Inpatient Dental Hygienist Teeth Cleanings

As part of the 2019 Legislative session, the Arizona Legislature passed HB 2058 which permits dental hygienists to provide services in an inpatient hospital setting under supervision of a physician. The legislation is expected to increase provision of inpatient teeth cleanings for prevention of ventilator associated pneumonia (VAP).

Expanded Telehealth Use

To ensure access to care during the public health emergency, AHCCCS has temporarily expanded coverage of telephonic codes and mandated that services delivered telephonically or through telehealth (TPTH) are reimbursed at the same rates as for in-person services, for both physical and behavioral health services. April and May 2020 data provided by contractors indicates use of TPTH services has been essential for continued provision of services and represented annualized growth of 1,308 percent above base period use. Most growth in the use of these services

during the public health emergency is expected to represent a cost-neutral shift from use of in-person services. However, increased use of TPTH services are expected to reduce the rate of missed appointments and lower use of NEMT and emergency department (ED) visits.

Off Campus Hospital Outpatient Department Reimbursement Effective October 1, 2020, AHCCCS is reimbursing services billed at off campus hospital outpatient departments on a UB-04 form with PO or PN modifiers according to the physician or ambulatory surgical center fee schedules. The change will represent a decrease in reimbursement relative to outpatient hospital fee schedule rates that providers billed before the change.

Outpatient Psychiatric Hospital Reimbursement

Beginning October 1, 2020, AHCCCS is implementing an outpatient hospital fee schedule reimbursement methodology for outpatient services provided by psychiatric hospitals. Prior to this change, AHCCCS manually approved Contractor payments to psychiatric hospitals for CYE 21 Regional Behavioral Health Authority Program Capitation Rate Certification 35 outpatient services, which were not subject to a specific reimbursement methodology.

Supports During School Hours

Member students receive medically necessary services that are specified in an Individualized Education Program (IEP) from school-based providers participating in the School Based Claiming (SBC) FFS program. Due to virtual learning environments necessitated by the public health emergency, it may not be feasible for schools to provide in-person attendant care and nursing services through SBC. It is therefore, anticipated that these services will transition to Contractor provider networks.

Other Program Changes to be Determined

As AHCCCS learns of additional program changes impacting contractors' expenditures in CYE 23, cost/savings estimates will be evaluated to determine if capitation rates should be adjusted.

AHCCCS Competitive Contract Expansion (CCE) YH20-0002
 Section B - Program Changes and Fee Schedule Changes
 Document – Program Changes and Fee Schedule Changes

Fee Schedule Changes

This table outlines the fee schedule changes including Differential Adjustment Payments (DAP) by year and service matrix categories. Additional information on DAP can be found on the AHCCCS website in this webpage link: [Qualifying Providers for DAP](#). Access to Professional Services Initiative (APSI) fee schedule changes only incurred for dates of service October 1, 2018 through September 30, 2019, after which point, the APSI changed from adjustments to capitation rates for APSI fee schedule changes to lump sum payments. Additional information can be found in the actuarial certifications which are posted on the AHCCCS website.

<u>date of rate change</u>	<u>10/1/2017</u>	<u>1/1/2018</u>	<u>10/1/2018</u>	<u>1/1/2019</u>	<u>10/1/2019</u>	<u>1/1/2020</u>	<u>10/1/2020</u>	<u>1/1/2021</u>
Physicians	0.0%	0.0%	0.6%	0.0%	0.0%	0.0%	13.2%	0.0%
Physicians DAP ¹	0.9%	0.0%	0.9%	0.0%	0.9%	0.0%	0.9%	0.0%
Dental	0.0%	0.0%	0.0%	0.0%	0.4%	0.0%	12.6%	0.0%
Dental DAP ¹					0.9%	0.0%	1.0%	0.0%
HCBS (AHCCCS)	0.0%	1.4%	0.0%	1.4%	8.7%	2.9%	0.0%	1.1%
HCBS (AHCCCS) DAP ¹					1.1%	0.0%	1.1%	0.0%
Hospital Outpatient	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Hospital Outpatient DAP ¹	0.5%	0.0%	3.2%	0.0%	3.7%	0.0%	3.7%	0.0%
Hospital Inpatient	0.0%	2.8%	0.0%	0.0%	0.5%	0.0%	0.0%	0.0%
Hospital Inpatient DAP ¹	0.0%	0.0%	2.9%	0.0%	3.4%	0.0%	3.4%	0.0%
HCBS (DES)	0.0%	1.4%	0.0%	1.5%	8.8%	3.0%	0.0%	1.2%
HCBS (DES) DAP ¹					1.2%	0.0%	1.2%	0.0%
Nursing Facilities	0.0%	0.7%	3.1%	0.7%	2.3%	1.5%	0.0%	0.2%
Nursing Facilities DAP ¹	2.1%	0.0%	2.1%	0.0%	2.2%	0.0%	2.2%	0.0%
Air Ambulance	0.0%	0.0%	0.0%	0.0%	8.1%	0.0%	0.0%	0.0%
Transportation CON	2.7%	0.0%	0.5%	0.0%	0.2%	0.0%	3.8%	0.0%
Transportation Ground	3.3%	0.0%	30.2%	0.0%	1.1%	0.0%	0.1%	0.0%
Transportation Non-Emergency	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Footnotes:

- 1) DAP percentages are single year adjustments for qualifying providers (see webpage link) that begin and end with each contract year.