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**State/Territory Name: Arizona**

**State Plan Amendment (SPA) #: 18-004**

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 & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
San Francisco Regional Office  
90 Seventh Street, Suite 5-300 (5W)  
San Francisco, CA 94103-6706



**DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS**

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May 22, 2018

Tom Betlach, Director  
Arizona Health Care Cost Containment System  
801 East Jefferson Street  
Phoenix, AZ 85034

Dear Mr. Betlach:

We have reviewed the proposed State Plan Amendment (SPA) 18-004, which was submitted to the Centers for Medicare & Medicaid Services (CMS) San Francisco Regional Office on March 12, 2018. This SPA establishes an Alternative Payment Methodology for Tribal 638 facilities that elect to be paid as Federally Qualified Health Centers (FQHCs).

Based on the information provided, we are approving SPA 18-004 with an effective date of April 1, 2018 as requested. We are enclosing the approved Form CMS-179 and the following Medicaid state plan pages:

- Attachment 4.19-B, Page 9(b)

If you have any additional questions or need further assistance, please contact Brian Zolynas at (415) 744-3601 or [Brian.Zolynas@cms.hhs.gov](mailto:Brian.Zolynas@cms.hhs.gov).

Sincerely,

/s/

Hye Sun Lee  
Acting Associate Regional Administrator  
Division of Medicaid & Children's Health Operations

Enclosure:

cc: Jessica Woodard, CMCS



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REIMBURSEMENT FOR INDIAN HEALTH SERVICE  
AND TRIBAL 638 HEALTH FACILITIES

Alternative Payment Methodology for Tribal Facilities Recognized as 638 FQHCs

If a 638 FQHC elects an Alternative Payment Methodology then the 638 FQHC will be reimbursed an outpatient all-inclusive rate for all FQHC services. The published rate is paid for up to five encounters/visits per recipient per day. Encounters/visits are limited to the AHCCCS-registered facilities that provide covered services to Medicaid members in a 638 FQHC. The encounters/visits will be differentiated based on the patient account numbers that are assigned for each encounter/visit. Encounters/visits include covered telemedicine services.

AHCCCS will establish a Prospective Payment System (PPS) methodology for the 638 FQHCs so that the agency can determine on an annual basis that the published, all inclusive rate is higher than the PPS rate. The PPS rate will be established by reference to payments to one or more other clinics in the same or adjacent areas with similar caseloads. The 638 FQHCs would not be required to report its costs for the purposes of establishing a PPS rate.