

September 30, 2021

Brian Zolynas  
Division of Medicaid and Children's Health Operations  
U.S. Department of Health & Human Services  
Centers for Medicare & Medicaid Services  
90 Seventh Street, Suite 5-300 (5W)  
San Francisco, CA 94103-6707

**RE: Arizona SPA #21-015, FQHC/RHC GME**

Dear Mr. Zolynas:

Enclosed is State Plan Amendment (SPA) #21-015, FQHC GME. This SPA updates the FQHC/RHC section of the State Plan to add a Graduate Medical Education (GME) component, effective September 30, 2021.

Public notice for the program was posted at:  
<https://www.azahcccs.gov/PlansProviders/CurrentProviders/State/proposedrules.html> and Public notice for GME funding was posted at:  
<https://www.azahcccs.gov/shared/Downloads/PublicNotices/GMEFY22NOPI.pdf>


Tribal Consultation requirements have been met, with the Tribal Consultation presentation viewable at the following link:  
[https://www.azahcccs.gov/AmericanIndians/Downloads/Consultations/Meetings/2021/August12\\_2021QuarterlyTC.pdf](https://www.azahcccs.gov/AmericanIndians/Downloads/Consultations/Meetings/2021/August12_2021QuarterlyTC.pdf).

If there are any questions about the enclosed SPA, please contact Ruben Soliz at [ruben.soliz@azahcccs.gov](mailto:ruben.soliz@azahcccs.gov) or 602-417-4355.

Sincerely,



Dana Flannery  
Assistant Director  
Arizona Health Care Cost Containment System (AHCCCS)

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: 21-015	2. STATE Arizona
<b>FOR: Centers for Medicare and Medicaid Services</b>		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE September 30, 2021	
5. TYPE OF PLAN MATERIAL <i>(Check One)</i> :  <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT <i>(Separate Transmittal for each amendment)</i>			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR Part 447		7. FEDERAL BUDGET IMPACT: FFY 2022: \$0 FFY 2023: \$0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 4.19-B Page 5(a), 5(a)(i)		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT <i>(If Applicable)</i> :  Attachment 4.19-B Page 5a	
10. SUBJECT OF AMENDMENT: Updates the FQHC/RHC section of the State Plan to add a Graduate Medical Education (GME) component.			
11. GOVERNOR'S REVIEW <i>(Check One)</i> : <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO:  Dana Flannery 801 E, Jefferson, MD#4200 Phoenix, AZ 85034	
13. TYPED NAME: Dana Flannery			
14. TITLE: Assistant Director			
15. DATE SUBMITTED: 9/30/2021			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED:		18. DATE APPROVED:	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL:		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME:		22. TITLE:	
23. REMARKS:			

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES  
OTHER TYPES OF CARE

COMMUNITY HEALTH CENTERS/ RURAL HEALTH CLINIC GRADUATE MEDICAL EDUCATION (GME) PROGRAM

BEGINNING MARCH 1, 2022, THE ADMINISTRATION SHALL ESTABLISH, CONTINGENT ON APPROVAL BY THE CENTERS FOR MEDICARE AND MEDICAID SERVICES, A SEPARATE GRADUATE MEDICAL EDUCATION PROGRAM TO REIMBURSE QUALIFYING COMMUNITY HEALTH CENTERS AND RURAL HEALTH CLINICS THAT HAVE AN APPROVED PRIMARY CARE GRADUATE MEDICAL EDUCATION PROGRAM. THE ADMINISTRATION SHALL:

1. DISTRIBUTE TO QUALIFYING COMMUNITY HEALTH CENTERS AND RURAL HEALTH CLINICS ANY MONIES APPROPRIATED FOR GRADUATE MEDICAL EDUCATION FOR THE DIRECT AND INDIRECT COSTS OF PRIMARY CARE GRADUATE MEDICAL EDUCATION PROGRAMS THAT ARE ESTABLISHED BY QUALIFYING COMMUNITY HEALTH CENTERS AND RURAL HEALTH CLINICS AND THAT ARE APPROVED BY THE ADMINISTRATION.

2. ADOPT RULES SPECIFYING THE FORMULA BY WHICH THE MONIES ARE DISTRIBUTED.

3. REQUIRE EACH PRIMARY CARE GRADUATE MEDICAL EDUCATION PROGRAM THAT RECEIVES MONIES PURSUANT TO PARAGRAPH 1 OF THIS SUBSECTION TO IDENTIFY AND REPORT TO THE ADMINISTRATION THE NUMBER OF NEW RESIDENCY POSITIONS CREATED WITH THOSE MONIES, INCLUDING POSITIONS IN RURAL AREAS. EACH PROGRAM SHALL ALSO REPORT INFORMATION

RELATED TO THE NUMBER OF FUNDED RESIDENCY POSITIONS THAT RESULTED IN PHYSICIANS LOCATING THEIR PRACTICES IN THIS STATE. THE ADMINISTRATION SHALL REPORT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE ON OR BEFORE JULY 1 OF EACH YEAR ON THE NUMBER OF NEW RESIDENCY POSITIONS AS REPORTED BY THE PRIMARY CARE GRADUATE MEDICAL EDUCATION PROGRAMS PURSUANT TO THIS PARAGRAPH.

4. COORDINATE WITH LOCAL, COUNTY AND TRIBAL GOVERNMENTS AND ANY UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS THAT MAY PROVIDE MONIES IN ADDITION TO ANY STATE GENERAL FUND MONIES APPROPRIATED FOR PRIMARY CARE GRADUATE MEDICAL EDUCATION IN ORDER TO QUALIFY FOR ADDITIONAL MATCHING FEDERAL MONIES FOR PROGRAMS OR POSITIONS IN A SPECIFIC LOCALITY. PAYMENTS BY THE ADMINISTRATION PURSUANT TO THIS PARAGRAPH MAY BE LIMITED TO THOSE PROVIDERS DESIGNATED BY THE FUNDING ENTITY AND MAY BE BASED ON ANY METHODOLOGY DEEMED APPROPRIATE BY THE ADMINISTRATION, INCLUDING REPLACING ANY PAYMENTS THAT MIGHT OTHERWISE HAVE BEEN PAID PURSUANT TO PARAGRAPH 1 OF THIS SUBSECTION HAD SUFFICIENT STATE GENERAL FUND MONIES OR OTHER MONIES BEEN APPROPRIATED TO FULLY FUND THOSE PAYMENTS. THESE PROGRAMS, POSITIONS AND PAYMENT METHODOLOGIES MUST BE APPROVED BY THE ADMINISTRATION AND THE CENTERS FOR MEDICARE AND MEDICAID SERVICES. THE ADMINISTRATION SHALL REPORT TO THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE DIRECTOR OF THE JOINT LEGISLATIVE BUDGET COMMITTEE ON OR BEFORE JULY 1 OF EACH YEAR ON THE AMOUNT OF MONIES CONTRIBUTED AND THE NUMBER OF RESIDENCY POSITIONS FUNDED BY LOCAL, COUNTY AND TRIBAL GOVERNMENTS AND ANY UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS, INCLUDING THE AMOUNT OF FEDERAL MATCHING MONIES USED.

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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](http://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 43 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

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TN No. 21-015

Supersedes TN No. NEW

Approval Date \_\_\_\_\_

Effective Date: September 30, 2021