

October 31, 2014

Mark Wong
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 #14-013-D, Nursing Facility rates

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) #14-013-D, Nursing Facility Rates, which updates rates for Nursing Facilities as of October 1, 2014.

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

Sincerely,



Monica H. Coury
Assistant Director
Office of Intergovernmental Relations

cc: Cheryl Young, CMS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE: ARIZONA

**METHODS AND STANDARDS FOR ESTABLISHING FEE-FOR-SERVICE
 PAYMENT RATES FOR LONG TERM CARE FACILITIES**

85% for each facility, then add in the per day historic costs for property taxes and insurance to determine the statewide average capital component.

4. Total Rate

The per diem nursing facility rates are calculated by summing the primary care, indirect care, and capital cost components. These rates vary by member level of care and geographic area due to the primary care components.

5. Rate Update

Effective October 1, 2002 and each year thereafter, fee-for-service rates for nursing facilities will be updated by applying an inflation factor or factors to the rate components in effect for the prior year. This method of adjusting fee-for-service rates is consistent with the method used by AHCCCS for other medical services.

For rates effective from October 1, 2011 to September 30, 2013, no inflation factor will be applied.

[For rates effective on and after October 1, 2014, no inflation factor will be applied; however, a 2% rate increase will be applied to the rates that were in effect on September 30, 2014.](#)

III. Other Provisions

A. Provider Appeals

Nursing facility providers have the right to request an informal rate reconsideration in accordance with the ALTCS Rules. Appeals are allowed for the following reasons:

- Extraordinary circumstances (as determined by the Director).
- Provision of specialty care services directed at members with high medical needs.
- Unique or unusually high case mix.

Appeals are made in writing to the Director. Appeals which are granted become effective no earlier than the date the appeal was requested.

B. Cost and Wage Reporting

AHCCCS uses cost and wage reports filed by the nursing facilities in the State of Arizona as a basis for these rate calculations.

TN No. [14-013D+2-006D](#)

Supersedes Approval Date: _____ Effective Date: [October 1, 2014](#)

TN No. [12-006D+1-009D](#)