

## **Table of Contents**

**State/Territory Name: Arizona**

**State Plan Amendment (SPA) #: 16-007**

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  
San Francisco Regional Office  
90 Seventh Street, Suite 5-300 (5W)  
San Francisco, CA 94103-6706



**DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS**

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November 15, 2016

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) 16-007, which was submitted to the Centers for Medicare & Medicaid Services (CMS) San Francisco Regional Office on August 30, 2016. This SPA adds a reimbursement methodology for hospital-based freestanding emergency departments.

Based on the information provided, we are approving SPA 16-007 with an effective date of January 1, 2017 as requested. We are enclosing the approved Form CMS-179 and the following Medicaid State Plan page:

- Attachment 4.19-B, Page 2

If you have any additional questions or need further assistance, please contact Brian Zolynas at (415) 744-3601 or [Brian.Zolynas@cms.hhs.gov](mailto:Brian.Zolynas@cms.hhs.gov).


Sincerely,

/s/

Henrietta Sam-Louie  
Associate Regional Administrator  
Division of Medicaid & Children's Health Operations

Enclosure:

cc: Jessica Woodard

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>  <b>FOR: Centers for Medicare and Medicaid Services</b>		1. TRANSMITTAL NUMBER: 16-007	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 January 1, 2017	
5. TYPE OF PLAN MATERIAL ( <i>Check One</i> ):  <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 ( <i>Separate Transmittal for each amendment</i> )			
6. FEDERAL STATUTE/REGULATION CITATION:  42 CFR Part 447		7. FEDERAL BUDGET IMPACT:  FFY 16: \$0 FFY 17: \$0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Att. 4.19-B, page 2		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ):  Same	
10. SUBJECT OF AMENDMENT:  Updates the State Plan to include Free Standing Hospital-based Emergency Departments as a reimbursable provider under outpatient hospital services.			
11. GOVERNOR'S REVIEW ( <i>Check One</i> ): <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: May 12, 2016			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: August 30, 2016		18. DATE APPROVED: 11/15/2016	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: January 1, 2017		20. SIGNATURE OF REGIONAL OFFICIAL: /s/	
21. TYPED NAME: Henrietta Sam-Louie		22. TITLE: Associate Regional Administrator Division of Medicaid and Children's Health Operations	
23. REMARKS:			

State: ARIZONA  
 METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES  
 OTHER TYPES OF CARE

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Out-of-State Hospitals

Out-of-state hospitals will be paid for covered outpatient services by applying the outpatient hospital fee schedule and methodology.

Hospital-based Freestanding Emergency Departments

Effective January 1, 2017, except for certain rural providers described below, AHCCCS-registered Hospital-based Free Standing Emergency Departments will be reimbursed subject to the rates located at (<https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>)

A hospital-based freestanding emergency department located in a city or town in a county with fewer than 500,000 residents where the only hospital in the city or town operating an emergency department closed on or after January 1, 2015 shall be reimbursed the amount otherwise reimbursable for outpatient hospital services to the nearest hospital with which it shares an ownership interest.

Specialty Rates

• **Laboratory Services**

AHCCCS' outpatient hospital fee schedule will not exceed the reimbursement amounts authorized for clinical laboratory services under Medicare as set forth in 42 CFR 447.362. AHCCCS' rates are published on the agency's website at [www.azahcccs.gov/commercial/ProviderBilling/rates/rates.aspx](http://www.azahcccs.gov/commercial/ProviderBilling/rates/rates.aspx)

• **Pharmacy Services**

Reimbursement is subject to the limitations set forth in 42 CFR 447.331 through 447.332.

AHCCCS reimburses Federally Qualified Health Centers (FQHCs) and FQHC Look-Alikes for any drugs subject to 340B pricing that are purchased and dispensed by those 340B entities at the lesser of billed charges or the 340B ceiling price. In addition, AHCCCS will pay a dispensing fee of \$8.75 effective 2/1/2012 as listed in the capped fee schedule posted on the AHCCCS website.

• **EPSDT Services Not Otherwise Covered in the State Plan**

AHCCCS reimburses for chiropractor services and personal care services using a capped fee schedule. Personal care services are described in Attachment 3.1-A Limitations, page 2(a). Payment is the lesser of the provider's charge for the service or the capped fee amount established by AHCCCS. AHCCCS' rates are published on the agency's website at <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>

• **Hospice**

AHCCCS reimburses for the hospice benefit, including routine home care, continuous home care, inpatient respite care and general inpatient care and Service Intensity Add-on at the AHCCCS Fee Schedule rates published on the agency's website described on page 1, first paragraph of Attachment 4.19B. Effective January 1, 2016:

- Routine Home Care (RHC) will be reimbursed at one of two rates depending on the number of days in the episode of care, such that a higher rate will apply to the first 60 days of RHC and a lower rate will apply to days sixty-one and beyond. A gap of sixty days or more in hospice care will begin a new episode of care.
- A Service Intensity Add-On (SIA) add-on payment will be made for a visit by a social worker or registered nurse when provided during RHC in the last seven days of a member's life for up to 4 hours per day of service. The SIA will be an hourly rate equal to the hourly rate for continuous home care.

The hospice rates are developed based on the Medicaid Hospice Payment Rates and Hospice Wage Indices published annually by CMS. Rates are reduced for hospices that fail to meet the Medicare quality reporting requirements

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TN No. 16-007

Supersedes

TN No. 16-001

Approval Date: November 15, 2016

Effective Date: January 1, 2017