

September 30, 2019

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 #19-011, 2019 DSH Pool 4 Reallocation

Dear Mr. Zolynas:

Enclosed is State Plan Amendment (SPA) #19-011, DSH Pool 4 Reallocation, which updates the State Plan to detail the reallocation of excess DSH Pool 4 funding for 2019, effective July 1, 2019.

If you have any questions about the enclosed SPA, please contact Alex Demyan at (602) 417-4130.

Sincerely,



Dana Hearn
Assistant Director
Arizona Health Care Cost Containment System (AHCCCS)

cc: Blake Holt, CMS
Mark Wong, CMS
Amy Upston

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER <u>1 9</u> — <u>0 1 1</u>	2. STATE Arizona
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
4. PROPOSED EFFECTIVE DATE July 1, 2019	

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (*Check One*)

- NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN 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 a. FFY ²⁰¹⁹ _____ \$ 0 b. FFY _____ \$ _____
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-A Page 67	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>) Attachment 4.19-A Page 67

10. SUBJECT OF AMENDMENT

Updates the State Plan to detail the reallocation of excess Pool 4 fundings.

11. GOVERNOR'S REVIEW (*Check One*)

- GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL 	16. RETURN TO Dana Hearn 801 E. Jefferson, MD#4200 Phoenix, Arizona 85034
13. TYPED NAME Dana Hearn	
14. TITLE Assistant Director	
15. DATE SUBMITTED September 30, 2019	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED	18. DATE APPROVED
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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

For SPY 2018, excess pool 4 funding not allocated due to OBRA limits will be reallocated first to pools 1, 1A, 2, and 2A. This reallocation to the pools will be based proportionately on the SPY 2018 pool allocation. For each pool, the distribution of the reallocated DSH funding to the hospitals within the pool will be based on each hospital's 2018 relative weights as described in the "Determination of Payment Amounts" section of this Attachment C. SPY 2018 payments made from reallocated funds will be added to the hospital's original SPY 2018 payments with the total SPY payments subject to each hospital's OBRA limit. Additionally, after the reallocating to pools 1, 1A, 2 and 2A, any remaining excess pool 4 funding may then be reallocated to pool 5. The reallocation will be allocated within pool 5 based proportionately according to the hospital's LOM scores, subject to the each hospital's remaining OBRA limit. For SPY 2018, any excess DSH funding in pool 4 not allocated due to OBRA limits may be reallocated to DSH pools 1, 1A, 2, 2A, and 5 until September 30, 2020. The amount to be reallocated to DSH pools 1, 1A, 2 and 2A is \$x. The amount to be reallocated to DSH pool 5 is \$x.

For SPY 2019, excess pool 4 funding not allocated due to OBRA limits will be reallocated first to pools 1, 1A, 2, and 2A. This reallocation to the pools will be based proportionately on the SPY 2019 pool allocation. For each pool, the distribution of the reallocated DSH funding to the hospitals within the pool will be based on each hospital's 2019 relative weights as described in the "Determination of Payment Amounts" section of this Attachment C. SPY 2019 payments made from reallocated funds will be added to the hospital's original SPY 2019 payments with the total SPY payments subject to each hospital's OBRA limit. Additionally, after the reallocating to pools 1, 1A, 2 and 2A, any remaining excess pool 4 funding may then be reallocated to pool 5. The reallocation will be allocated within pool 5 based proportionately according to the hospital's LOM scores, subject to the each hospital's remaining OBRA limit. For SPY 2019, any excess DSH funding in pool 4 not allocated due to OBRA limits may be reallocated to DSH pools 1, 1A, 2, 2A, and 5 until September 30, 2020. The amount to be reallocated to DSH pools 1, 1A, 2 and 2A is \$x. The amount to be reallocated to DSH pool 5 is \$x.