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State/Territory Name: Arizona

State Plan Amendment (SPA) #: AZ-23-0020

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 AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

January 24, 2024

Carmen Heredia, Director
Arizona Health Care Cost Containment System
801 E. Jefferson
Phoenix, AZ 85034

RE: Arizona State Plan Amendment Transmittal Number 23-0020

Dear State Medicaid Director Heredia:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 23-0020. This amendment, effective October 1, 2023, updates the nursing facility Differential Adjusted Payment (DAP) program for contract year ending 2024.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. This is to inform you that Medicaid State plan amendment TN 23-0020 is approved effective October 1, 2023. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Mark Wong at (415) 744-3561 or mark.wong@cms.hhs.gov.

Sincerely,

A handwritten signature in cursive script that reads "Rory Howe".

Rory Howe
Director

Enclosures

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

1. TRANSMITTAL NUMBER 23 — 0 0 2 0	2. STATE AZ
3. PROGRAM IDENTIFICATION: TITLE 19 OF THE SOCIAL SECURITY ACT	

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
October 1, 2023

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR Part 447, Subpart C

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 24 \$ 464,900
b. FFY 25 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-D, page: 9(b), 9(c), 9(d)

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)


Attachment 4.19-D, page: 9(b), 9(c), 9(d)

9. SUBJECT OF AMENDMENT
Updates the State Plan Nursing Facility (NF) Differential Adjusted Payment (DAP), effective October 1, 2023

10. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL


12. TYPED NAME
Alex Demyan

13. TITLE
Assistant Director

14. DATE SUBMITTED: 10/30/23

15. RETURN TO
Alex Demyan
801 E. Jefferson St., MD #4200
Phoenix, AZ 85034

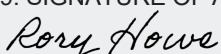
FOR CMS USE ONLY

16. DATE RECEIVED
October 30, 2023

17. DATE APPROVED
January 24, 2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
October 1, 2023

19. SIGNATURE OF APPROVING OFFICIAL


20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

21. TITLE OF APPROVING OFFICIAL
Director, Financial Management Group

22. REMARKS

STATE OF ARIZONA
METHODS AND STANDARDS FOR ESTABLISHING FEE FOR SERVICE PAYMENT RATES
FOR LONG TERM CARE FACILITIES

Nursing Facility Differential Adjusted Payment

As of October 1, 2023 through September 30, 2024 (Contract Year Ending (CYE) 2024), provider type 22 nursing facilities that are located in Arizona with Arizona Medicaid utilization that meet AHCCCS established value-based performance metrics requirements below will receive one or both of the Differential Adjusted Payments described below. The Differential Adjusted Payment Schedule represents a positive adjustment to the AHCCCS Fee-For-Service reimbursement rates. These payment adjustments will occur for all dates of service in CYE 2024 only. The purpose of the Differential Adjusted Payment is to distinguish facilities which have committed to supporting designated actions that improve patients' care experience, improve members' health, and reduce cost of care growth.

a. Health Information Exchange

Nursing facilities that meet the following milestones are eligible to earn a 0.5% DAP.

- i. *Milestone #1:* No later than April 1, 2023, the facility must have in place an active participation agreement with the Health Information Exchange (HIE) organization and submit a signed Health Information Exchange Statement of Work (HIE SOW) to the HIE. The HIE SOW must contain each facility, including AHCCCS ID(s) and corresponding National Provider Identifier(s) (NPI), that the facility requests to participate in the DAP.
- ii. *Milestone #2:* No later than May 1, 2023, the facility must have actively accessed, and continue to access on an ongoing basis, patient health information via the HIE organization, utilizing one or more HIE services, such as the HIE Portal, ADT Alerts, Clinical Notifications, or an interface that delivers patient data into the facility's EHR. System. If it is the facility's first year in the DAP HIE initiative, then the facility must meet this milestone no later than January 1, 2024.
- iii. *Milestone #3:* No later than September 30, 2023, facilities that utilize external reference labs for any lab result processing must submit necessary provider authorization forms to the HIE, if required by the external reference lab, to have all outsourced lab test results flow to the HIE organization on their behalf.
- iv. *Milestone #4:* No later than September 30, 2023, the facility must electronically submit the following actual patient identifiable information to the production environment of the HIE organization: admission, discharge, and transfer information (generally known as ADT information) from within the nursing facility; continuity of care documents reflecting a summary of care within the nursing facility including (if applicable): laboratory and radiology information; medication information; immunization data; active problem lists (diagnosis); social history; treatments and procedures conducted during the stay; advance directives; active allergies; and basic patient demographic data including assigned provider, emergency contact and payer.

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- v. Milestone #5: No later than September 30, 2023, the facility must have or obtain a unique Object Identifier (OID) created by a registration authority, the facility, and HL7. The OID is a globally unique International Organization for Standardization identifier for the facility.
- vi. Milestone #6: No later than July 1, 2023, the facility must sign a DAP SOW amendment to include HIE integration requirements, which will include the steps and expectations and timeline to transition the facility's HIE connection to the new HIE platform. The facility must continue to meet the HIE integration requirements through September 30, 2024.

For any milestone that includes electronic submission of patient information, the information transferred to the qualifying HIE must be actual patient data; the transfer of test data does not fulfill these requirements. All electronic submissions must be received through standard HL7 or CCD document architecture. It must include all patient data, including behavioral health data and data covered by 42 C.F.R. Part 2. Data is expected to be live throughout the year, any downtime will be reported and an effort to provide data to the HIE is required for the period in which the data was not received.

If a nursing facility has achieved one or more of the CYE 2024 milestones as of April 1, 2023, the HIE SOW must include a commitment by the facility to maintain its participation in those milestone activities for the period of April 1, 2023, through September 30, 2024.

b. Arizona Health Directives Registry (AzHDR) (0.5%)

Nursing facilities that meet the following milestones are eligible to earn a 0.5% DAP.

- i. Milestone #1: No later than April 1, 2023, the facility must submit a signed Health Information Exchange Statement of Work (HIE SOW) indicating AzHDR participation to the HIE organization. The HIE SOW must contain each facility, including AHCCCS ID(s) and corresponding NPI(s), that the facility requests to participate in the DAP.
- ii. Milestone #2: No later than November 1, 2023, complete the AzHDR Participant Agreement.
- iii. Milestone #3: No later than April 1, 2024, have onboarding completed by working with the HIE to submit all HIE requirements prior to gaining access to the platform.

If a nursing facility has achieved one or more of the CYE 2024 milestones as of April 1, 2023, the HIE SOW must include a commitment by the facility to maintain its participation in those milestone activities for the period of April 1, 2023, through September 30, 2024.

c. Urinary Tract Infection Performance Measure (1.0%)

Nursing facilities that meet or fall below the statewide average percentage for the Urinary Tract Infection (UTI) performance measure will qualify for a 1.0% DAP increase. On March 15, 2023,

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AHCCCS will download data from the Medicare Provider Data Catalog website for the percent of long-stay residents with a UTI. Facility results will be compared to the Arizona average results for the measure. Facilities with percentages less than or equal to the statewide average score will qualify for the DAP increase.

Exemptions

IHS and 638 tribally owned and/or operated facilities, including nursing facilities are exempt from this initiative based on payments primarily at the all-inclusive rate.

Payment Methodology

For provider type 22 nursing facilities, the fee-for-service payment rates will be increased by 1.0% if they meet the UTI requirements, by 0.5% if they meet AzHDR requirements, and by 0.5% if they meet the HIE requirements. A Provider Type 22 facility meeting UTI, AzHDR, and HIE requirements will receive a combined 2.0% increase. These increases do not apply to supplemental payments.

Facilities which submitted an HIE LOI and received an increase for CYE 2023 but failed to achieve one or more milestones in the HIE LOI or failed to maintain its participation in the milestone activities are ineligible to receive a DAP in CYE 2024.

If a provider is receiving a DAP in CYE 2024 and cannot meet a milestone and/or cannot maintain its participation in milestone activities, the provider must immediately notify AHCCCS. This notification must be made prior to the milestone deadline and must state the reason the milestone cannot be met. When applicable, DAP participants are subject to audits, at the discretion of AHCCCS. Within 30 days of AHCCCS being notified of a missed milestone, becoming aware of the provider's failure to maintain participation, and/or determining that the provider has failed a DAP audit, AHCCCS will remove the participant's eligibility for the DAP, effective immediately and for the remainder of the year.

If a facility receives a DAP increase for the entire CYE 2024 but it is determined subsequently that it did not meet the CYE 2024 milestones or failed to maintain its participation in the milestone activities in CYE 2024, that facility will be ineligible to receive this DAP for CYE 2025 if a DAP is available at that time.