

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S3-14-28  
Baltimore, Maryland 21244-1850



**Center for Medicaid and CHIP Services (CMCS)**

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JAN - 8 2013

Tom Betlach, Director  
Arizona Health Care Cost Containment System  
801 E. Jefferson  
Phoenix, AZ 85034

RE: Arizona SPA 12-007

Dear Mr. Betlach:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 12-007. This amendment provides that, effective from October 1, 2012, inpatient hospital outlier qualification and payment will continue to be determined using 90.25% of the current Medicare cost-to-charge ratio; for any hospital that reports an increase in its charge master, that cost-to-charge ratio will be correspondingly reduced; and the outlier cost threshold will continue to be set at the cost threshold as of September 30, 2011 increased by five percent.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30), 1903(a), and 1923 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 12-007 is approved effective October 1, 2012. We are enclosing the HCFA-179 and the amended plan pages.

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

Sincerely,

A handwritten signature in black ink that reads "Cindy Mann". The signature is written in a cursive, flowing style.

Cindy Mann  
Director  
Center for Medicaid & CHIP Services

Enclosures