

December 28, 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 #18-020, Nursing Facility Rates

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) #18-020, Nursing Facility rates, which revises the State Plan to update the Nursing Facility rates, effective October 1, 2018.

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	18-020	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, 2018			
5. TYPE OF PLAN MATERIAL (Check One):				
	CONSIDERED AS NEW PLAN			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AME: 6. FEDERAL STATUTE/REGULATION CITATION:	NDMENT (Separate Transmittal for each 7. FEDERAL BUDGET IMPACT:	amenament)		
42 CFR Part 447	FFY 19: \$929,700 FFY 20: \$932,500			
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:	9. PAGE NUMBER OF THE SUPERS OR ATTACHMENT (If Applicable)			
Attachment 4.19-D, Page 8	Attachment 4.19-D, Page8			
10. SUBJECT OF AMENDMENT:				
Updates the NF rates effective 10/1/18				
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	EIFIED:		
12. SIGNATURE OF STATE AGENCY OFFICIAL:	16. RETURN TO:			
13 F. J.	Elizabeth Lorenz 801 E. Jefferson, MD#4200 Phoenix, Arizona 85034			
13. TYPED NAME: Elizabeth Lorenz				
14. TITLE: Assistant Director  15. DATE SUBMITTED: 12/28/18				
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 OF	FICIAL:		
21. TYPED NAME:	22. TITLE:			
23. REMARKS:				

# 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 January1October 1, 2018:

Level of Care	Revenue Code	<u>Urban Rate*</u>	Rural Rate	<u>Flagstaff</u>
<u>Level 1</u>	<u>191</u>	<u>\$160.78</u>	<u>\$155.77</u>	<u>\$156.90</u>
Level 2	<u>192</u>	<u>\$175.77</u>	<u>\$169.75</u>	<u>\$170.96</u>
Level 3	<u>193</u>	\$208.49	<u>\$201.82</u>	<u>\$203.27</u>
LOA (Leave of Absence)**	0183, 0185	\$160.78	<u>\$155.77</u>	<u>\$156.90</u>

Level	Revenue	Urban	Rural	Flagstaff
<del>of Care</del>	Code	Rate*	Rate	
Level	<del>0191</del>	<del>\$156.10</del>	<del>\$151.23</del>	<del>\$152.33</del>
1				
Level	<del>0192</del>	<del>\$170.65</del>	<del>\$164.81</del>	<del>\$165.98</del>
2				
Level	<del>0193</del>	<del>\$202.42</del>	<del>\$195.94</del>	<del>\$197.35</del>
3				
<del>LOA</del>	<del>0183,</del>	<del>\$156.10</del>	<del>\$151.23</del>	<del>\$152.33</del>
(Leave of	<del>0185</del>			
Absence)**				

<sup>\*</sup>AHCCCS has designated nursing facilities in the Arizona counties of Pima, Pinal, and

#### 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.

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 (except Flagstaff, which is paid at the rate specified above).

<sup>\*\*</sup>This LOA rate only applies to reserved beds at Nursing Facilities

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

### B. <u>Cost and Wage Reporting</u>

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. <u>18-<del>001</del>020</u>		
Supersedes	Approval Date: _	Effective Date: January October 1, 2018
TN No. 17-00418-001		