

October 30, 2023

Mark Wong  
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 # AZ-23-0020, Nursing Facility Differential Adjusted Payment (DAP)**

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) # AZ-23-0020, Nursing Facility Differential Adjusted Payment (DAP). This SPA updates the Nursing Facility Differential Adjusted Payment (DAP) methodology in the State Plan, effective October 1, 2023.

**Tribal Consultation** on this SPA occurred on August 29, 2023. The Tribal Consultation presentation is available on the following webpage:

[https://www.azahcccs.gov/AmericanIndians/Downloads/Consultations/Meetings/2023/08292023QuarterlyTC\\_Presentation.pdf](https://www.azahcccs.gov/AmericanIndians/Downloads/Consultations/Meetings/2023/08292023QuarterlyTC_Presentation.pdf) .

**Public Notice** for this SPA was posted on the following webpages:

[https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/CYE24\\_DAP\\_Notice.pdf](https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/CYE24_DAP_Notice.pdf)

The **Federal Fiscal Impact** for this SPA is:


Year	Amount
FFY 2024	\$464,900

This federal fiscal impact represents the projected federal funds cost of the SPA’s DAPs for services reimbursed on a fee-for-service basis. AHCCCS determined each provider and service that qualified for each DAP specified in this SPA, based on the requirements specified in the CYE 2024 Final Public Notice. The FFY 2022 utilization of these qualifying providers and qualifying services was identified. The FFY 2022 data was then repriced to remove impacts of prior year DAPs and to reprice utilization at the CYE 2024 FFS rates. The percentage increase for each DAP was then applied to the adjusted FFY 2022 utilization data for qualifying providers and services to estimate the total funds impact. The agency then applied projected weighted federal medical assistance percentages to total fund estimates to calculate the federal funds share of cost. The process for calculating each DAP contained within this SPA is similar, but subject to the different eligibility criteria specified in the CYE 2024 Final Public Notice. The calculation of the weighted FMAP of 66.67% used in the impact estimate is shown in the table below.

FFY24:					
NF - ALTCS Reg	Regular	Title XXI	Transition	NEA 100%	Total
MMs	24,384,617	-	-	-	24,384,617
% Weight	100.00%	0.00%	0.00%	0.00%	
FMAP	66.67%	76.66%	90.00%	90.00%	
Eff. FMAP	66.67%	0.00%	0.00%	0.00%	66.67%
				Total Fund	\$697,300
				Fed Funds	\$464,900

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,



Alex Demyan  
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 <b>23 — 0 0 2 0</b>	2. STATE <b>AZ</b>
3. PROGRAM IDENTIFICATION: TITLE <b>19</b> 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       OTHER, AS SPECIFIED:  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

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

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 FEE FOR SERVICE PAYMENT RATES  
FOR LONG TERM CARE FACILITIES

---

**Nursing Facility Differential Adjusted Payment**

As of October 1, 202~~32~~<sup>33</sup> through September 30, 202~~43~~<sup>43</sup> (Contract Year Ending (CYE) 202~~43~~<sup>43</sup>), 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 202~~43~~<sup>43</sup> 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 ~~participate in this DAP initiative and earn a 1.0.5% DAP increase. In order to qualify, by April 1, 2022 the facility must have submitted a LOI to the HIE, in which it agrees to achieve the following milestones by the specified dates:~~

- i. Milestone #1: No later than April 1, 202~~32~~<sup>32</sup>, the facility must have in place an active participation agreement with the Health Information Exchange a qualifying (HIE) organization and submit a signed Health Information Exchange Statement of Work (HIE SOW) LOI 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.
- i. 1. For facilities that have not participated in DAP HIE requirements in CYE 2023, send an email requesting an HIE SOW to [DAP@contexture.org](mailto:DAP@contexture.org), in which it agrees to achieve the following milestones by the specified dates or maintain its participation in the milestone activities if they have already been achieved.
- ii. Milestone #2: No later than ~~April 1, 2022~~, facilities that utilize external reference labs for any lab result processing must submit necessary provider authorization forms to the qualifying HIE, if required by the external reference lab, to have all outsourced lab test results flow to the qualifying HIE organization on their behalf. 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 December 31, 2022, the facility must electronically submit the following actual patient identifiable information to the production environment of a qualifying 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; advanced directives; active allergies; and~~

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

---

~~basic patient demographic data including assigned provider, emergency contact and payer. For facilities that have not participated in DAP HIE requirements in CYE 2022, the deadline for this milestone will be April 1, 2023. 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.~~

~~—Milestone #4: By the facility's go-live date for new data suppliers, or within 30 days of initiating the respective COVID-19 related services for current data suppliers, the facility must complete the following COVID-19 related milestones, if they are applicable:~~

~~1. Related to COVID-19 testing services, submit all COVID-19 lab test codes and the associated LOINC codes to the qualifying HIE organization to ensure proper processing of lab results within the HIE system.~~

~~2. Related to COVID-19 antibody testing services, submit all COVID-19 antibody test codes and the associated LOINC codes to the qualifying HIE organization to ensure proper processing of lab results within the HIE system.~~

~~1. Related to COVID-19 immunization services, submit all COVID-19 immunization codes and the associated CDC-recognized code sets to the qualifying HIE organization to ensure proper processing of immunizations within the HIE system.~~

~~3. 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.~~

~~iv. Milestone #5: No later than April 1, 2023, the facility must have actively accessed, and continue to access on an ongoing basis, patient health information via a qualifying 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. 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. Contact the HIE's Quality Improvement Team for instructions and to ensure you are compliant.~~

~~ii-v. 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.~~

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

---

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.

In order to receive the 1.0% DAP increase for HIE participation a facility must submit a LOI to the HIE by April 1, 2022 to the following email address: DAP@healthcurrent.org

If a facility has already achieved one or more of the CYE 2023 milestones as of April 1, 2022, the LOI must include a commitment by the facility to maintain its participation in those milestone activities for the period April 1, 2022 through September 30, 2023. The LOI must list each facility that the Nursing Facility requests to participate in this DAP initiative and must include the AHCCCS IDs for each listed facility. In all cases, the Nursing Facility must submit the AHCCCS IDs for each listed facility as part of the LOI or must email the associated AHCCCS IDs to the email addresses noted.

If a facility submits a LOI and receives the 1.0% DAP increase for CYE 2023 but fails to achieve one or more of the HIE milestones by the specified date or fails to maintain its participation in the HIE milestone activities, that facility will be ineligible to receive an HIE DAP for dates of service from October 1, 2023 through September 30, 2024 (CYE 2024) if a DAP is available at that time.

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. Additionally, if a facility submits a HIE SOW and receives the DAP increase for CYE 2024 but fails to achieve one or more of the milestones by the specified date or fails to maintain its participation in the milestone activities, that facility will be ineligible to receive this DAP for CYE 2025 if a DAP is available at that time.

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

---

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

The AzHDR is in alignment with the 2019 Arizona Senate Bill 1352 (enacted into Laws 2019, Ch. 314) that was passed giving healthcare providers the ability to have real-time access to patient's advance directives. 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.
  - 1. For facilities that have not participated in DAP HIE requirements in CYE 2023, send an email requesting an HIE SOW to DAP@contexture.org.
- 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. Additionally, if a nursing facility submits a SOW and receives the DAP increase for CYE 2024 but fails to achieve one or more of the milestones by the specified date or fails to maintain its participation in the milestone activities, that nursing facility will be ineligible to receive this DAP for CYE 2025 if a DAP is available at that time.

cb. 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, 2022, 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**

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

---

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 ~~1.0~~[0.5](#)% if they meet the HIE requirements. A Provider Type 22 facility meeting ~~both~~ 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 SOWLOI](#) and received an increase for CYE 202~~4~~[2](#) but failed to achieve one or more milestones in the [HIE SOWLOI](#) or failed to maintain its participation in the milestone activities are ineligible to receive a DAP in CYE 202~~5~~[3](#).