

August 30, 2016

Brian Zolynas
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 #16-007, Freestanding Hospital-based Emergency Departments

Dear Mr. Zolynas:

Enclosed is Arizona State Plan Amendment (SPA) #16-007, Freestanding Hospital-based Emergency Departments, which revises the State Plan to add Freestanding Hospital-based Emergency Departments as a reimbursable provider type under outpatient hospital services.


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

Sincerely,



Monica H. Coury
Assistant Director
Office of Intergovernmental Relations

cc: Jessica Woodard, CMS
Mark Wong, CMS

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: Centers for Medicare and Medicaid Services		1. TRANSMITTAL NUMBER: 16-007	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 January 1, 2017	
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 Part 447		7. FEDERAL BUDGET IMPACT: FFY 16: \$0 FFY 17: \$0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Att. 4.19-B, page 2		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Same	
10. SUBJECT OF AMENDMENT: Updates the State Plan to include Free Standing Hospital-based Emergency Departments as a reimbursable provider under outpatient hospital services.			
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: May 12, 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: ARIZONA
 METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
 OTHER TYPES OF CARE

Out-of-State Hospitals

Out-of-state hospitals will be paid for covered outpatient services by applying the outpatient hospital fee schedule and methodology.

Hospital-based Freestanding Emergency Departments

Effective January 1, 2017, except for certain rural providers described below, AHCCCS-registered Hospital-based Free Standing Emergency Departments will be reimbursed subject to the rates located at (<https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>)

A hospital-based freestanding emergency department located in a city or town in a county with fewer than 500,000 residents where the only hospital in the city or town operating an emergency department closed on or after January 1, 2015 shall be reimbursed the amount otherwise reimbursable for outpatient hospital services to the nearest hospital with which it shares an ownership interest.

Specialty Rates

• **Laboratory Services**

AHCCCS' outpatient hospital fee schedule will not exceed the reimbursement amounts authorized for clinical laboratory services under Medicare as set forth in 42 CFR 447.362. AHCCCS' rates are published on the agency's website at www.azahcccs.gov/commercial/ProviderBilling/rates/rates.aspx

• **Pharmacy Services**

Reimbursement is subject to the limitations set forth in 42 CFR 447.331 through 447.332.

AHCCCS reimburses Federally Qualified Health Centers (FQHCs) and FQHC Look-Alikes for any drugs subject to 340B pricing that are purchased and dispensed by those 340B entities at the lesser of billed charges or the 340B ceiling price. In addition, AHCCCS will pay a dispensing fee of \$8.75 effective 2/1/2012 as listed in the capped fee schedule posted on the AHCCCS website.

• **EPSDT Services Not Otherwise Covered in the State Plan**

AHCCCS reimburses for chiropractor services and personal care services using a capped fee schedule. Personal care services are described in Attachment 3.1-A Limitations, page 2(a). Payment is the lesser of the provider's charge for the service or the capped fee amount established by AHCCCS. AHCCCS' rates are published on the agency's website at www.azahcccs.gov/commercial/ProviderBilling/rates/rates.aspx

• **Hospice**

AHCCCS reimburses for the hospice benefit, including routine home care, continuous home care, inpatient respite care and general inpatient care at the AHCCCS Fee Schedule rates published on the agency's website described on page 1, first paragraph of Attachment 4.19B. :

•

The hospice rates are developed based on the following: The Medicaid hospice payment base rates are the current Medicare annual hospice rates, adjusted: 1) by the Medicare published hospice wage index for the geographic locale in which the hospice services are provided; and 2) to disregard cost offsets attributable to coinsurance specified by Medicare for the same rate period. These rates are authorized by section 1814(i)(c)(ii) of the Social Security Act, which also provides for annual increases in payment rates for hospice care services.

TN No. ~~11-01816-007~~

Supercedes

Approval Date: _____

Effective Date: ~~February~~ January 1, 2017

TN No. 11-0158