



Douglas A. Ducey, Governor
Thomas J. Betlach, Director

October 14, 2016

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 #16-010-A, Freestanding Psychiatric Hospital rates

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) #16-010-A, Freestanding Psychiatric Hospitals which updates rates for Freestanding psychiatric hospitals as of October 1, 2016.


If you have any questions about the enclosed SPA, please contact Kyle Sawyer at (602) 417-4211.

Sincerely,

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

Monica H. Coury
Assistant Director
Office of Intergovernmental Relations

cc: Brian Zolynas, CMS
Jessica Woodward, CMS

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 16-010A	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 (<i>Check One</i>):			
<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 (<i>Separate Transmittal for each amendment</i>)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447 Subpart C		7. FEDERAL BUDGET IMPACT: FFY 15: \$0 FFY 16: \$0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Att. 4.19-A, page 11.		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Same	
10. SUBJECT OF AMENDMENT: Updates rates for freestanding psychiatric hospitals for the period beginning October 1, 2015.			
11. GOVERNOR'S REVIEW (<i>Check One</i>):			
<input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input 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: October 14, 2016			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED:	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL:		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME:		22. TITLE:	
23. REMARKS:			

STATE OF ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
INPATIENT HOSPITAL CARE

B. Out-of-State Hospitals

Out-of-state hospitals providing covered services (excluding organ and transplantation services) to persons eligible for AHCCCS are paid by multiplying covered charges by the most recent state-wide urban cost-to-charge ratio (CCR). The CCR is updated annually by AHCCCS, with an October 1 effective date, using the most current Medicare cost-to-charge ratios published or placed on display by CMS by August 31 of that year.

Out-of-state hospitals providing covered organ and transplantation services to persons eligible for AHCCCS are paid based upon a fixed price per type of transplant with stop-loss provisions. Reimbursement rates are negotiated using the out of state provider's home state Medicaid reimbursement as a benchmark. At no time will payment exceed the hospital's billed charges.

V. PAYMENT TO FREESTANDING PSYCHIATRIC HOSPITALS

Psychiatric hospitals are paid a statewide per diem fee. AHCCCS rates were set as of October 1, 2015, and are effective for dates of admission on or after that date. AHCCCS rates for payments to freestanding psychiatric hospitals, including freestanding psychiatric hospitals that function solely as detoxification facilities, are published on the agency's website at

<https://www.azahcccs.gov/PlansProviders/Downloads/FFSRates/Behavioral/BehavioralHealthRates20151001.xlsx>

<https://azahcccs.gov/PlansProviders/RatesAndBilling/FFS/behavioralhealthrates.html?id=Inpatient>

VI. APPEALS PROCEDURES

Facilities may appeal rates within the limits of Arizona statute through the AHCCCS grievance and appeals process. Facilities may also informally request a rate review.

TN No. ~~165-0105A~~

Supersedes

TN No. ~~15-00514-013A~~

Approval Date: _____ Effective Date: October 1, 2016