

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

August 17, 2020

Jami Snyder, Director
Arizona Health Care Cost Containment System
801 E. Jefferson
Phoenix, AZ 85034

RE: Arizona SPA 20-0011

Dear Ms. Snyder:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 20-0011. This amendment proposes to reimburse nursing facility services furnished by facilities owned or operated by the Indian Health Services (IHS) or tribes under PL 93-638 at the outpatient all-inclusive rate (AIR), effective October 1, 2020.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the implementing federal regulations at 42 CFR 447 Subpart C. This is to inform you that Medicaid state plan amendment TN 20-00011 is approved effective October 1, 2020. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Mark Wong at (415) 744-3561.

Sincerely,

Francis T. McCullough
for

Karen Shields
Acting Director

Enclosures

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

1. TRANSMITTAL NUMBER
2 0 — 0 1 1

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, 2020

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 ~~2020~~ 2021 \$ ~~0-~~ 12,691,500
b. FFY ~~2021~~ 2022 \$ ~~13,014,000~~ 13,534,900

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-D, Page 1

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (*If Applicable*)

Attachment 4.19-D, Page 1

10. SUBJECT OF AMENDMENT

To change the reimbursement for nursing facility services provided to American Indians by facilities owned or operated by the Indian Health or tribes under PL 93-638 to reflect the outpatient All-Inclusive Rate (AIR) as published in the Federal Register.

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

13. TYPED NAME
Dana Flannery

Dana Flannery
801 E. Jefferson, MD#4200
Phoenix, Arizona 85034

14. TITLE
Assistant Director

15. DATE SUBMITTED
6/30/20

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED
June 30, 2020

18. DATE APPROVED August 17, 2020

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL
October 1, 2020

20. SIGNATURE OF REGIONAL OFFICIAL
Francis T. McCullough

21. TYPED NAME
Karen Shields

22. TITLE
Acting Director, Financial Management Group

23. REMARKS

Pen-and-ink change made to Box 7 by CMS with state email concurrence on 8/10/2020.

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

I. General Provisions

A. Purpose

This State Plan Amendment establishes the reimbursement system for fee-for-service payments to nursing facilities where payments are made directly by the Arizona Long Term Care System (ALTCS) or the acute care program. The method of updating the per diem rates established under this plan from year to year is amended effective for dates of service beginning October 1, 2005.

Nursing facility services provided by facilities owned or operated by the Indian Health or tribes under PL 93-638 are reimbursed for each Medicaid day at the outpatient All-Inclusive Rate as published in the Federal Register.

B. Reimbursement Principles

1. Providers of nursing facility care are reimbursed based on a prospective per diem reimbursement system designed to recognize members in four levels:

- Level 1
- Level 2
- Level 3
- Ventilator dependent, sub-acute and other specialty care.

Fee-for-service payments for services to members in nursing facilities who are ventilator dependent, sub-acute or receiving other specialty care are based on negotiated rates. Negotiated rates are based on the rates paid by program contractors for specialty care services and member service needs.

Reimbursement for Levels 1, 2 and 3 is based on a three component system:

- Primary Care - The primary care cost component reflects direct member care including wages, benefits and salaries for registered nurses (RNs), licensed practical nurses (LPNs), and nurse aides.