

October 11, 2022

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 #22-0020, LTC and Rehab Rates

Dear Mr. Zolynas:

Enclosed is State Plan Amendment (SPA) #22-0020, Long-Term Acute Care Hospital and Rehabilitation Hospital Rates. This SPA updates these state plan rates, with an effective date of October 1, 2022.

Tribal Consultation and Public Notice Requirements for this SPA have been fulfilled and the corresponding documentation is provided below:

Tribal Consultation (August 11, 2022):

<https://www.azahcccs.gov/AmericanIndians/Downloads/Consultations/Meetings/2022/August112022QuarterlyTC.pdf>

Public Notice:

https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/Final_Public_Notice_Rate_Changes_20221001.pdf

The Fiscal Impact of this SPA has been calculated as:

- FFY 2023: \$299
- FFY 2024: \$264

The state has projected this federal fiscal impact for FFY 2023 and FFY 2024 using the actual expenditure data from FFY 2021 and incorporating rate changes that occurred in FFY 2022. Using the estimated FFY 2022 expenditures, the state applied the rate changes for FFY 2023 to estimate the fiscal impact for FFY 2024. The FMAP used in FFY 2023 75.76%. The FFY 2024 estimate was assumed to be the same as FFY 2023; however, the FMAP for FFY 2024 was 66.92%.

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

Sincerely,



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

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL****FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

22 - 0020

2. STATE

AZ3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACTTO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES4. PROPOSED EFFECTIVE DATE
October 1, 20225. FEDERAL STATUTE/REGULATION CITATION
42 CFR Part 447, Subpart C6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 23 \$ 299
b. FFY: 24 \$ 264

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A, page 27

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable)

Attachment 4.19-A, page 27

9. SUBJECT OF AMENDMENT

Updates the state plan long-term care and rehabilitative rates, effective October 1, 2022.

10. 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

11. SIGNATURE OF STATE AGENCY OFFICIAL



15. RETURN TO

Dana Flannery
801 E. Jefferson St., MD # 4200
Phoenix, AZ 85034

12. TYPED NAME

Dana Flannery

13. TITLE

Assistant Director

14. DATE SUBMITTED: October 11, 2022

FOR CMS USE ONLY

16. DATE RECEIVED

17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

21. TITLE OF APPROVING OFFICIAL

22. REMARKS

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

IX. PAYMENT TO LONG-TERM ACUTE CARE HOSPITALS

Effective October 1, 2015, long-term acute care hospitals are paid a per diem rate which will be an intensive care unit (ICU) rate, a surgery rate, or a routine rate. A hospital is eligible to receive an ICU rate or a surgery rate if the hospital is licensed by the Arizona Department of Health Services to provide ICU or surgical services.

The ICU rate applies to inpatient days associated on the claim with revenue codes in the ranges 200-204, 207-212, and 219. The surgery rate applies to inpatient days associated on the claim with revenue codes 360-369 in combination with valid procedure codes that are not on the AHCCCS excluded surgery procedures list. The routine rate applies to all other inpatient days.

An outlier is a hospital claim on which the covered charges exceed the outlier threshold, which will be an ICU threshold, a surgery threshold, or a routine threshold. The outlier thresholds for long-term acute care hospitals are the thresholds that were in effect for those hospitals on September 30, 2014. Outliers shall be reimbursed by multiplying covered charges by the outlier cost-to-charge ratio. The outlier ratios will be the Final Statewide Average Total Cost-to-Charge Ratios for LTCHs in the data file published by CMS as part of the Medicare Long-Term Care Hospital Prospective Payment System for the prior fiscal year. The urban cost-to-charge ratio applies to hospitals located in Maricopa County or Pima County, and to out-of-state hospitals. The rural cost-to-charge ratio applies to all other hospitals.

AHCCCS rates were set as of October 1, ~~2022~~2024, and are effective for dates of admission on and after that date. AHCCCS rates and outlier thresholds for payments to long-term acute care hospitals are published on the agency's website at <https://azahcccs.gov/PlansProviders/RatesAndBilling/FFS/LTACrehab.html>

X. PAYMENT TO REHABILITATION HOSPITALS

Effective October 1, 2015, rehabilitation hospitals are paid a statewide per diem rate.

An outlier is a hospital claim on which the covered charges exceed the outlier threshold. The outlier threshold for rehabilitation hospitals is the threshold that was in effect for those hospitals on September 30, 2014. Outliers shall be reimbursed by multiplying covered charges by the outlier cost-to-charge ratio. The outlier cost-to-charge ratios will be the Final Statewide Average Total Cost-to-Charge Ratios for LTCHs in the data file published by CMS as part of the Medicare Long-Term Care Hospital Prospective Payment System for the prior fiscal year. The urban cost-to-charge ratio applies to hospitals located in Maricopa County or Pima County, and to out-of-state hospitals. The rural cost-to-charge ratio applies to all other hospitals.

AHCCCS rates were set as of October 1, 2022~~4~~, and are effective for dates of admission on and after that date. AHCCCS rates and outlier thresholds for payments to rehabilitation hospitals are published on the agency's website at <https://azahcccs.gov/PlansProviders/RatesAndBilling/FFS/LTACrehab.html>