

Proposed AZ 1115 Waiver Language:

IHS and 638 Facilities Uncompensated Care Payment Methodologies

The two methodologies outlined below are requested for structuring a payment that will be made to IHS and 638 facilities that take into account their uncompensated costs in furnishing non-covered services by IHS and tribal 638 facilities, to AHCCCS enrolled individuals. The non-covered services include services that the State removed from the Medicaid state plan effective October 1, 2010. Some services have been restored since the end of the recession. At the present time the services of a podiatrist, dental services for adults and physical therapy visits that exceed 15 visits are classified as non-covered. Additional service and eligibility reductions would necessitate Tribal Consultation.

Participating facilities must select one of the two possible options as described below in determining these payments to the facilities. The facilities that choose Option 1-Encounter Based Approach, will notify AHCCCS of their selection by (*insert date*), and will have the option to switch their methodology election only once. If a facility elects to switch to Option 2-Historical Data Approach, the methodology by which their uncompensated care payment is calculated, the facility must notify the State by (*insert date*). The methodology will be utilized to calculate the facility's uncompensated care payment effective (*insert date*).

Option 1 –Per Encounter Based All Inclusive Rate (AIR) Approach

Two submission options A and B are presented for consideration as a solution to the administrative burden of per encounter based payment methodology.

A. Paper submission

1. On a monthly basis, facilities will track services no longer covered provided to AHCCCS-enrolled individuals.
2. The facilities will utilize the attached tracking documents in Exhibits 1 – 2 to record the service provided to AHCCCS enrolled individuals, the unit of service, the all-inclusive rate, and if the service was provided to an American Indian/Alaskan Native (AI/AN) or to a non-native AHCCCS enrolled individual.
3. The tracking document, along with the cover letter signed by the facility CEO or CFO facility director certifying that the information contained in the tracking document is accurate, will be sent to AHCCCS which will pay the facility the rate AHCCCS would have otherwise paid for the recorded services and draw down the correct FMAP based on the facility's breakdown of AI/AN versus non-native services.

B. Electronic submission

1. Non-covered services will be coded by an agreed upon identifier in IHS/638 billing systems and will not be billed to AHCCCS on a claim with covered services. If this error should occur the facility and AHCCCS shall determine the required recoupment.
2. IHS/Tribal 638 facilities will add the clinical indicator to claims that will identify encounter based patient service to track electronically the uncompensated care costs associated with services provided to AHCCCS individuals. AHCCCS would need to provide a revenue code or a non-covered remark code that is available in the AHCCCS system.

This methodology while necessitates additional administrative and reporting activity, was cited as yielding the payment amount reflective of the actual costs required to deliver these services. A sample of these spreadsheets and the logic by which the differences between current methodology described below and the Per-Encounter All-Inclusive Rate (AIR) methodology is included in Appendix #. The information portrays an underpayment for uncompensated care, which was reported to AHCCCS by IHS/638 officials during Tribal Consultation and a subsequent workgroup established to examine the payment methodologies and provide recommendations to AHCCCS.

Facilities that would not be able to process the encounter based option will continue to benefit by utilizing the Option 2 methodology as the variables of the formula will be updated as required.

Option 2 – Historical Data Per Individual Per Month Approach

This methodology supported option comprised of the following that will be used to calculate the total dollar amount of uncompensated care that will be paid to IHS and 638 facilities on a prospective basis.

1. The state will calculate a per individual per month (PMPM) rate, using historical data, to reflect the services that it removed from the Medicaid state plan effective October 1, 2010, that were furnished in or by IHS/tribal 638 facilities to AHCCCS-enrolled adult individuals (+21 years of age), and would multiply this rate by the total number of adult AI/ANs currently enrolled in the AHCCCS program. This PMPM will be adjusted on an annual basis to mirror the medical inflation adjustment applied to the all-inclusive rate and disclosed at Tribal Consultation.

Once this aggregate dollar amount has been computed, the state will disburse payments to the IHS and 638 facilities based on payments made to each facility for care provided to AI/AN adults from July 1, 2010 through June 30, 2011.

The State will notify facilities of payment dates and identify the time period for which the payment applies. The State will notify facilities of the date it will apply the annual all-inclusive rate adjustment and begin claims recycling. Through Tribal Consultation the State will disclose the quarterly enrollment numbers.

In addition, the state will annually review whether the PMPMs calculated above were accurate within a reasonable margin of error by reviewing actual records of services furnished by one or more facilities and disclose this at Tribal Consultation. If the PMPM is not validated, the state will apply an adjustment factor for the following year.

As part of this methodology, the non-Federal share for services provided to non-natives would be calculated based on the following.

1. After analyzing claims data from 2009-10, the state calculated a ratio of claims paid for currently covered Arizona Medicaid state plan services that were provided at IHS and 638 facilities to non-natives to the total number of paid claims to IHS and 638 facilities.

Using this ratio, the state calculated that approximately \$2 million out of total claims paid to IHS facilities was for services provided to non-natives. As such, the state will pay the non-Federal share of the \$2 million. The state will review the claims data on an annual basis and will adjust the non-Federal share amount accordingly.

2. The state will apply the ratio that was calculated of non-native costs to total IHS costs as described above to calculate the non-Federal portion of the service PMPM payments as described above.

Option 2 Payment Calculation Example– Services

December 2015 Per Individual Per Month Adult Service Funding	\$9.59
December 2015 Total Quarterly Adult NA Enrollment	86,255
December 2015 Total Uncompensated Care Payment for All I.H.S/Tribal Facilities	Monthly Amount: \$827,185.45 Quarterly Amount: \$2,481,556.35

Facility A - Allocation - 1%

Monthly amount: \$8271.85
Quarterly Amount: \$24,815.56

Facility B - Allocation - 5%

Monthly Amount: \$41359.27
Quarterly Amount: \$124,077.81

Monthly Payment Formula	Data Definition
Rate in Dollars	Current Per Individual Per Month Adult Service Funding
Multiplied By Number	Total Quarterly NA Adult* Enrollment
Equals Total Dollars	Total Uncompensated Care Payment for All I.H.S/Tribal Facilities
Multiplied By Percentage	I.H.S/Tribal Facility Cost Utilization Percentage
Equals Monthly Payment	Monthly Uncompensated Care Payment

*** 21 years of age and older.**

Exhibit 1
Option 1 Encounter Based Approach Cover Letter

**Summary of the Monthly Report to AHCCCS for the Option 1 Supplemental
Payment**

Reporting Month:

Facility Name:

of AHCCCS enrolled individuals to whom services were provided that were eliminated from the Medicaid program in the 2010 & 2011 benefit reductions:

of visits that were provided to the AHCCCS enrolled individuals for services that were eliminated from the Medicaid program in the 2010 & 2011 benefit reductions:

I hereby attest that the information submitted is prepared in compliance with the Option 1 payment methodology Desk Level Procedures and is current, complete, and accurate to the best of my knowledge and belief. The expenditures included in this report are based on the accounting records of actual recorded expenditures, and are not based on estimates. The services were not billed on a claim with other covered services. I understand that payment of these claims will be from federal funds and whoever knowingly and willfully makes or causes to be made a false statement or representation on the reports may be prosecuted under the applicable federal and state laws.

CEO or CFO Signature:

Exhibit 2
Option 1 Encounter Bases Approach Tracking Sheet

The spreadsheet below will be used in tracking uncompensated care costs associated with services provided to AHCCCS enrolled individuals.

Facility Name:

AHCCCS ID	American Indian Y/N	Service Date	Service Provided	Registered AHCCCS Provider Name	Inpatient or Outpatient	Service Rate	Patient Account Number
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