

November 18, 2024

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-24-0016, Nursing Facility Differential Adjusted Payment (DAP)

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) # AZ-24-0016, Nursing Facility Differential Adjusted Payment (DAP). This SPA updates the Nursing Facility Differential Adjusted Payment (DAP) methodology effective October 1, 2024.

**Tribal Consultation** on this SPA occurred on August 5, 2024. The Tribal Consultation presentation is available on the following webpage:

<https://www.azahcccs.gov/AmericanIndians/TribalConsultation/>

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

<https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/CYE25DAPFinalPublicNotice.pdf>

The **Federal Fiscal Impact** for this SPA in FFY 2025 is \$553,500.

**Explanation of Federal Fiscal Impact:**

This federal fiscal impact represents the projected federal funds cost of the SPA's DAPs for services reimbursed on a Fee-for-Service (FFS) basis. AHCCCS determined each provider and service that qualified for each DAP specified in this SPA, based on the requirements specified in the CYE 2025 Final Public Notice. The FFY 2023 utilization of these qualifying providers and qualifying services were identified. The FFY 2023 data was then repriced to remove impacts of prior year DAPs and to reprice utilization at the CYE 2025 FFS rates. The percentage increase for each DAP was then applied to the adjusted FFY 2023 utilization data for qualifying providers and services to estimate the total funds' impact. The agency then applied projected weighted federal medical assistance percentages to total fund estimates to calculate the federal fund's share of cost. The process for calculating each DAP contained within this SPA is similar, but subject to the different eligibility criteria specified in the CYE 2025 Final Public Notice. The calculation of the weighted FMAP of 64.89% used in the impact estimate is shown in the table below.

FFY25:					
NF - ALTCS Reg	Regular	Title XXI	Transition	NEA 100%	Total
MMs	19,212,315	-	-	-	19,212,315
% Weight	100.00%	0.00%	0.00%	0.00%	
FMAP	64.89%	75.42%	90.00%	90.00%	
Eff. FMAP	64.89%	0.00%	0.00%	0.00%	64.89%
				Total Fund	\$853,000
				Fed Funds	\$553,500

If there are any questions about the enclosed SPA, please contact Maxwell Seifer at Maxwell.Seifer@azahcccs.gov or 602-417-4722.

Sincerely,



Kyle Sawyer  
Assistant Director, Public Policy and Strategic Planning  
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>24 — 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, 2024**

5. FEDERAL STATUTE/REGULATION CITATION  
**42 CFR Part 447, Subpart C**

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)  
a. FFY: **2025** \$ **553,500**  
b. FFY: **2026** \$ **0**

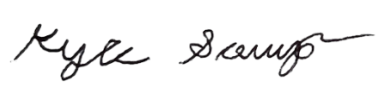
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  
  
**Attachment 4.19-D, page: 9(b), 9(c), 9(d)**  
**NEW pages: Attachment 4.19-D, page: 9(e), 9(f), 9(g)**

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  
  
**Attachment 4.19-D, page: 9(b), 9(c), 9(d)**  
**NEW pages: Attachment 4.19-D, page: 9(e), 9(f), 9(g)**

9. SUBJECT OF AMENDMENT  
Updates the State Plan Nursing Facility (NF) Differential Adjusted Payment (DAP), effective October 1, 2024.

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  
Kyle Sawyer

13. TITLE  
Assistant Director, Public Policy and Strategic Planning

14. DATE SUBMITTED: November 18, 2024

15. RETURN TO  
Kyle Sawyer  
801 E. Jefferson St., MD #4200  
Phoenix, AZ 85034

**FOR CMS USE ONLY**

16. DATE RECEIVED      17. DATE APPROVED

**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  
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FOR LONG TERM CARE FACILITIES

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**Nursing Facility Differential Adjusted Payment**

As of October 1, 2024, through September 30, 2025 (Contract Year Ending (CYE) 2025), Nursing Facilities(Provider Type 22), that are located in Arizona with Arizona Medicaid utilization that meet AHCCCS established value-based performance metrics requirements below will receive Differential Adjusted Payments described below. The Differential Adjusted Payment Schedule represents a positive adjustment to the AHCCCS Fee-For-Service reimbursement rates. These payment adjustments will occur for all dates of service in CYE 2025 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.

**1. Health Information Exchange (0.5%)**

Nursing facilities that meet the following milestones are eligible to earn a 0.5% DAP.

Cohort 1: Facilities that participated in the DAP HIE program in CYE 2023 and/or CYE 2024.

- i. Milestone #1: No later than April 1, 2024, the facility must have in place an active Health Information Exchange (HIE) Participation Agreement and submit a signed Differential Adjusted Payment Statement of Work (DAP SOW) to the HIE organization. The participant list attached to the DAP SOW must contain each facility, including AHCCCS ID(s) and corresponding National Provider Identifier(s) (NPI), that the facility requests to participate in the DAP.

Facilities must meet the following milestones in maintaining existing connections to the current HIE platform:

- ii. Milestone #2: No later than May 1, 2024, the facility must have actively accessed, and continue to access on an ongoing basis, patient health information via the HIE organization, utilizing one or more HIE services, such as the HIE Portal, standard Admission, Discharge, Transfer (ADT) Alerts, standard Clinical Notifications, or an interface that delivers patient data into the facility's Electronic Health Record (EHR) system.
- iii. Milestone #3: No later than May 31, 2024, facilities that utilize external reference labs for any lab result processing must submit necessary provider authorization forms to the HIE organization, if required by the external reference lab, to have all outsourced lab test results flow to the HIE on their behalf.
- iv. Milestone #4: No later than May 31, 2024, the facility must electronically submit the following patient identifiable information to the production environment of the HIE organization: ADT information from within the nursing facility; continuity of care documents reflecting a summary of care within the nursing facility including (if applicable): laboratory and radiology information; medication information; immunization data; active problem lists

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(diagnosis); social history; treatments and procedures conducted during the stay; advance directives; active allergies; and basic patient demographic data including assigned provider, emergency contact and payer. If a facility is in the process of integrating a new EHR system, the facility must notify the HIE organization and get the implementation timeline approved to continue meeting DAP requirements.

**Nursing Facility**

As of October 1, 2022 nursing facilities established value Differential Adjustment represents a percentage payment adjustment Differential Adjustment designated activity cost of care gro

Facilities must meet the following milestones in establishing new connections to the ONE Platform, Contexture’s new HIE platform:

- v. Milestone #5: No later than September 30, 2024, the facility must complete their HIE Integration workbook in its entirety to connect data sender interfaces to the ONE platform.
- vi. Milestone #6: No later than September 1, 2024, the facility must launch the integration implementations project, have a VPN connection in place with the HIE, and electronically submit test patient information to the ONE Platform test environment. The facility is required to engage in interface testing as required by the HIE and focus on improving data integrity in the test environment.
- vii. Milestone #7: No later than December 30, 2024, the facility must have a connection in place with the HIE and electronically submit the following patient information to the ONE Platform production environment: ADT information from within the nursing facility; continuity of care documents reflecting a summary of care within the nursing facility including (if applicable): laboratory and radiology information; medication information; immunization data; active problem lists (diagnosis); social history; treatments and procedures conducted during the stay; advance directives; active allergies; and basic patient demographic data including assigned provider, emergency contact and payer. The facility is required to engage in interface testing as required by the HIE.
- viii. Milestone #8: No later than February 28, 2025, the facility must have in place the following new agreements with the HIE organization as a result of the affiliation of Health Current and Colorado Regional Health Information Organization (CORHIO).
  - 1. HIE Participation Agreement for ONE Platform
  - 2. Statement of Work (SOW) to access the ONE Platform Portal
  - 3. Statement of Work (SOW) to send data to ONE Platform
- ix. Milestone #9: No later than May 1, 2025, the facility must launch the implementation project to access patient health information via the HIE and complete the ONE Platform portal training prior to access being granted.

a. Health Information Nursing fac

i. Milestone # agreement Information facility, incl facility requ

ii. Milestone # to access o or more HIE that deliver HIE initiativ

iii. Milestone # any lab resu required by organizatio

iv. Milestone # following a organizatio information of care with medication treatments basic patien

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x. Milestone #10: No later than July 30, 2025, the facility must have actively accessed, and continue to access on an ongoing basis, patient health information via the HIE organization, utilizing the ONE Platform portal.

Cohort 2: Facilities that have **not** participated in the DAP HIE program in CYE 2023 or CYE 2024.

i. Milestone #1: No later than April 1, 2024, the facility must have in place an active Health Information Exchange (HIE) Participation Agreement and submit a signed Differential Adjusted Payment Statement of Work (DAP SOW) to the HIE organization. The participant list attached to the DAP SOW must contain each facility, including AHCCCS ID(s) and corresponding National Provider Identifier(s) (NPI), that the facility requests to participate in the DAP.

ii. Milestone #2: No later than October 1, 2024, the facility must launch the implementation project to access patient health information via the HIE and complete the HIE portal training prior to access being granted.

iii. Milestone #3: No later than December 30, 2024, the facility must have actively accessed, and continue to access on an ongoing basis, patient health information via the HIE organization, utilizing the HIE Portal.

iv. Milestone #4: No later than February 28, 2025, the facility must have in place the following new agreements with the HIE organization as a result of the affiliation of Health Current and Colorado Regional Health Information Organization (CORHIO).  
1. HIE Participation Agreement for ONE Platform  
2. Statement of Work (SOW) to access the ONE Platform Portal  
3. Statement of Work (SOW) to send data to ONE Platform

v. Milestone #5: No later than May 1, 2025, the facility must launch the implementation project to access patient health information via the HIE and complete the ONE Platform portal training prior to access being granted.

vi. Milestone #6: No later than July 30, 2025, the facility must have actively accessed, and continue to access on an ongoing basis, patient health information via the HIE organization, utilizing the ONE Platform portal.

vii. Milestone #7: No later than August 1, 2025, facilities that utilize external reference labs for any lab result processing must submit necessary provider authorization forms to the HIE organization, if required by the external reference lab, to have all outsourced lab test results flow to the HIE on their behalf.

**Nursing Facility**  
As of October 1, 2022 nursing facilities established value Differential Adjusted Payment represents a percentage of payment adjustment Differential Adjusted designated activity cost of care group

a. Health Information Nursing facilities

i. Milestone #1 agreement Information facility, including facility request

ii. Milestone #2 to access one or more HIE that deliver HIE initiative

iii. Milestone #3 any lab result required by organization

iv. Milestone #4 following a organization information of care with medication treatments basic patient

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- viii. Milestone #8: No later than August 1, 2025, the facility must launch the integration implementations project, have a VPN connection in place with the HIE, and electronically submit test patient information to the ONE Platform test environment. The hospital is required to engage in interface testing as required by the HIE and focus on improving data integrity in the test environment.
- ix. Milestone #9: No later than September 30, 2025, the facility must electronically submit the following patient identifiable information to the production environment of the HIE organization: ADT information from within the nursing facility; continuity of care documents reflecting a summary of care within the nursing facility including (if applicable): laboratory and radiology information; medication information; immunization data; active problem lists (diagnosis); social history; treatments and procedures conducted during the stay; advance directives; active allergies; and basic patient demographic data including assigned provider, emergency contact and payer. The facility is required to engage in interface testing as required by the HIE.

**Nursing Facility**  
As of October 1, 2022 nursing facilities established value Differential Adjusted Payment represents a percentage of payment adjusted for designated activity cost of care group

For any milestone that includes electronic submission of patient information in the production environment, the information transferred to the qualifying HIE must be actual patient data; the transfer of test data does not fulfill these requirements. All electronic submissions must be received through standard HL7 or CCD document architecture. It must include all patient data, including behavioral health data and data covered by 42 C.F.R. Part 2. Data is expected to be live throughout the year, any downtime will be reported.

a. Health Information Nursing facilities

## 2. Arizona Health Directives Registry (AzHDR) (0.5%)

Nursing facilities that meet the following milestones are eligible to earn a 0.5% DAP.

Cohort 1: Facilities that participated in the DAP AzHDR program in CYE 2024.

- i. Milestone #1: No later than April 1, 2024, the facility must have in place an active Health Information Exchange (HIE) Participation Agreement and submit a signed Differential Adjusted Payment Statement of Work (DAP SOW) to the HIE organization indicating Arizona Health Directives Registry (AzHDR) participation. The participant list attached to the DAP SOW must contain each facility, including AHCCCS ID(s) and corresponding National Provider Identifier(s) (NPI), that the facility requests to participate in the DAP.
- ii. Milestone #2: From October 1, 2024, through September 30, 2025, the facility must participate in the utilization of the AzHDR platform by facilitating at least 5 patient document uploads of advanced directives and 15 searches of advance directives per month per registered AHCCCS ID.

i. Milestone #1 agreement Information facility, including facility requirements

ii. Milestone #2 to access one or more HIE that deliver HIE initiatives

iii. Milestone #3 any lab results required by organization

iv. Milestone #4 following a organization information of care with medication treatments basic patient

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Cohort 2: Facilities that have **not** participated in the DAP AzHDR program in CYE 2023 or CYE 2024.

- i. Milestone #1: No later than April 1, 2024, the facility must have in place an active Health Information Exchange (HIE) Participation Agreement and submit a signed Differential Adjusted Payment <sup>NEW</sup> Statement of Work (DAP SOW) to the HIE organization indicating Arizona Health Directives Registry (AzHDR) participation. The participant list attached to the DAP SOW must contain each facility, including AHCCCS ID(s) and corresponding National Provider Identifier(s) (NPI), that the facility requests to participate in the DAP.
- ii. Milestone #2: No later than November 1, 2024, the facility must complete the AzHDR Subscription Agreement.
- iii. Milestone #3: No later than April 1, 2025, the facility must have onboarding completed by working with AzHDR to submit user information to gain credentials to access AzHDR and complete training.
- iv. Milestone #4: No later than May 1, 2025, the facility must participate in the utilization of the AzHDR platform by facilitating at least 5 searches/uploads of advance directives per month per AHCCCS ID.

**Nursing Facility**

As of October 1, 2022 nursing facilities established value Differential Adjusted Payment represents a percentage payment adjustment Differential Adjusted designated activity cost of care gro

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**Milestone #**

agreement Information facility, including facility requ

**3. Antipsychotic Medication Performance Measure (1.0%)**

Nursing facilities that meet or fall below the statewide average percentage for the Antipsychotic Medication performance measure will qualify for a 1.0% DAP increase. On March 15, 2024, AHCCCS will download data from the Medicare Provider Data Catalog website. Facility results will be compared to the Arizona average results for the measure. Facilities with percentages less than or equal to the statewide average score will qualify for the DAP increase.

ii.

**Milestone #** to access o or more HIE that deliver HIE initiativ

**Exemptions**

IHS and 638 tribally owned and/or operated facilities, including nursing facilities are exempt from this initiative based on payments primarily at the all-inclusive rate.

iii.

**Milestone #** any lab res required by organization

**Payment Methodology**

Nursing Facilities (Provider Type 22), Fee-for-Service payment rates will be increased up to a maximum of 2.0%. Reimbursement rates will be increased by 1.0% if the Antipsychotic Medication requirements are met, by 0.5% if the AzHDR requirements are met, and by 0.5% if the HIE Participation requirements are met. These increases do not apply to supplemental payments.

iv.

**Milestone #** following a organization information of care with medication treatments basic patient



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Facilities which submitted a DAP SOW and received an increase for CYE 2024 but failed to achieve one or more milestones in the DAP SOW or failed to maintain its participation in the milestone activities are ineligible to receive a DAP in CYE 2025.

If a provider is receiving a DAP in CYE 2025 and cannot meet a milestone and/or cannot maintain its participation in milestone activities, the provider must immediately notify AHCCCS. This notification must be made prior to the milestone deadline and must state the reason the milestone cannot be met. When applicable, DAP participants are subject to audits, at the discretion of AHCCCS. Within 30 days of AHCCCS being notified of a missed milestone, becoming aware of the provider’s failure to maintain participation, and/or determining that the provider has failed a DAP audit, AHCCCS will remove the participant’s eligibility for the DAP, effective immediately and for the remainder of the year.

If a facility receives a DAP increase for the entire CYE 2025 but it is determined subsequently that it did not meet the CYE 2025 milestones or failed to maintain its participation in the milestone activities in CYE 2025, that facility will be ineligible to receive this DAP for CYE 2026 if a DAP is available at that time.

**Nursing Facility**

As of October 1, 2022 nursing facilities established value Differential Adjustment represents a percentage payment adjustment Differential Adjustment designated activities cost of care gro

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- i. *Milestone #* agreement Information facility, incl facility requ
- ii. *Milestone #* to access o or more HIE that deliver HIE initiativ
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- iv. *Milestone #* following a organizatio information of care with medication treatments basic patien