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State/Territory Name: Arizona

State Plan Amendment (SPA) #: 17-015

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

FEB 0 8 2018

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

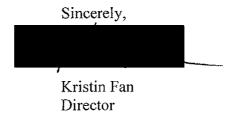
RE: Arizona State Plan Amendment 17-015

Dear Mr. Betlach:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 17-015. This amendment establishes a differential adjusted payment program for inpatient hospitals, effective October 1, 2017.

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 TN 17-015 is approved effective October 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

TRANSMITTAL AND NOTICE OF APPROVAL OF	1. TRANSMITTAL NUMBER: .	2. STATE
STATE PLAN MATERIAL	17-015	Arizona
,	2 PROCE AN IDENTIFICATION TITLE VIVOR THE	
FOR: Centers for Medicare and Medicaid Services	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO DECIONAL ADMINISTRAÇÃO	4. PROPOSED EFFECTIVE DATE	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES	October 1, 2017	
DEPARTMENT OF HEALTH AND HUMAN SERVICES	3000001, 2017	
5. TYPE OF PLAN MATERIAL (Check One):		
	SE CONSIDERED AS NEW PLAN AMENDMENT	
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AME	NDMENT (Separate Transmittal for each 7. FEDERAL BUDGET IMPACT:	amendment)
6. FEDERAL STATUTE/REGULATION CITATION:	7. FEDERAL BUDGET IMPACT:	
42 CFR Part 447	FFY 18: \$812,600	
	FFY 19: \$814,600	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:	9. PAGE NUMBER OF THE SUPERS	
	OR ATTACHMENT (If Applicable):	
Attachment 4.19-A Page 28	Same	
Attachmont 4.15M rago 20		
10. SUBJECT OF AMENDMENT:		
Updates the State Plan establishes differential adjusted payments for inpatient care.		
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:	
is diominated at annual results.		
	Elizabeth Lorenz	
	801 E. Jefferson, MD#4200 Phoenix, Arizona 85034	
	Floelix, Alizona 65054	
V		
13. TYPED NAME:		
Elizabeth Lorenz 14. TITLE:		
Assistant Director		
15. DATE SUBMITTED:		
12/12/17		
FOR REGIONAL OF		9 2040
17. DATE RECEIVED:	18. DATE APPROVED: FEB 0.	D 4U10
PLAN APPROVED - ONE COPY ATTACHED		
19. EFFECTIVE DATE OF APPROVED MATERIAL:		ICIAL:
OCT 01 2017		
21. TYPED NAME: TRISTIAN FAN	122. TITLE: DIPECTOCIFA	NG
23. REMARKS:		Palatinian in exercis

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

Section XI - Inpatient Differential Adjusted Payment

A. Overview:

As of October 1, 2017 through September 30, 2018 (Contract Year Ending (CYE) 2018), AHCCCS-registered Arizona hospitals (other than the facilities described in section C. below) which meet Agency established value based performance metrics requirements in section B. below will receive a Differential Adjusted Payment described in section D. below. The Differential Adjusted Payment Schedule represents a positive adjustment to the AHCCCS Fee-For-Service rates. These payment adjustments will occur for all dates of discharge in CYE 2018 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.

B. Applicability

To qualify for the Inpatient Differential Adjusted Payment, a hospital providing inpatient hospital services must meet one of the following criteria:

- a. Hospitals receiving APR-DRG reimbursement must have executed an agreement with a state's health information exchange on or before May 15, 2017 and must have electronically submitted laboratory, radiology, transcription, and medication information, plus admission, discharge, and transfer information (including data from the hospital emergency department) to the state's health information exchange on or before May 15, 2017
- b. Other hospitals must have executed an agreement with and electronically submitted admission, discharge, and transfer information, as well as data from the facility's emergency department if appropriate, to the state's health information exchange. Facilities must have an executed agreement and initiate activity with the state's health information exchange by October 1, 2017. Additionally, the state's health information exchange will conduct a readiness assessment of all interested facilities and will determine, based on the results of the assessment, whether or not the facility is approved to proceed with connectivity and meeting the program deadlines.

C. Exemptions:

IHS and 638 tribally owned and/or operated facilities, including hospital and nursing facilities are exempt from this initiative.

D. Payment Methodology

For hospitals, meeting the above qualifications, all payments for inpatient services will be increased by 0.5%. This increase does not apply to supplemental payments.

TN No. 17-015 Supersedes TN No. <u>16-012-A</u>

Approval Date:

FEB 0 8 2018

Effective Date: October 1, 2017