

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
90 Seventh Street, Suite 5-300 (5W)  
San Francisco, CA 94103-6706



## Regional Operations Group

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March 21, 2019

Jami Snyder, Director  
Arizona Health Care Cost Containment System  
801 East Jefferson Street  
Phoenix, AZ 85034

Dear Ms. Snyder:

We have reviewed the proposed State Plan Amendment (SPA) 18-019, which was submitted to the Centers for Medicare & Medicaid Services (CMS) San Francisco Regional Office on December 27, 2018. This SPA updates the outpatient differential adjusted payments program, effective October 1, 2018

Based on the information provided, we are approving SPA 18-019 with an effective date of October 1, 2018 as requested. We are enclosing the approved Form CMS-179 and the following Medicaid state plan pages:


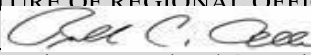
- Supplement 2 to Attachment 4.19-B, Pages 1, 2, and 3

If you have any additional questions or need further assistance, please contact Brian Zolynas at (415) 744-3601 or [Brian.Zolynas@cms.hhs.gov](mailto:Brian.Zolynas@cms.hhs.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Richard C. Allen", is positioned below the word "Sincerely,".

Richard C. Allen  
Director  
Centers for Medicaid and CHIP Services  
Regional Operations Group

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: 18-019	2. STATE Arizona
<b>FOR: Centers for Medicare and Medicaid Services</b>		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): <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 (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR Part 447		7. FEDERAL BUDGET IMPACT: FFY 19: \$1,929,800	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Supplement 2 to Attachment 4.19-B Pages 1-3		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Supplement 2 to Attachment 4.19-B Pages 1-3	
10. SUBJECT OF AMENDMENT: Updates the Outpatient DAP program			
11. GOVERNOR'S REVIEW (Check One): <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: 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			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: December 27, 2018		18. DATE APPROVED: March 21, 2019	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: October 1, 2018		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Richard C. Allen		22. TITLE: Director, Regional Operations Group Centers for Medicaid and CHIP Services	
23. REMARKS:			

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-  
OTHER TYPES OF CARE

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The following is a description of methods and standards for determining Differential Adjusted Payments for providers registered with AHCCCS as integrated clinics and AHCCCS registered physicians, physician's assistants, and registered nurse practitioners, and outpatient hospitals and sub-acute behavioral health residential treatment facilities. The purpose of the Differential Adjusted Payment is to distinguish facilities which have committed to supporting designated actions that improve patients' care experience, improve members' health, and reduce cost of care growth. The Differential Adjusted Payment Schedule represents a positive adjustment to the AHCCCS Fee-For-Service rates. These payment adjustments will occur for all dates of service in Contract Year Ending (CYE) 2019 (October 1, 2018 through September 30, 2019) only.

**1) Integrated Clinics****A. Applicability**

Providers must meet the following criteria to qualify for the differential adjusted payment as an integrated clinic:

1. Must be registered with AHCCCS as Integrated Clinic and licensed by the Arizona Department of Health Services as an Outpatient Treatment Center that provides both behavioral health services and physical health services.
2. During the period October 1, 2016 through September 30, 2017, claims for behavioral health services make up at least 40% of the provider's total claims
3. By May 1, 2018, must have executed an agreement with a qualifying health information exchange organization and electronically transfer information, including both a registration event as well as an encounter summary, to a qualifying health information exchange organization.

**B. Exemptions:**

IHS and 638 tribally owned and/or operated Integrated Clinics are exempt from this initiative at this time based on payments primarily at the federally-mandated all-inclusive rate.

**C. Payment Methodology**

For the contracting year October 1, 2018 through September 30, 2019, Differential Adjusted Rates will be paid for select physical health services and will provide an increase of 10% over the AHCCCS Fee-For-Service rates for the same services. The physical health services that qualify for the Differential Adjusted Rate are published on the Agency's website:

<https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/ValueBasedPaymentPublicComment.pdf>

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**2) Physicians, Physician Assistants, and Registered Nurse Practitioners****A. Applicability**

Providers must meet the following criteria to qualify for the differential adjusted payment as a physician, physician assistant, or registered nurse practitioner:

1. Provider must be an AHCCCS registered physician, physician assistant, or registered nurse practitioner
2. Provider must have written at least 80 prescriptions for AHCCCS members
3. Based on approved and adjudicated AHCCCS claims and encounters for July 1, 2017 through December 31, 2017 dispense dates, 60% of the provider's total AHCCCS prescriptions must be Electronic Prescriptions

**B. Payment Methodology**

Physicians, physician assistants, and registered nurse practitioners meeting the above criteria will qualify for a 1% increase on all services billed on the CMS Form 1500.

**3) Outpatient Hospitals and Sub-acute Behavioral Health Residential Treatment Facilities****A. Overview:**

As of October 1, 2018 through September 30, 2019 (Contract Year Ending (CYE) 2019), AHCCCS-registered Arizona hospitals and sub-acute behavioral health residential treatment facilities not subject to APR-DRG Reimbursement which meet Agency established value based performance metrics requirements in section B. below will receive a Differential Adjusted Payment described in section D. below. The Differential Adjusted Payment Schedule represents a positive adjustment to the AHCCCS Fee-For-Service rates. These payment adjustments will occur for all dates of discharge in CYE 2019 only. The purpose of the Differential Adjusted Payment is to distinguish facilities which have committed to supporting designated actions that improve patients' care experience, improve members' health, and reduce cost of care growth.

**B. Applicability**

1. To qualify for the Outpatient Differential Adjusted Payment, a hospital or a sub-acute behavioral health residential treatment facility providing outpatient services must submit a letter of intent to AHCCCS no later than June 15, 2018 committing to achieving specified milestones related to participation in the state health information exchange prior to specified dates.
  - a) The letter of intent must include the following milestones:
    - i. No later than July 31, 2018 the hospital must execute an agreement with a qualifying health information exchange organization (HIE).
    - ii. No later than October 31, 2018 the hospital must approve and authorize a formal scope of work with a qualifying HIE organization to develop and implement the data exchange necessary to meet the requirements next two milestones

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- iii. No later than March 31, 2019 the hospital must electronically submit admission, discharge, and transfer information (generally known as ADT information), including data from the hospital emergency department if the provider has an emergency department, to a qualifying health information exchange organization.
  - iv. No later than June 30, 2019 the hospital must electronically submit to a qualifying HIE organization laboratory and radiology information (if the provider has these services), transcription, medication information, and discharge summaries that include, at a minimum, discharge orders, discharge instructions, active medications, new prescriptions, active problem lists (diagnosis), treatments/procedures conducted during the stay, active allergies, and discharge destination.
2. A hospital, qualifying under section 3.B.1 above, and subject to APR-DRG reimbursement for inpatient services, may receive an additional DAP increase if they have obtained a Pediatric-Prepared Emergency Care certification from the Arizona Chapter of the American Academy of Pediatrics on or before May 1, 2018.

**C. Exemptions:**

IHS and 638 tribally owned and/or operated facilities, including hospital and nursing facilities are exempt from this initiative.

**D. Payment Methodology**

For hospitals and sub-acute behavioral health residential treatment facilities meeting the above qualifications in section 3.B.1 above, all payments for outpatient services will be increased by 3.0%. Hospitals subject to APR-DRG reimbursement for inpatient services, which meet the criteria in 3.B.2 above will receive an additional 0.5% increase for all outpatient services.