

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

JUN 12 2013

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

Dear Mr. Betlach:

Enclosed is an approved copy of Arizona State Plan Amendment (SPA) No. 13-003. This amendment updates the State Plan to reflect reimbursements under the Arizona Medicaid Fee Schedule that will comply with Section 1902(a)(13) as amended by Section 1202 of the Affordable Care Act and implementing regulations effective January 1, 2013.

Enclosed are the following approved State Plan pages to be incorporated within your approved State Plan:

- Attachment 4.19-B, page 5(a)
- Attachment 4.19-B, page 5(d-g)

As we are working in partnership to implement this important provision, we would greatly appreciate if you can inform us when your state begins to pay the increased rates to your providers. Additionally, to the extent you have information regarding the number of providers receiving the enhanced payments, we would appreciate that information as well.

If you have any questions, please have your staff contact Cheryl Young at (415) 744-3598 or at cheryl.young@cms.hhs.gov.

Sincerely,

A handwritten signature in black ink that reads "Gloria Nagle - Acting". The signature is written in a cursive, flowing style.

Gloria Nagle, Ph.D., MPA
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

cc: Wakina Scott
HeeYoung Ansell

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

When AHCCCS reimburses for the following public and private provider services, payment is the lesser of the provider's charge or the capped fee amount established by AHCCCS. The current Arizona Medicaid Fee Schedule is located at www.azahcccs.gov/commercial/ProviderBilling/rates/rates.aspx.

For both private and public providers, AHCCCS reimburses the following services as described in Attachment 3.1-A Limitations, using this methodology:

- **Clinic Services, including Freestanding Ambulatory Surgery Centers and Freestanding Dialysis Centers**
- **Freestanding Birth Centers**
- **Migrant Health Center, Community Health Center and Homeless Health Center Services**
- **Home Health Services, including Durable Medical Equipment, Supplies and Prosthetic Devices**
- **Behavioral Health Services**
- **Family Planning Services**
- **Physician Services:** Effective CYs 2013 and 2014, reimbursement rates for services meeting the requirements of 42 CFR 447.400(a) can be found at Attachment 4.19-B, pages 5(d-g).
- **Nurse-Midwife services**
- **Pediatric and Family Nurse Practitioner Services**

TN No. 13-003
Supersedes
TN No. 11-018

Approval Date JUN 11 2013 Effective Date January 1, 2013

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

Attachment 4.19-B: Physician Services 42 CFR 447.405 Amount of Minimum Payment

The state reimburses for services provided by physicians meeting the requirements of 42 CFR 447.400(a) at the Medicare Part B fee schedule rate using the Medicare physician fee schedule rate in effect in calendar years 2013 and 2014 or, if greater, the payment rates that would be applicable in those years using the calendar year 2009 Medicare physician fee schedule conversion factor. If there is no applicable rate established by Medicare, the state uses the rate specified in a fee schedule established and announced by CMS.

The rates reflect all Medicare site of service and locality adjustments.

The rates do reflect Medicare site-of-service adjustments. There are no locality adjustments applicable to Arizona.

The rates do not reflect site of service adjustments, but reimburse at the Medicare rate applicable to the office setting.

The rates reflect all Medicare geographic/locality adjustments.

The rates do reflect the Medicare geographic adjustment for Arizona. There are no locality adjustments applicable to Arizona.

The rates are statewide and reflect the mean value over all counties for each of the specified evaluation and management and vaccine billing codes.

The following formula was used to determine the mean rate over all counties for each code: _____

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State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

Method of Payment

The state has adjusted its fee schedule to make payment at the higher rate for each E&M and vaccine administration code.

Arizona will use a fee schedule calculated by the state based on the January 2013 release in conjunction with the 2009 conversion factor. Arizona will not further adjust the fee schedule to account for Medicare changes throughout the year.

The state reimburses a supplemental amount equal to the difference between the Medicaid rate in effect on July 1, 2009 and the minimum payment required at 42 CFR 447.405.

Supplemental payment is made: monthly quarterly semi-annually annually

Primary Care Services Affected by this Payment Methodology

This payment applies to all Evaluation and Management (E&M) billing codes 99201 through 99499.

The State did not make payment as of July 1, 2009 for the following codes and will not make payment for those codes under this SPA (specify codes).

90465-90468, 99261-99263, 99271-99275, 99289-99290, 99293-99303, 99311-99313, 99321-99323, 99331-99333, 99351-99353, 99361-99362, 99371-99373, 99376, 99406-99409, 99431-99433, 99435-99436, 99438, 99440, 99444, 99450, 99455-99456.

The state will make payment under this SPA for the following codes which have been added to the fee schedule since July 1, 2009 (specify code and date added).

90460; 99224-99226: added January 1, 2011;

99485-99486: added January 1, 2013;

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METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

Physician Services – Vaccine Administration

For calendar years (CYs) 2013 and 2014, the state reimburses vaccine administration services furnished by physicians meeting the requirements of 42 CFR 447.400(a) at the lesser of the state regional maximum administration fee set by the Vaccines for Children (VFC) program or the Medicare rate in effect in CYs 2013 and 2014 or, if higher, the rate using the CY 2009 conversion factor.

- Medicare Physician Fee Schedule rate
- State regional maximum administration fee set by the Vaccines for Children program
- Rate using the CY 2009 conversion factor

Documentation of Vaccine Administration Rates in Effect 7/1/09

The state uses one of the following methodologies to impute the payment rate in effect at 7/1/09 for code 90460, which was introduced in 2011 as a successor billing code for billing codes 90465 and 90471.

The imputed rate in effect at 7/1/09 for code 90460 equals the rate in effect at 7/1/09 for billing codes 90465 and 90471 times their respective claims volume for a 12 month period which encompasses July 1, 2009. Using this methodology, the imputed rate in effect for code 90460 at 7/1/09 is: \$15.97.

A single rate was in effect on 7/1/09 for all vaccine administration services, regardless of billing code. This 2009 rate is: _____.

Alternative methodology to calculate the vaccine administration rate in effect 7/1/09: _____

Note: This section contains a description of the state's methodology and specifies the affected billing codes.

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State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

Effective Date of Payment

E & M Services

This reimbursement methodology applies to services delivered on and after January 1, 2013, ending on December 31, 2014 but not prior to December 31, 2014. All rates are published at <http://www.azahcccs.gov/commercial/ProviderBilling/rates/rates.aspx>

Vaccine Administration

This reimbursement methodology applies to services delivered on and after January 1, 2013, ending on December 31, 2014 but not prior to December 31, 2014. All rates are published at <http://www.azahcccs.gov/commercial/ProviderBilling/rates/rates.aspx>

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