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State/Territory Name: Arizona

State Plan Amendment (SPA) #: 14-0013-D

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

MAY 14 2015

Tom Betlach, Director
Arizona Health Care Cost Containment System
801 E. Jefferson
Phoenix, AZ 85034

RE: Arizona SPA 14-013D

Dear Mr. Betlach:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 14-013D. This amendment increases nursing facility rates by two percent for the period of October 1, 2014 to September 30, 2015.

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 14-013D is approved effective October 1, 2014. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Mark Wong at (415) 744-3561 or Blake Holt at (415) 744-3754.

Sincerely,



Timothy Hill
Director

A handwritten signature in black ink, appearing to be "T Hill", written over the printed name and title.

Enclosures

| | | | |
|--|--|---|---------------------|
| TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL | | 1. TRANSMITTAL NUMBER: 14-013D | 2. STATE Arizona |
| FOR: Centers for Medicare and Medicaid Services | | 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 October 1, 2014 | |
| 5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT | | | |
| COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment) | | | |
| 6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447 Subpart C | | 7. FEDERAL BUDGET IMPACT: FFY 15: Forthcoming -\$1,330 | |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Att. 4.19-D, page 8. | | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Same | |
| 10. SUBJECT OF AMENDMENT: Updates reimbursement rates for Nursing Facilities for the period October 1, 2014 to September 30, 2015. | | | |
| 11. GOVERNOR'S REVIEW (Check One): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL | | | |
| 12. SIGNATURE OF STATE AGENCY OFFICIAL:  | | 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: October 31, 2014 | | | |
| FOR REGIONAL OFFICE USE ONLY | | | |
| 17. DATE RECEIVED: | | 18. DATE APPROVED: MAY 14 2015 | |
| PLAN APPROVED - ONE COPY ATTACHED | | | |
| 19. EFFECTIVE DATE OF APPROVED MATERIAL: OCT 01 2014 | | 20. SIGNATURE OF REGIONAL OFFICIAL:  | |
| 21. TYPED NAME: Kristin Fan | | 22. TITLE: Deputy Director, FMG | |
| 23. REMARKS: Pen and ink change made to Box 7 by CMS regional office with state occurrence on 5/12/2015. | | | |

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

**METHODS AND STANDARDS FOR ESTABLISHING FEE-FOR-SERVICE
PAYMENT RATES FOR LONG TERM CARE FACILITIES**

85% for each facility, then add in the per day historic costs for property taxes and insurance to determine the statewide average capital component.

4. Total Rate

The per diem nursing facility rates are calculated by summing the primary care, indirect care, and capital cost components. These rates vary by member level of care and geographic area due to the primary care components.

5. Rate Update

Effective October 1, 2002 and each year thereafter, fee-for-service rates for nursing facilities will be updated by applying an inflation factor or factors to the rate components in effect for the prior year. This method of adjusting fee-for-service rates is consistent with the method used by AHCCCS for other medical services. For rates effective from October 1, 2011 to September 30, 2013, no inflation factor will be applied.

Below are the AHCCCS FFS Nursing Facility Per Diem Rates effective from October 1, 2014 to September 30, 2015 (which represent a two percent increase, in lieu of the inflation factor application, from the per diem rates that were in effect as of September 30, 2014):

| Level of Care | Revenue Code | Urban Rate* | Rural Rate |
|--------------------------|--------------|-------------|------------|
| Level 1 | 0191 | \$147.83 | \$143.24 |
| Level 2 | 0192 | \$161.62 | \$156.08 |
| Level 3 | 0193 | \$191.70 | \$185.57 |
| LOA (Leave of Absence)** | 0183, 0185 | \$147.83 | \$143.24 |

*AHCCCS has designated nursing facilities in the Arizona counties of Pima, Pinal, and Maricopa as Urban to be paid at the AHCCCS Urban Rate. All other counties inside or outside of Arizona are designated as Rural and are paid at the AHCCCS Rural Rate.

**This LOA rate only applies to reserved beds at Nursing Facilities

III. Other Provisions

A. Provider Appeals

Nursing facility providers have the right to request an informal rate reconsideration in accordance with the ALTCS Rules. Appeals are allowed for the following reasons:

- Extraordinary circumstances (as determined by the Director).
- Provision of specialty care services directed at members with high medical needs.
- Unique or unusually high case mix.

Appeals are made in writing to the Director. Appeals which are granted become effective no earlier than the date the appeal was requested.

B. Cost and Wage Reporting

AHCCCS uses cost and wage reports filed by the nursing facilities in the State of Arizona as a basis for these rate calculations.