

## **Table of Contents**

**State/Territory Name: Arizona**

**State Plan Amendment (SPA) #: AZ-24-0016**

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 & HUMAN SERVICES**

Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S3-14-28  
Baltimore, Maryland 21244-1850



---

**Financial Management Group**

December 13, 2024

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

RE: Arizona State Plan Amendment Transmittal Number 24-0016

Dear State Medicaid Director Heredia:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Arizona state plan amendment (SPA) to Attachment 4.19-D AZ-24-0016, which was submitted to CMS on November 18, 2024. This plan amendment updates the nursing facility Differential Adjusted Payment (DAP) program for contract year ending 2025.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2), of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of October 1, 2024. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Mark Wong at 415-744-3561 or via email at [mark.wong@cms.hhs.gov](mailto:mark.wong@cms.hhs.gov), or Robert Bromwell at 410-786-5914 or via email at [robert.bromwell@cms.hhs.gov](mailto:robert.bromwell@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 <b>24 — 0016</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, 2024**

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

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)  
a. FFY: **2025** \$ **553,500**  
b. FFY: **2026** \$ **0**

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  
  
**Attachment 4.19-D, page: 9(b), 9(c), 9(d)**  
**NEW pages: Attachment 4.19-D, page: 9(e), 9(f), 9(g)**

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  
  
**Attachment 4.19-D, page: 9(b), 9(c), 9(d)**  
**NEW pages: Attachment 4.19-D, page: 9(e), 9(f), 9(g)---**

9. SUBJECT OF AMENDMENT  
Updates the State Plan Nursing Facility (NF) Differential Adjusted Payment (DAP), effective October 1, 2024.

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  
  


15. RETURN TO  
Kyle Sawyer  
801 E. Jefferson St., MD #4200  
Phoenix, AZ 85034

12. TYPED NAME  
Kyle Sawyer

13. TITLE  
Assistant Director, Public Policy and Strategic Planning

14. DATE SUBMITTED: November 18, 2024


**FOR CMS USE ONLY**

16. DATE RECEIVED  
November 18, 2024

17. DATE APPROVED  
December 13, 2024

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL  
October 1, 2024

19. SIGNATURE OF APPROVING OFFICIAL  


20. TYPED NAME OF APPROVING OFFICIAL  
Rory Howe

21. TITLE OF APPROVING OFFICIAL  
Director, Financial Management Group

22. REMARKS  
  
**Pen-and-ink change made to Box 8 by CMS with state concurrence.**

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, 2024, through September 30, 2025 (Contract Year Ending (CYE) 2025), Nursing Facilities(Provider Type 22), that are located in Arizona with Arizona Medicaid utilization that meet AHCCCS established value-based performance metrics requirements below will receive 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 2025 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.

**1. Health Information Exchange (0.5%)**

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

Cohort 1: Facilities that participated in the DAP HIE program in CYE 2023 and/or CYE 2024.

- i. Milestone #1: No later than April 1, 2024, the facility must have in place an active Health Information Exchange (HIE) Participation Agreement and submit a signed Differential Adjusted Payment Statement of Work (DAP SOW) to the HIE organization. The participant list attached to the DAP 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.

Facilities must meet the following milestones in maintaining existing connections to the current HIE platform:

- ii. Milestone #2: No later than May 1, 2024, 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, standard Admission, Discharge, Transfer (ADT) Alerts, standard Clinical Notifications, or an interface that delivers patient data into the facility's Electronic Health Record (EHR) system.
- iii. Milestone #3: No later than May 31, 2024, facilities that utilize external reference labs for any lab result processing must submit necessary provider authorization forms to the HIE organization, if required by the external reference lab, to have all outsourced lab test results flow to the HIE on their behalf.
- iv. Milestone #4: No later than May 31, 2024, the facility must electronically submit the following patient identifiable information to the production environment of the HIE organization: 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

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

---

(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. If a facility is in the process of integrating a new EHR system, the facility must notify the HIE organization and get the implementation timeline approved to continue meeting DAP requirements.

Facilities must meet the following milestones in establishing new connections to the ONE Platform, Contexture's new HIE platform:

- v. Milestone #5: No later than May 1, 2024, the facility must complete their HIE Integration workbook in its entirety to connect data sender interfaces to the ONE platform.
- vi. Milestone #6: No later than September 1, 2024, the facility must launch the integration implementations project, have a VPN connection in place with the HIE, and electronically submit test patient information to the ONE Platform test environment. The facility is required to engage in interface testing as required by the HIE and focus on improving data integrity in the test environment.
- vii. Milestone #7: No later than December 30, 2024, the facility must have a connection in place with the HIE and electronically submit the following patient information to the ONE Platform production environment: 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. The facility is required to engage in interface testing as required by the HIE.
- viii. Milestone #8: No later than April 1, 2025, the facility must have in place the following new agreements with the HIE organization as a result of the affiliation of Health Current and Colorado Regional Health Information Organization (CORHIO).
  - 1. HIE Participation Agreement for ONE Platform
  - 2. Statement of Work (SOW) to access the ONE Platform Portal
  - 3. Statement of Work (SOW) to send data to ONE Platform
- ix. Milestone #9: No later than May 1, 2025, the facility must launch the implementation project to access patient health information via the HIE and complete the ONE Platform portal training prior to access being granted.

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

---

- x. Milestone #10: No later than July 30, 2025, the facility must have actively accessed, and continue to access on an ongoing basis, patient health information via the HIE organization, utilizing the ONE Platform portal.

Cohort 2: Facilities that have **not** participated in the DAP HIE program in CYE 2023 or CYE 2024.

- i. Milestone #1: No later than April 1, 2024, the facility must have in place an active Health Information Exchange (HIE) Participation Agreement and submit a signed Differential Adjusted Payment Statement of Work (DAP SOW) to the HIE organization. The participant list attached to the DAP 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 October 1, 2024, the facility must launch the implementation project to access patient health information via the HIE and complete the HIE portal training prior to access being granted.
- iii. Milestone #3: No later than December 30, 2024, the facility must have actively accessed, and continue to access on an ongoing basis, patient health information via the HIE organization, utilizing the HIE Portal.
- iv. Milestone #4: No later than April 1, 2025, the facility must have in place the following new agreements with the HIE organization as a result of the affiliation of Health Current and Colorado Regional Health Information Organization (CORHIO).
1. HIE Participation Agreement for ONE Platform
  2. Statement of Work (SOW) to access the ONE Platform Portal
  3. Statement of Work (SOW) to send data to ONE Platform
- v. Milestone #5: No later than May 1, 2025, the facility must launch the implementation project to access patient health information via the HIE and complete the ONE Platform portal training prior to access being granted.
- vi. Milestone #6: No later than July 30, 2025, the facility must have actively accessed, and continue to access on an ongoing basis, patient health information via the HIE organization, utilizing the ONE Platform portal.
- vii. Milestone #7: No later than August 1, 2025, facilities that utilize external reference labs for any lab result processing must submit necessary provider authorization forms to the HIE organization, if required by the external reference lab, to have all outsourced lab test results flow to the HIE on their behalf.

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

---

- viii. Milestone #8: No later than August 1, 2025, the facility must launch the integration implementations project, have a VPN connection in place with the HIE, and electronically submit test patient information to the ONE Platform test environment. The facility is required to engage in interface testing as required by the HIE and focus on improving data integrity in the test environment.
- ix. Milestone #9: No later than September 30, 2025, the facility must electronically submit the following patient identifiable information to the production environment of the HIE organization: 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. The facility is required to engage in interface testing as required by the HIE.

For any milestone that includes electronic submission of patient information in the production environment, 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.

## 2. **Arizona Health Directives Registry (AzHDR) (0.5%)**

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

Cohort 1: Facilities that participated in the DAP AzHDR program in CYE 2024.

- i. Milestone #1: No later than April 1, 2024, the facility must have in place an active Health Information Exchange (HIE) Participation Agreement and submit a signed Differential Adjusted Payment Statement of Work (DAP SOW) to the HIE organization indicating Arizona Health Directives Registry (AzHDR) participation. The participant list attached to the DAP 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: From October 1, 2024, through September 30, 2025, the facility must participate in the utilization of the AzHDR platform by facilitating at least 5 patient document uploads of advanced directives and 15 searches of advance directives per month per registered AHCCCS ID.

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

---

Cohort 2: Facilities that have **not** participated in the DAP AzHDR program in CYE 2024.

- i. Milestone #1: No later than April 1, 2024, the facility must have in place an active Health Information Exchange (HIE) Participation Agreement and submit a signed Differential Adjusted Payment <sup>NEW</sup> Statement of Work (DAP SOW) to the HIE organization indicating Arizona Health Directives <sup>NEW</sup> Registry (AzHDR) participation. The participant list attached to the DAP 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 November 1, 2024, the facility must complete the AzHDR Subscription Agreement.
  - iii. Milestone #3: No later than April 1, 2025, the facility must have onboarding completed by working with AzHDR to submit user information to gain credentials to access AzHDR and complete training.
  - iv. Milestone #4: No later than May 1, 2025, the facility must participate in the utilization of the AzHDR platform by facilitating at least 5 searches/uploads of advance directives per month per AHCCCS ID.
- 3. Antipsychotic Medication Performance Measure (1.0%)**  
Nursing facilities that meet or fall below the statewide average percentage for the Antipsychotic Medication performance measure will qualify for a 1.0% DAP increase. On March 15, 2024, AHCCCS will download data from the Medicare Provider Data Catalog website. 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

Nursing Facilities (Provider Type 22), Fee-for-Service payment rates will be increased up to a maximum of 2.0%. Reimbursement rates will be increased by 1.0% if the Antipsychotic Medication requirements are met, by 0.5% if the AzHDR requirements are met, and by 0.5% if the HIE Participation requirements are met. These increases do not apply to supplemental payments.



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

---

Facilities which submitted a DAP SOW and received an increase for CYE 2024 but failed to achieve one or more milestones in the DAP SOW or failed to maintain its participation in the milestone activities are ineligible to receive a DAP in CYE 2025.

If a provider is receiving a DAP in CYE 2025 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 2025 but it is determined subsequently that it did not meet the CYE 2025 milestones or failed to maintain its participation in the milestone activities in CYE 2025, that facility will be ineligible to receive this DAP for CYE 2026 if a DAP is available at that time.