

September 28, 2023

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 # AZ-23-0016, Disproportionate Share Hospital (DSH) Budget

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) # AZ-23-0016, Disproportionate Share Hospital (DSH) Budget. This SPA updates the DSH Budget in the State Plan, effective October 1, 2023.

Tribal Consultation on this SPA occurred on August 29, 2023. The Tribal Consultation presentation is available on the following webpage:

[https://www.azahcccs.gov/AmericanIndians/Downloads/Consultations/Meetings/2023/08292023QuarterlyTC\\_Presentation.pdf](https://www.azahcccs.gov/AmericanIndians/Downloads/Consultations/Meetings/2023/08292023QuarterlyTC_Presentation.pdf)

Public Notice for this SPA was posted on the following webpages:

<https://www.azahcccs.gov/shared/Downloads/PublicNotices/DSHFY24NOPI.pdf>

If there are any questions about the enclosed SPA, please contact Ruben Soliz at [ruben.soliz@azahcccs.gov](mailto:ruben.soliz@azahcccs.gov) or 602-417-4355.

Sincerely,



Alex Demyan  
Assistant Director  
Arizona Health Care Cost Containment System (AHCCCS)

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

1. TRANSMITTAL NUMBER <b>23 — 0016</b>	2. STATE <b>AZ</b>
3. PROGRAM IDENTIFICATION: TITLE <b>19</b> OF THE SOCIAL SECURITY ACT	

TO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE  
**October 1, 2023**

5. FEDERAL STATUTE/REGULATION CITATION  
42 CFR Part 447, Section 1923 of the Social Security Act

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)  
a. FFY **24** \$ **TBD**  
b. FFY: **25** \$ **TBD**


7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  
  
Attachment 4.19-A  
Page 65

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  
  
Attachment 4.19-A  
Page 65

9. SUBJECT OF AMENDMENT  
Updates the Disproportionate Share Hospital (DSH) Budget in the State Plan.

10. 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

11. SIGNATURE OF STATE AGENCY OFFICIAL  


12. TYPED NAME  
Alex Demyan

13. TITLE  
Assistant Director

14. DATE SUBMITTED: September 28, 2023

15. RETURN TO  
Alex Demyan  
801 E. Jefferson St., MD #4200  
Phoenix, AZ 85034

**FOR CMS USE ONLY**

16. DATE RECEIVED	17. DATE APPROVED
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**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL	19. SIGNATURE OF APPROVING OFFICIAL
20. TYPED NAME OF APPROVING OFFICIAL	21. TITLE OF APPROVING OFFICIAL

22. REMARKS

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

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**DSH Exhibit 3:  
AHCCCS  
Disproportionate Share Hospital Payment  
Methodology Pool Funding Amount**

This Exhibit contains the amount of funding for six pools in the Arizona DSH pool methodology.

For State Plan Year (SPY) 2008 and 2009, funding will be allocated among six pools (pools 1, 1A, 2, 2A, 3, and 4). For SPY 2010, funding will be allocated among seven pools (pools 1, 1A, 2, 2A, 3, 4, and 5). Thereafter, the funding will be allocated among six pools (pools 1, 1A, 2, 2A, 4, and 5).

Pools 1, 1A, 2, 2A, and 3 - Non-governmentally-operated hospitals

The funding for pools 1 and 2 will be sufficient to provide an average payment amount of \$6,000 for all hospitals qualifying for both of the two pools. No hospital in pools 1 or 2 will receive less than \$5,000. Therefore, the amount of funding for pools 1 and 2 will be determined by multiplying the number of hospitals qualifying for pools 1 and 2 by \$6,000.

The funding for pools 1A, 2A and 3 (if applicable) will be derived by subtracting the total amount allocated for pools 1 and 2 from the amount of DSH authorized by the Legislature for non-governmentally operated hospitals. Beginning SPY 2024, up to 15% of the these remaining funds will be ~~allocated to split with 15% for~~ Pool 1A and ~~the balance to 85% for~~ Pool 2A.

- For SPY 2018, the funding for pools 1, 2, 1A, and 2A will be \$884,800.
- For SPY 2019, the funding for pools 1, 2, 1A, and 2A will be \$884,800.
- For SPY 2020, the funding for pools 1, 2, 1A, and 2A will be \$884,800.
- For SPY 2021, the funding for pools 1, 2, 1A, and 2A will be \$884,800.
- For SPY 2022, the funding for pools 1, 2, 1A, and 2A will be \$884,800.
- For SPY 2023, the funding for pools 1, 2, 1A, and 2A will be \$884,800
- ~~For SPY 2024, the funding for pools 1, 2, 1A and 2A will be \$844,800~~

Pool 4 – Governmentally-operated hospitals

The funding for pool 4 is the amount authorized by the Legislature for governmentally operated hospitals.

- For SPY 2018, the funding for pool 4 is \$142,293,400.
- For SPY 2019, the funding for pool 4 is \$142,293,400.
- For SPY 2020, the funding for pool 4 is \$142,293,400.
- For SPY 2021, the funding for pool 4 is \$142,293,400.
- For SPY 2022, the funding for pool 4 is \$142,293,400.
- For SPY 2023, the funding for pool 4 is \$142,293,400
- ~~For SPY 2024, the funding for pool 4 is \$142,293,400~~

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TN No. ~~22-0014~~ 23-0016  
Supersedes  
TN No. ~~21-012~~ 22-0014

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

Effective Date: October 1, 2022

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