Table of Contents

State/Territory Name: Arizona

State Plan Amendment (SPA) #: 14-011

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
San Francisco Regional Office
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6706

DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS

December 2, 2014

Tom Betlach, Director
Arizona Health Care Cost Containment System
801 East Jefferson Street
Phoenix, AZ 85034

Dear Mr. Betlach:

We have reviewed the proposed State Plan Amendment (SPA) 14-0011, which was submitted to the Centers for Medicare & Medicaid Services San Francisco Regional Office on September 30, 2014. This SPA updates the State Plan section on third party liability to reflect recent internal changes to third party liability claims processing, including diagnosis & trauma code edits, availability of other insurance coverage, determination of correct billing and other related changes.

Based on the information provided, we are approving SPA 14-0011 with an effective date of July 1, 2014 as requested. We are enclosing the approved Form CMS-179 and the following Medicaid State Plan pages:

- Attachment 4.22-A, pages 1-6
- Supplement to Attachment 4.22
- Attachment 4.22-B, pages 1 and 2

If you have any additional questions or need further assistance, please contact Cheryl Young at (415) 744-3598 or cheryl.young@cms.hhs.gov.

Sincerely,

/s/

Hye Sun Lee
Acting Associate Regional Administrator
Division of Medicaid & Children's Health Operations

cc: Wakina Scott
HeeYoung Ansell

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE AND MEDICAID SERVICES

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL **FOR: Centers for Medicare and Medicaid Services**	1. TRANSMITTAL NUMBER: 14-011	2. STATE Arizona
	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 July 1, 2014	

5. TYPE OF PLAN MATERIAL *(Check One)*:

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION:	7. FEDERAL BUDGET IMPACT:
42 C.F.R. 433.138(d)(1); (d)(4)(i); (d)(4)(ii); (d)(4)(ii); (e); (g)(2)(i); (g)(3)(i)(iii); (g)(4)(i)(ii)(iii); 42 C.F.R. 433.139(b)(3)(ii)(A); (f)(2)	FFY14 (July-Oct 2014): $25,000 FFY15: Annual net gain of $100,000
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.22-A; pages 1~~-5~~ -6 Supplement to Attachment 4.22~~-A Supplement~~ Attachment 4.22-B; pages 1-2	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*: Same

10. SUBJECT OF AMENDMENT:

Updates the State Plan to reflect changes to Third Party Liability

11. 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:

12. SIGNATURE OF STATE AGENCY OFFICIAL: [redacted]	16. RETURN TO: Monica Coury 801 E. Jefferson, MD#4200 Phoenix, Arizona 85034
13. TYPED NAME: Monica Coury	
14. TITLE: Assistant Director	
15. DATE SUBMITTED: 9-30-14	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: September 30, 2014	18. DATE APPROVED: December 2, 2014
PLAN APPROVED – ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: July 1, 2014	20. SIGNATURE OF REGIONAL OFFICIAL: /s/
21. TYPED NAME: Hye Sun Lee	22. TITLE: Acting Assistant Regional Administrator Division of Medicaid & Children's Health Operations

23. REMARKS:

Box 7: Update to reflect pro-rated savings amount for FFY14 and annualized savings of $100K. Savings for both years were confirmed in AZ's email response to CMS's informal questions dated 10/30/14.

Box 8: Update to reflect revised pages now include a new Attachment 4.22, page 6 and to correct Supplement title. AZ email approval dated 11/24/14.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: Arizona

THIRD PARTY LIABILITY

4.22(b)(1):

Frequency of data exchanges required by 42 CFR 433.138 (d) (1), State Wage Information Collection Agency (SWICA), and SSA Wage and Earnings Files.

The Arizona Health Care Cost Containment System (AHCCCS) conducts data exchanges as required by federal law.

The State Wage Information is provided by the Arizona Department of Administration's Office of Employment and Population Statistics (EPS), which is the State Wage Information Collection Agency. The eligibility systems (AZTECS and HEAplus) of the Arizona Department of Economic Security and AHCCCS matches with the State Wage file during the application and renewal process. It also searches for a match every six months for families that report no income during their application or renewal. AHCCCS and DES collect SSA income and Medicare information from the SVES and SOLQI processes provided by SSA. DES collects SSA income information from the BENDEX file provided by SSA.

Frequency of data exchange required by 42 CFR 433.138(d)(3), IV-A Agency.

The DES refers TPL information to AHCCCS on a daily basis.

Frequency of data exchange required by 42 CFR 433.138(d)(4)(i), State Workers Compensation or Industrial Accident Commission.

AHCCCS conducts quarterly data exchanges with the Industrial Commission of Arizona (ICA) to match Medicaid recipients with records of those with employment related injuries or illnesses.

Frequency of data exchange required by 42 CFR 433.138(d)(4)(ii), State Motor Vehicle accident report files.

AHCCCS conducts quarterly data matches with the Arizona Department of Transportation (ADOT) to identify Medicaid recipients with motor vehicle accident reports.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: Arizona

Frequency of the diagnosis and trauma code edits 800-999 (excluding 994.6) per 42 CFR 433.138(e).

Diagnosis and trauma code edits are conducted monthly. AHCCCS contracts with a TPL Contractor to perform the required diagnosis and trauma code edits matches and recovery.

The TPL Contractor is provided, via the secure FTP server, a monthly extract of fee-for-service (FFS) paid claims that include the claim specific diagnosis codes. The TPL Contractor conducts diagnosis and trauma code edits for codes 800 through 999, with the exception of code 994.6, for all fee-for-service claims, and removes all beneficiaries with any previous trauma code if the date of service is within six months of the previously reported date of service. The Contractor then returns a file of matched members not previously identified in a trauma code data match. Each Member identified in the data match is sent a questionnaire, and they are asked to respond within 10 days.

4.22(b)(2):
Methods used for meeting the follow-up requirements contained in 42 CFR 433.138(g)(l)(i), SWICA, SSA Wage and Earnings Files, and IV-A Agency.

AHCCCS and the DES Division of Benefits and Medical Eligibility (DBME) workers identify potential TPL based on information obtained from the SWICA and SSA Wage and Earnings files. Eligibility workers also obtain other insurance information if it is reported by the applicant through the CMS-approved application. The DES Division of Child Support Enforcement verifies coverage through the absent parent's employer via the National Medical Support Part B Medical Support Notice to Plan Administrator. The TPL information is inputted into the Arizona Technical Eligibility Computer System (AZTECS), ACE, or HEAplus eligibility systems. AZTECS is the DES eligibility system for various public assistance programs; AHCCCS Customer Eligibility (ACE) is the eligibility system used by AHCCCS for ALTCS enrollment; Health-e-Arizona Plus (HEAplus) is the state's new eligibility system designed to comply with the Affordable Care Act. Medical eligibility is currently being transitioned to HEAplus. Eventually, the state plans to use HEAplus to determine eligibility for all of the state's public assistance programs. This information is transmitted daily to the AHCCCS Prepaid Medical Management Information System (PMMIS). Once entered into the PMMIS, the information is sent to the AHCCCS TPL Contractor for verification. The Contractor verifies the health insurance information through its data matching processes with insurance carriers throughout the country. Once verified, the information is communicated to the AHCCCS Managed Care Contractors via the enrollment roster which provides the insurance carrier information.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: Arizona

The DES Division of Child Support Enforcement (DCSE), which is the State IV-D Agency, plays a major role in medical support enforcement. DCSE is responsible for transmitting relevant health insurance information to AHCCCS when medical support is secured. Information is verified through the absent parent's employer and is then entered into the Arizona Tracking and Location Automated System (ATLAS). DCSE transmits a daily file to AHCCCS which contains all TPL adds, changes and deletes.

Method for meeting the follow-up requirements contained in 42 CFR 433.138(g)(2)(i), Health insurance information and Workers' Compensation data exchanges.

Health Insurance Data Exchanges:
Identifying Members with other medical coverage information begins with the initial eligibility process and continues throughout the Member's Medicaid eligibility. Commercial insurance coverage information is maintained in the Pre-paid Medical Management Information System (PMMIS). AHCCCS utilizes its TPL Contractor to perform insurance verifications and data matches. New insurance referrals and updates to existing commercial insurance coverage information are batched daily and placed on the secure FTP server. The TPL Contractor picks-up the file and verifies the changes. When the verifications are completed the TPL Contractor returns the coverage information to the secure FTP server. The Contractor is expected to complete the file pick-up, verification, and return of coverage information to the FTP server within a month. In addition to verifying new segment information received from AHCCCS, the TPL Contractor monthly matches the entire Medicaid membership with their national database of commercial insurance policy information and verifies the coverage of potential matches and returns the verified information to the secure FTP server. Upon receipt of the verified coverage information, AHCCCS updates PMMIS and, if appropriate, transmits verified coverage information to the appropriate health plan (MCO) using the secure FTP server.

Monthly, the TPL Contractor matches AHCCCS FFS paid claims with the contractor's national medical insurance coverage database and if a Member match is found the responsible insurance carrier is billed for paid claims that may have been overlooked by the State's internal TPL activities. All recoveries are reported in the year of the AHCCCS paid claim using appropriate reporting categories.

Workers' Compensation Data Exchanges:
AHCCCS conducts a quarterly data match with the ICA. The TPL Contractor conducts the data match of AHCCCS Members with individuals who have filed a claim with the ICA. Quarterly, the ICA places a file containing all of the Workers Compensation claims opened within the last

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: Arizona

24 months on the AHCCCS secure FTP server. The TPL Contractor picks up the file, matches the data with AHCCCS Membership, and then uses the file of the matched FFS members in either the diagnosis and trauma code edit recovery process (see diagnosis and trauma code edits below) or for a more specialized recovery effort. Again if appropriate, workers compensation information is transmitted to the appropriate health plan (MCO) using the AHCCCS secure server, to be used in their recovery effort. Workers compensation recoveries are reported in the year of the AHCCCS paid claim using appropriate reporting categories.

4.22(b)(3):
Method used for meeting the follow-up requirements contained in 42 CFR 433.138(g)(3)(i)(iii), State motor vehicle accident report file data exchanges.

AHCCCS conducts a quarterly data match with the ADOT. AHCCCS provides ADOT a file containing the AHCCCS ID number, SSN and other required information for members who would have been at least 16 years old at any time during that last 24 months.

ADOT conducts the matching process and returns a file that contains the AHCCCS ID number and any matched "crash" data. The ADOT data match is limited to eligible drivers since ADOT does not capture passenger information. Since ADOT only has the ability to match the AHCCCS members with licensed drivers, AHCCCS expands the ADOT returned file to include AHCCCS Members who are part of the Member's household, or otherwise associated with the ADOT matched member in the AHCCCS eligibility system, before sending it to the TPL contractor for follow-up. Upon receipt of the file, the TPL Contractor removes all beneficiaries with any previously identified trauma code service if the date of service is within six months of the previously identified date of service. The Contractor uses the FFS matches as a referral to the Trauma Edit Code Edit process (see diagnosis and trauma code edits below), or sends them to the appropriate health plan (MCO) using the AHCCCS secure FTP server, to be used in their recovery effort. Recoveries from the ADOT data matches are reported in the year of the AHCCCS paid claim using appropriate reporting categories.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: Arizona

4.22(b)(4):

Method used for following up on paid claims contained in 42 CFR 433.138(g)(4)(i)(ii)(iii), diagnosis and trauma code edits.

AHCCCS' contracts with a TPL Contractor to perform the required diagnosis and trauma code edits for AHCCCS. The TPL Contractor conducts diagnosis and trauma code edits for codes 800 through 999, with the exception of code 994.6, for all fee-for-service claims. The Centers for Medicare & Medicaid Services (CMS) developed a list of codes shown to be unproductive and offered a blanket waiver to all states. AHCCCS adopted the recommendation and edited all of the ICD-9 codes listed. The following lists of codes are currently being removed from the Trauma Code Edit Report: 900 - 919.5, 921.3, 930, 931 - 939.9, 942.22, 944.20, 945, 946.2, E950 - E958.8, 958.3, 960 - 979.9, 980 980.9, 981, 986, 989.5, 990 - 995.89, 996 - 998.9 and 999.8 and are not included on the reports sent to the Contractor.

AHCCCS provides the TPL Contractor, via the AHCCCS secure FTP server, a monthly extract of the AHCCCS paid claims which include the claim specific diagnosis codes. The TPL Contractor matches an extract of those claims, that contain specific trauma codes, with the database of AHCCCS Members, and returns a file of matched members not previously identified in a trauma code data match. Each Member identified in the current data match is sent a questionnaire, and are asked to respond within 10 days. If the questionnaire is returned indicating an incorrect address, a letter is sent to the eligibility office where the member was determined eligible requesting the address be verified with the office records and that any difference be referred to the TPL Contractor for correction of their information. The TPL Contractor will then mail a new questionnaire using the corrected address information.

The TPL Contractor will review the response to the questionnaire and determine if a casualty case should be opened. A casualty case is opened if the returned questionnaire includes TPL or attorney information. Arizona does not specify a dollar threshold or minimum period of accumulation of claims. If a case is opened a medical lien is filed against the member for possible third party recovery within 60 days of a notification of injury and the TPL Contractor actively pursues recovery from the liable source. All recoveries are reported in the year of the AHCCCS paid claim using appropriate reporting categories.

If after 30 days the completed questionnaire is not returned by the member, a letter is sent asking the member to contact the TPL Contractor. If a response to the letter is not received within 30 days, the TPL Contractor will attempt to contact the member by telephone, if a telephone number is available. If the member cannot be contacted by telephone, another letter is sent to the member stating that AHCCCS is requesting that the member contact the TPL Contractor.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: Arizona

If after 30 days there is no response to this letter there are no additional attempts to contact the member unless the member is later identified through either the ADOT or ICA data matched (see above.) The AHCCCS TPL Office reviews at least 25% of the open and closed cases on a monthly basis to ensure the Contractor's efforts are compliant with the terms of the contract. If the member is identified in either of these data matches a new round of questionnaires begins using the information identified in the ADOT 'crash data" or from the ICA workers compensation file.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: Arizona

THIRD PARTY LIABILITY

4.22(d)(1):
Method used in determining the provider's compliance with the billing requirements as specified in 42 CFR 433.139(b)(3)(ii)(A).

Providers are not required, but not prohibited, from billing liable third parties when services covered under the plan are furnished to an individual on whose behalf child support enforcement is being carried out by the State IV-D agency.

AHCCCS pays and chases all claims, regardless of submission time frames, for services furnished to AHCCCS members on whose behalf medical support enforcement is being carried out by the State IV-D agency.

4.22(d)(2):
Method used in determining cost effectiveness as specified in 42 CFR 433.139(f)(2).

AHCCCS considers the cost effectiveness principle in determining what the estimated net recovery amount to be pursued based on the likelihood of collections. Net recovery amount is defined as that amount of recovered dollars to apply to Medicaid costs. In determining the estimated recovery amount, the following factors will be considered:

- Settlement as may be affected by insurance coverage or other factors relating to the liable party;
- Factual and legal issues of liability as may exist between the client and liable party;
- Problems of proof faced in obtaining the award or settlement; and
- The estimated attorney's fee and costs required for AHCCCS to pursue the claim.

After considering the above factors, AHCCCS may pursue a lesser recovery amount to the extent that it determines it to be cost effective to do so.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE: ARIZONA

State: _____

STATE LAWS REQUIRING THIRD PARTIES TO PROVIDE COVERAGE ELIGIBILITY AND CLAIMS DATA

1902(a)(25)(I)
Pursuant to the Deficit Reduction Act of 2005, Arizona adopted A.R.S. § 36-2923, with an effective date after June 30, 2009, that requires third parties to provide the State with coverage, eligibility and claims data that is outlined in 25 USC § 1902(a)(25)(I).

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: Arizona

4.22(d)(3):

Method used for determining billing accumulation as specified in 42 CFR 433.139(f)(3).

Specific member claims must generally total $250.00, or more, in order for a case to be considered for potential recovery. Arizona does not have a specific low dollar threshold, but does consider not pursuing recoveries if they are considered not to be cost effective. Claims expenses are accumulated beginning with the date of injury to, whichever occurs first, the last date of treatment or the case is settled. A Statement of Aid Paid is sent to the beneficiary to support the amount of the state's claim when a lien is placed or updated and also upon request.