

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, Maryland 21244-1850



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MAR 07 2014

Tom Betlach, Director  
Arizona Health Care Cost Containment System  
801 E. Jefferson  
Phoenix, AZ 85034

RE: Arizona SPA 13-017A

Dear Mr. Betlach:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 13-017A. This amendment provides that, effective from October 1, 2013 to September 30, 2014, inpatient hospital services will continue to be paid at the rate in effect as of September 30, 2011 reduced by five percent.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. This is to inform you that Medicaid State plan amendment TN 13-017A is approved effective October 1, 2013. We are enclosing the HCFA-179 and the amended plan pages.


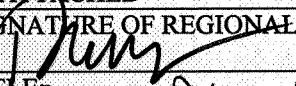
If you have any questions, please call Mark Wong at (415) 744-3561.

Sincerely,

A handwritten signature in black ink, appearing to read "Cindy Mann", is written over the typed name.

Cindy Mann  
Director

Enclosures

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>  <b>FOR: Centers for Medicare and Medicaid Services</b>		1. TRANSMITTAL NUMBER: 13-017A	2. STATE Arizona
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE October 1, 2013	
5. TYPE OF PLAN MATERIAL (Check One):  <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447, Subpart C		7. FEDERAL BUDGET IMPACT: \$ (4,918,600)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Pages 8, 10, and 11(a) of Attachment 4.19-A		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  N/A Page 11(a) of Attachment 4.19-A	
10. SUBJECT OF AMENDMENT:  Continues current inpatient hospital reimbursement rates for the period October 1, 2013 to September 30, 2014.			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL:  		16. RETURN TO:  Monica Coury 801 E. Jefferson, MD#4200 Phoenix, Arizona 85034	
13. TYPED NAME: Monica Coury			
14. TITLE: Assistant Director			
15. DATE SUBMITTED: December 20, 2013			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED:		18. DATE APPROVED: MAR 07 2014	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL:  OCT 01 2013		20. SIGNATURE OF REGIONAL OFFICIAL:  	
21. TYPED NAME: Penny Thompson		22. TITLE: Deputy Director, Policy & Finance / Mf. CMCS	
23. REMARKS: Pen-and-ink changes made to Boxes 8 and 9 by Regional Office with concurrence by state on 2/27/2014.			

STATE OF ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES  
INPATIENT HOSPITAL CARE

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VII. Temporary Rate Reduction

Notwithstanding the methods and rates as otherwise described in this attachment, for claims with dates of admission between April 1, 2011 and September 30, 2011, payments in the following categories will be reduced by 5% of the payments that would otherwise have been made under the methodology in effect as of October 1, 2010 as described in this attachment:

- Tiered per diem payments including tiered per diem payments to new hospitals,
- Cost to Charge ratios used to qualify and pay inpatient outliers.
- Payments to out-of-state hospitals

The following payments described in this attachment will not be subject to this 5% rate reduction:

- Transplant services,
- Specialty services,
- Direct Medical Education payments,
- Indirect Medical Education payments,
- Payments for services provided by the Indian Health Service or Tribal 638 Health facilities
- Payments to freestanding psychiatric hospitals

For claims with dates of admission effective from October 1, 2011 to September 30, 2014, the following payments will be at the payment rates in effect as of September 30, 2011, reduced by 5%:

- Tiered per diem payments including tiered per diem payments to new hospitals,
- Cost to Charge ratios used to qualify and pay inpatient outliers. For more information about Cost to Charge ratios, refer to page 6 of this Attachment.
- Payments to out-of-state hospitals
- Payments to freestanding psychiatric hospitals

The following payments described in this attachment will not be subject to this 5% rate reduction:

- Transplant services,
- Specialty services,
- Direct Medical Education payments,
- Indirect Medical Education payments,
- Payments for services provided by the Indian Health Service or Tribal 638 Health facilities

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TN No. 13-017A  
Supersedes  
TN No. 12-006A

Approval Date: MAR 07 2014

Effective Date: October 1, 2013