

December 27, 2018

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 #18-015, DSH 2019

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) #18-015, DSH 2019, which revises the State Plan to continue the DSH program for 2019.

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

Sincerely,

Elizabeth Lorenz Assistant Director

Arizona Health Care Cost Containment System (AHCCCS)

cc: Blake Holt, CMS Brian Zolynas, CMS

TRANSMITTAL AND NOTICE OF APPROVAL OF	1. TRANSMITTAL NUMBER:	2. STATE		
STATE PLAN MATERIAL	18-015	Arizona		
	3. PROGRAM IDENTIFICATION: TIT	LI E XIX OE THE		
FOR: Centers for Medicare and Medicaid Services	SOCIAL SECURITY ACT (MEDICA			
TO: REGIONAL ADMINISTRATOR	4. PROPOSED EFFECTIVE DATE			
CENTERS FOR MEDICARE AND MEDICAID SERVICES	October 1, 201	.8		
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
5. TYPE OF PLAN MATERIAL (Check One):				
	CONSIDERED AS NEW PLAN			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMED 6. FEDERAL STATUTE/REGULATION CITATION:	7. FEDERAL BUDGET IMPACT:	amenament)		
0. FEDERAL STATUTE/REGULATION CITATION.	7. FEDERAL BUDGET IMPACT:			
42 CFR Part 447	FFY 19: \$116,369,300			
, <u> </u>	FFY 20: \$97,575,100			
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:		FDFD PLAN SECTION		
0.171GETONOBER OF THE TEXT SECTION OR AT TACHWENT.	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):			
Attachment 4.19-A Page 29-66	Attachment 4.19-A Pa	age 29-66		
10. SUBJECT OF AMENDMENT:				
Renews the DSH program for 2019				
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 SPEC	IFIED:		
12. SIGNATURE OF STATE AGENCY OFFICIAL:	16. RETURN TO:			
	Elizabeth Lorenz			
	801 E. Jefferson, MD#4200			
	Phoenix, Arizona 85034			
	,			
,				
13. TYPED NAME:				
Elizabeth Lorenz	-			
14. TITLE: Assistant Director				
15. DATE SUBMITTED:	-			
12/27/18				
FOR REGIONAL OFFICE USE ONLY				
17. DATE RECEIVED:	18. DATE APPROVED:			
PLAN APPROVED - ON	PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL:	20. SIGNATURE OF REGIONAL OFF	FICIAL:		
1	V.			
21. TYPED NAME:	22. TITLE:			
23 REMARKS:				

STATE OF ARIZONA METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES INPATIENT HOSPITAL CARE

3. The hospital is a	
governmentally- operated	
hospital and is not an IHS facility,	
tribally owned and/or operated	
facility, or an other federally	
owned or operated facility.	
("Group 4")	

Medicare Certification

In addition to the eligibility requirements outlined above, in order to receive payment under Medicaid, hospitals must meet the requirements for participation as a hospital in Medicare (except in the case of medical supervision of nurse-midwife services). Therefore, for purposes of DSH, the facility must be Medicare-certified during the state plan rate year for which the initial DSH payment is made.

If a facility is Medicare-certified for the full state plan rate year for which the initial DSH payment is made, but subsequently loses that certification, the facility remains eligible to receive the payment (together with any payment adjustments). If a hospital is only Medicare-certified for part of the state plan rate year for which the initial DSH payment is made, the eligibility and the payment will be calculated based on the period for which the hospital was Medicare- certified.

Data on a State Plan Year Basis

DSH payments are made based on the State Plan Year. The State Plan Year (or State Plan Rate Year or SPY) is equivalent to the Federal Fiscal Year and runs from October 1 to September 30 of each year. The calculations to determine eligibility for, and the amount of, DSH payments, will be made on the basis of the State Plan Year. When data is not available based on a State Plan Year, the calculations to determine eligibility for, and the amount of, DSH payments, will be performed separately for each hospital's fiscal year which encompass the SPY and these results will be prorated based on the distribution of months from each of the two years. For example, for SPY 2018-2019 (10/1/17-18) to 9/30/1918), for a hospital that has a CMS 2552 Report year that runs from 7/1 to 6/30, the proration of the results of the calculations from the 2552 Report will be derived by summing:

- 1. $9/12^{th}$ of the result of the calculations performed for the fiscal/CMS Report year ending $6/30/\underline{1918}$, and
- 2. 3/12th of the result of the calculations performed for the fiscal/CMS Report year ending 6/30/2019.

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STATE OF ARIZONA METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES INPATIENT HOSPITAL CARE

DSH Exhibit 3: AHCCCS

Disproportionate Share Hospital Payment Methodology Pool Funding Amount

This Exhibit contains the amount of funding for six pools in the Arizona DSH pool methodology.

For State Plan Year (SPY) 2008 and 2009, funding will be allocated among six pools (pools 1, 1A, 2, 2A, 3, and 4). For SPY 2010, funding will be allocated among seven pools (pools 1, 1A, 2, 2A, 3, 4, and 5). Thereafter, the funding will be allocated among six pools (pools 1, 1A, 2, 2A, 4, and 5).

Pools 1, 1A, 2, 2A, and 3 - Non-governmentally-operated hospitals

The funding for pools 1 and 2 will be sufficient to provide an average payment amount of \$6,000 for all hospitals qualifying for both of the two pools. No hospital in pools 1 or 2 will receive less than \$5,000. Therefore, the amount of funding for pools 1 and 2 will be determined by multiplying the number of hospitals qualifying for pools 1 and 2 by \$6,000.

The funding for pools 1A, 2A and 3 (if applicable) will be derived by subtracting the total amount allocated for pools 1 and 2 from the amount of DSH authorized by the Legislature for non-governmentally operated hospitals. Beginning SPY 2011, these remaining funds will be split with 15% for Pool 1A and 85% for Pool 2A.

- For SPY 2018, the funding for pools 1, 2, 1A, and 2A will be \$884,800.
- For SPY 2019, the funding for pools 1, 2, 1A, and 2A will be \$884,800.

Pool 4 – Governmentally-operated hospitals

The funding for pool 4 is the amount authorized by the Legislature for governmentally operated hospitals.

- For SPY 2018, the funding for pool 4 is \$142,293,400.
- For SPY 2019, the funding for pool 4 is \$142,293,400.

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Pool 5

The funding for pool 5 is specified below.

- For SPY 2018, the funding for Pool 5 is the FY 2018 Arizona DSH allotment total computable amount minus \$143,178,200.
- For SPY 2019, the funding for Pool 5 is the FY 2019 Arizona DSH allotment total computable amount minus \$143,178,200.

For SPY 2018, the pool 5 hospitals are:

Benson Hospital
Holy Cross Hospital
Kingman Regional Medical Center
Little Colorado Medical Center
Mt. Graham Regional Medical Center
Northern Cochise Community Hospital
Page Hospital
Yuma Regional Medical Center

For SPY 2019, the pool 5 hospitals are:

Benson Hospital

Holy Cross Hospital

Kingman Regional Medical Center

Little Colorado Medical Center

Mt. Graham Regional Medical Center

Northern Cochise Community Hospital

Page Hospital

Yuma Regional Medical Center

Upon reconciliation, Pool 5 funds will be recouped due to changes in hospital qualification or payment limits; Pool 5 overpayments are not redistributed to other hospitals."

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