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State/Territory Name: Arizona

State Plan Amendment (SPA) #: 17-004

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

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

NOV 0 8 2017

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

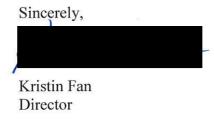
RE: Arizona State Plan Amendment 17-004

Dear Mr. Betlach:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid state plan submitted under transmittal number (TN) 17-004. This amendment increases rates for nursing facilities to account for new minimum wage requirements, effective July 1, 2017.

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 17-004 is approved effective July 1, 2017. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Blake Holt at (415) 744-3754.



Enclosures

CENTERS FOR MEDICARE AND MEDICAID SERVICES	1. TRANSMITTAL NUMBER:	2. STATE		
TRANSMITTAL AND NOTICE OF APPROVAL OF	17-004	Arizona		
STATE PLAN MATERIAL	17-004	Alizona		
FOR: Centers for Medicare and Medicaid Services	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)			
TO DEGICALLY ADMINISTRATION	4 PROPOSED FEFECTIVE DATE			
TO: REGIONAL ADMINISTRATOR	4. PROPOSED EFFECTIVE DATE			
CENTERS FOR MEDICARE AND MEDICAID SERVICES	July 1, 2017			
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
5. TYPE OF PLAN MATERIAL (Check One):				
☐ NEW STATE PLAN ☐ AMENDMENT TO BE C	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:	7. FEDERAL BUDGET IMPACT:	инспинспі		
0, PEDERAL STATUTE/REGULATION CITATION.				
42 CFR Part 447	FFY 17: \$22,825 \$26,825			
12 Of Refute 117	FFY 18: \$107,300			
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:	9. PAGE NUMBER OF THE SUPERS	EDED PLAN SECTION		
o. Thos homber of the family and the	OR ATTACHMENT (If Applicable):			
Att. 4.19-D, Page 8	Same			
	8			
10. SUBJECT OF AMENDMENT:				
10. SOBJECT OF THISENDINE				
Updates the State Plan to make changes to NF payments				
11. GOVERNOR'S REVIEW (Check One):		¥ .		
☐ GOVERNOR'S OFFICE REPORTED NO COMMENT	OTHER, AS SPEC	IFIED:		
COMMENTS OF GOVERNOR'S OFFICE ENCLOSED				
NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL				
50000000		8		
12. SIGNATURE OF STATE AGENCY OFFICIAL:	16. RETURN TO:			
		Elizabeth Lorenz		
	801 E. Jefferson, MD#4200			
	Phoenix, Arizona 85034	Phoenix, Arizona 85034		
i .	_			
13. TYPED NAME:				
Elizabeth Lorenz				
14. TITLE:				
Assistant Director	-			
15. DATE SUBMITTED:				
9/28/17 FOR REGIONAL OFFICE USE ONLY				
17. DATE RECEIVED:	18. DATE APPROVED:			
17. DATE RECEIVED.	NOV () 8 2017		
PLAN APPROVED – ON		2017		
19. EFFECTIVE DATE OF APPROVED MATERIAL: 0 1 2017	20. SIGNATURE OF REGIONAL OFF	FICIAL:		
JUL 0 1 2017	20.51			
	22. TITLE: D Ca Loc CA	A .		
21. TYPED NAME: TIKISTID LAN	22. IIII.E. D. rector, FN	14		
23. REMARKS:				
CMS pen-and-ink change made to Box	x 7 with			
state concurrence.				

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

85% for each facility, then add in the per day historic costs for property taxes and insurance to determine the statewide average capital component.

4. Total Rate

The per diem nursing facility rates are calculated by summing the primary care, indirect care, and capital cost components. These rates vary by member level of care and geographic area due to the primary care components.

Rate Update

Effective October 1, 2002 and each year thereafter, fee-for-service rates for nursing facilities will be updated by applying an inflation factor or factors to the rate components in effect for the prior year. This method of adjusting fee-for-service rates is consistent with the method used by AHCCCS for other medical services. For rates effective from October 1, 2011 to September 30, 2013, and from October 1, 2015 and thereafter, no inflation factor will be applied.

Below are the AHCCCS FFS Nursing Facility Per Diem Rates effective on and after July 1, 2017:

Level of Care	Revenue Code	Urban Rate*	Rural Rate	Flagstaff
Level 1	0191	\$155.01	\$150.18	\$151.27
Level 2	0192	\$169.46	\$163.66	\$164.83
Level 3	0193	\$201.01	\$194.58	\$195.98
LOA (Leave of	0183, 0185	\$155.01	\$150.18	\$151.27
Absence)**				

^{*}AHCCCS has designated nursing facilities in the Arizona counties of Pima, Pinal, and Maricopa as Urban to be paid at the AHCCCS Urban Rate. All other counties inside or outside of Arizona are designated as Rural and are paid at the AHCCCS Rural Rate (except Flagstaff, which is paid at the rate specified above).

**This LOA rate only applies to reserved beds at Nursing Facilities

III. Other Provisions

A. Provider Appeals

Nursing facility providers have the right to request an informal rate reconsideration in accordance with the ALTCS Rules. Appeals are allowed for the following reasons:

- Extraordinary circumstances (as determined by the Director).
- Provision of specialty care services directed at members with high medical needs.
- Unique or unusually high case mix.

Appeals are made in writing to the Director. Appeals which are granted become effective no earlier than the date the appeal was requested.

B. Cost and Wage Reporting

AHCCCS uses cost and wage reports filed by the nursing facilities in the State of Arizona as a basis for these rate calculations.

TN No. <u>17-004</u> Supersedes TN No. 17-001

Approval Date: NOV 0 8 2017 Effective Date: July 1, 2017