

May 13, 2019

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: Request for Arizona SPA #17-007, DSH Pool 4 Reallocation to be split into two separate SPAs**

Dear Mr. Wong:

This shall serve as Arizona's official request to split State Plan Amendment (SPA) #17-007, DSH Pool 4 Reallocation, into two separate SPAs. Initially, this intent of 17-007 was to describe the transition of the Disproportionate Share Hospital reallocation language from the 1115 Waiver to the State Plan, effective October 1, 2017.

AHCCCS is requesting to split this one SPA into two, titled AZ-17-007, and AZ- 17007A. The intent of this request is to have 17-007 reflect the original intent of providing detail on the reallocation of any Pool 4 excess, and have 17-007A reflect updates the 2018 DSH Pool 5 participating hospitals. Additionally, Arizona requests that 17-007 remain off the clock until AHCCCS is able to submit the formal responses relating to the Pool 4 reallocation RAI.

Lastly, Arizona requests approval for 17-007A separate from 17-007. Below is a formal RAI response specific to 17-007A and the Pool 5 detail described therein. Also attached to this email is the revised plan pages, and a new 179 form for 17-007A.

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:  
Brian Zolynas, CMS  
Mohamed Arif, AHCCCS

1. Page 67: The excess Pool 4 amounts for DSH state plan rate year ending 2018 that will be reallocated to Pools 1, 1A, 2, 2A, and 5 are not known at this time. Please update the state plan page with the reallocation amounts when they are available. If Pool 5 reallocation is applicable, the state would also have to include the Pool 5 hospital names.

**AZ Response: 17-007A has been updated to reflect the DSH Pool 5 hospitals for 2018.**

2. Page 67: Please correct the footer to say “TN No. 17-007” instead of “TN No. 17-005.

**AZ Response: Please see attached SPA pages.**

Standard Funding Questions – The following questions are being asked and should be answered in relation to all payments made to all providers under Attachment 4.19A of your State plan:

3. Section 1903(a)(1) provides that Federal matching funds are only available for expenditures made by States for services under the approved State plan. Do providers receive and retain the total Medicaid expenditures claimed by the State (includes normal per diem, supplemental, enhanced payments, other) or is any portion of the payments returned to the State, local governmental entity, or any other intermediary organization? If providers are required to return any portion of payments, please provide a full description of the repayment process. Include in your response a full description of the methodology for the return of any of the payments, a complete listing of providers that return a portion of their payments, the amount or percentage of payments that are returned and the disposition and use of the funds once they are returned to the State (i.e., general fund, medical services account, etc.)

**AZ Response: Providers retain 100% of the State and Federal payment.**

4. Section 1902(a)(2) provides that the lack of adequate funds from local sources will not result in lowering the amount, duration, scope, or quality of care and services available under the plan. Please describe how the state share of each type of Medicaid payment (normal per diem, supplemental, enhanced, other) is funded. Please describe whether the state share is from appropriations from the legislature to the Medicaid agency, through intergovernmental transfer agreements (IGTs), certified public expenditures (CPEs), provider taxes, or any other mechanism used by the state to provide state share. Note that, if the appropriation is not to the Medicaid agency, the source of the state share would necessarily be derived through either an IGT or CPE. In this case, please identify the agency to which the funds are appropriated. Please provide an estimate of total expenditure and State share amounts for each type of Medicaid payment. If any of the non-federal share is being provided using IGTs or CPEs, please fully describe the matching arrangement including when the state agency receives the transferred amounts from the local government entity transferring the funds. If CPEs are used, please describe the methodology used by the state to verify that the total expenditures being certified are eligible for Federal matching funds in accordance with 42 CFR 433.51(b). For any payment funded by CPEs or IGTs, please provide the following:
  - (i) a complete list of the names of entities transferring or certifying funds;
  - (ii) the operational nature of the entity (state, county, city, other);
  - (iii) the total amounts transferred or certified by each entity;
  - (iv) clarify whether the certifying or transferring entity has general taxing authority; and,

(v) whether the certifying or transferring entity received appropriations (identify level of appropriations).

**AZ Response: See the attached Funding Question No. 2 document.**

5. Section 1902(a)(30) requires that payments for services be consistent with efficiency, economy, and quality of care. Section 1903(a)(1) provides for Federal financial participation to States for expenditures for services under an approved State plan. If supplemental or enhanced payments are made, please provide the total amount for each type of supplemental or enhanced payment made to each provider type.

**AZ Response: See the attached Funding Question No. 3 document.**

6. Please provide a detailed description of the methodology used by the state to estimate the upper payment limit (UPL) for each class of providers (State owned or operated, non- state government owned or operated, and privately owned or operated). Please provide a current (i.e. applicable to the current rate year) UPL demonstration.

**AZ Response: Since Arizona pays less than 5% in Fee-For-Service payment amounts, the State received a waiver from Upper Payment Limit requirements.**

7. Does any governmental provider receive payments that in the aggregate (normal per diem, supplemental, enhanced, other) exceed their reasonable costs of providing services? If payments exceed the cost of services, do you recoup the excess and return the Federal share of the excess to CMS on the quarterly expenditure report?

**AZ Response: No payments made to governmental providers exceed reasonable cost.**

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

1. TRANSMITTAL NUMBER

1 7 - 0 0 7A

2. STATE

Arizona

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

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

4. PROPOSED EFFECTIVE DATE

October 1, 2017

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<sup>18</sup> \_\_\_\_\_ \$ \$0

b. FFY \_\_\_\_\_ \$ \_\_\_\_\_

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Pg. 66

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (*If Applicable*)

Pg. 66

10. SUBJECT OF AMENDMENT

Updates the Stat Plan to reflect updated DSH Pool 5 participating facilities.

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  
May 10, 2018

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

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## Pool 5

The funding for pool 5 is specified below.

- For SPY 2018, the funding for Pool 5 is ~~\$0~~ the FY 2018 Arizona DSH allotment total computable amount minus \$143,178,200.

For SPY 2018, the pool 5 hospitals are:

~~N/A~~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  
Canyon Vista Medical Center  
Banner Payson Medical Center

Upon reconciliation, any Pool 5 funds that have to be recouped due to changes in hospital qualification or payment limits will be returned to the original payer.

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TN No. 17-005007A

Supersedes Approval Date: \_\_\_\_\_

Effective Date: ~~October~~ June 1, 2018

TN No. N/A17-00518-007