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



#### **Financial Management Group**

MOV 0 1 2016

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

RE: Arizona State Plan Amendment 16-010D

Dear Mr. Betlach:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 16-010D. This amendment, effective October 1, 2016, increases the nursing facility rates by one percent.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30), and 1903(a) 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 16-010D is approved effective October 1, 2016. We are enclosing the HCFA-179 and the amended plan pages.

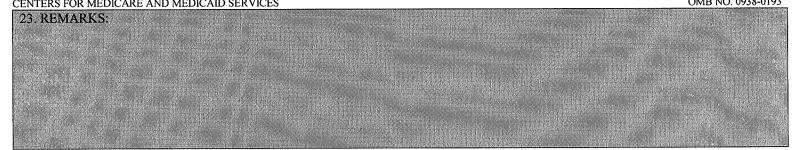
If you have any questions, please call Mark Wong at (415) 744-3561.

Sincerely,

Kristin Fan Director

**Enclosures** 

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: 16-010D	2. STATE Arizona		
FOR: Centers for Medicare and Medicaid Services	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, 2016			
5. TYPE OF PLAN MATERIAL (Check One):				
☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☐ AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)				
6. FEDERAL STATUTE/REGULATION CITATION:	7. FEDERAL BUDGET IMPACT:			
42 CFR 447 Subpart C	FFY 16: \$273,800 FFY 17: \$273,800			
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):			
Att. 4.19-D, page 8.	Same			
10. SUBJECT OF AMENDMENT:				
Updates reimbursement for Nursing Facilities rates for the period beginning October 1, 2016				
11. GOVERNOR'S REVIEW (Check One):  ☐ GOVERNOR'S OFFICE REPORTED NO COMMENT ☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED ☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL	☐ OTHER, AS SPECIFIED:			
12. SIGNATURE OF STATE AGENCY OFFICIAL:	16. RETURN TO:			
13. TYPED NAME: Monica Coury 14. TITLE: Assistant Director	Monica Coury 801 E. Jefferson, MD#4200 Phoenix, Arizona 85034			
15. DATE SUBMITTED: October 20, 2016				
FOR REGIONAL OF  17. DATE RECEIVED:  PLAN APPROVED – ON  19. EFFECTIVE DATE OF APPROVED MATERIAL  OCT 01 2016	E COPY ATTACHED  20. SIGNATURE OF REGIONAL OF	FFICIAL:		
21. TYPED NAME: Knistin FAN	22. TITLE Director, FM	.6		



# 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, and from October 1, 2015 and thereafter, no inflation factor will be applied.

Below are the AHCCCS FFS Nursing Facility Per Diem Rates effective on and after October 1, 2016:

Level of Care	Revenue Code	Urban Rate*	Rural Rate
Level 1	0191	\$149.31	\$144.67
Level 2	0192	\$163.24	\$157.64
Level 3	0193	\$193.62	\$187.43
LOA (Leave of Absence)**	0183, 0185	\$149.31	\$144.67

<sup>\*</sup>AHCCCS has designated nursing facilities in the Arizona counties of Pima, Pinal, and Maricopa as Urban to be paid at the AHCCCS Urban Rate. All other counties inside or outside of Arizona are designated as Rural and are paid at the AHCCCS Rural Rate.

## \*\*This LOA rate only applies to reserved beds at Nursing Facilities

#### **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. 16-010D Supersedes TN No. 15-005D