

**Janice K. Brewer, Governor**  
**Thomas J. Betlach, Director**

801 East Jefferson, Phoenix, AZ 85034  
PO Box 25520, Phoenix, AZ 85002  
Phone: 602-417-4000  
www.azahcccs.gov



*Our first care is your health care*  
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

---

December 20, 2013

Cheryl Young  
Centers for Medicare and Medicaid Services  
75 Hawthorne St., 5th Floor  
San Francisco, California 94105

Dear Ms. Young:

Enclosed is State Plan Amendment (SPA) 13-017A, effective October 1, 2013, which continues inpatient hospital reimbursement rates for the period October 1, 2013 to September 30, 2014.

If you have any questions about the enclosed SPA, please contact Theresa Gonzales at (602) 417-4732.

Sincerely,

A handwritten signature in black ink, appearing to read 'Monica Coury', is written over a faint, light-colored signature line.

Monica Coury  
Assistant Director  
Office of Intergovernmental Relations

Cc: Jessica Schubel  
Mark Wong



STATE OF ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES  
INPATIENT HOSPITAL CARE

---

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, 201~~4~~<sup>3</sup>, 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

---

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

Supersedes

TN No. ~~11-009A~~12-006A

Approval Date: \_\_\_\_\_

Effective Date: ~~October 1, 2013~~2012