

March 25, 2026

Katherine Friedman
Project Officer
Division of Eligibility and Coverage Demonstrations
State Demonstrations Group
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Ms. Friedman,

Pursuant to paragraph 143 of Arizona's 1115 Demonstration Waiver Special Terms and Conditions (STCs), AHCCCS is submitting documentation that the percentage of AHCCCS fee-for-service beneficiary expenditures compared to total Medical Assistance expenditures do not exceed 5 percent of Arizona's total Medical Assistance expenditures. The documentation is available on the next page of this document.

Please feel free to contact Joshua Worley with any questions about this matter. He may be reached at joshua.worley@azahcccs.gov

Sincerely,



Jeffery Tegen
Assistant Director

**Arizona Health Care Cost Containment System
STC #122 Applicability of Fee for Service Upper Payment Limits
As Compared to Total Medical Assistance Expenditures**

		Total Computable	Expenditures for			Expenditures Subject to 5% Limit	
			Non Fee for Service Expenditures	Members Enrolled in the American Indian Health Program (AIHP) and Tribal ALTCS	IHS Payments for Managed Care Enrolled Members		
Medical Assistance Payments							
1	A	Inpatient Hospital - Reg. Payments	149,176,071	-	133,433,441	9,746,404	5,996,225
	B	Inpatient Hospital - DSH	44,721,404	44,721,404	-	-	-
	C	Inpatient Hospital - Supplemental	-	-	-	-	-
	D	Inpatient Hospital - GME	462,562,595	462,562,595	-	-	-
2	A	Mental Health Facility Services - Reg. Payment	8,261,181	-	8,070,456	134,694	56,031
	B	Mental Health Facility - DSH	28,474,900	28,474,900	-	-	-
3		Nursing Facility Services	67,496,109	-	66,562,958	367,456	565,695
	B.2	Nursing Facility Services Supplemental	672,077	672,077	-	-	-
	B.3	Nursing Facility Services Supplemental	9,382,301	9,382,301	-	-	-
4	A	Intermediate Care Facility - Public	-	-	-	-	-
	B	Intermediate Care - Private	-	-	-	-	-
5	A	Physicians' Services	60,749,535	-	56,548,528	376,685	3,824,322
	C	Physician & Surgical Services - Eval & Mgmt	-	-	-	-	-
	D	Physician & Surgical Services - Vaccine codes	-	-	-	-	-
6	A	Outpatient Hospital Services - Regular	600,105,140	-	525,884,837	73,723,489	496,814
	B	Outpatient Hospital Services - Supplemental	-	-	-	-	-
7		Prescribed Drugs	473,716,305	-	416,403,918	52,199,705	5,112,681
7	A.1	Drug Rebate Offset - National Agreement	(34,784,493)	-	-	-	(34,784,493)
	A.2	Drug Rebate Offset - State Sidebar Agreement	(9,372,340)	-	-	-	(9,372,340)
	A.3	MCO - National Agreement	(905,406,718)	(905,406,718)	-	-	-
	A.4	MCO - State Sidebar Agreement	(142,086,408)	(142,086,408)	-	-	-
	A.5	Increased ACA Offset - FFS 100%	(3,236,254)	-	-	-	(3,236,254)
	A.6	Increased ACA Offset - MCO 100%	(80,865,879)	(80,865,879)	-	-	-
8		Dental Services	5,153,058	-	5,069,524	79,506	4,028
9		Other Practitioners	8,786,543	-	8,229,731	111,250	445,562
10		Clinic Services	15,319,513	-	14,963,753	289,089	66,672
11		Laboratory/Radiological	15,873,686	-	14,027,029	240,782	1,605,875
12		Home Health Services	2,596,587	-	2,509,321	176	87,090
13		Sterilizations	40,534	-	40,519	-	15
14		Abortions	-	-	-	-	-
15		EPSDT Screening	1,691,742	-	1,409,254	9,078	273,410
16		Rural Health	1,113,249	-	1,105,186	-	8,063
17	A	Medicare - Part A	25,698,692	25,698,692	-	-	-
	B	Medicare - Part B	488,646,694	488,646,694	-	-	-
	C.1	120% - 134% Of Poverty	48,383,617	48,383,617	-	-	-
	C.2	135% - 175% Of Poverty	-	-	-	-	-
	D	Coinsurance	6,522,671	6,522,671	-	-	-
18	A	Medicaid - MCO	19,020,029,859	19,020,029,859	-	-	-
	A1	Medicaid - MCO- Evaluation and Management	-	-	-	-	-
	A2	Medicaid - MCO -Vaccine Codes	-	-	-	-	-
	B.1	Prepaid Ambulatory Health Plan	-	-	-	-	-
	B.2	Prepaid Inpatient Health Plan	192,192,931	192,192,931	-	-	-
	C	Medicaid - Group Health	-	-	-	-	-
	D	Medicaid - Coinsurance	-	-	-	-	-
	E	Medicaid - Other	1,871,550	1,871,550	-	-	-
19	A	HCBS - Reg Pay (Waiver)	-	-	-	-	-
	B	HCBS - Reg Pay - St. Plan 1915(i) Only Pay	-	-	-	-	-
	C	HCBS - Reg Pay (Waiver)	-	-	-	-	-
22		All-Inclusive Care Elderly	-	-	-	-	-
23	A	Personal Care Services - Reg Pay	276	-	276	-	-
	B	Personal Care Services - SDS 1915(j)	-	-	-	-	-
24	A	Targeted Case Mgt. - Com. Case-Man.	312,404	-	-	-	312,404
	B	Case Management - State Wide	(11,717,071)	(11,717,071)	-	-	-
25		Primary Care Case Management	15,177,625	-	-	-	15,177,625
26		Hospice Benefits	752,258	-	745,418	-	6,840
27		Emergency Services Undocumented Aliens	149,961,047	-	-	4,595	149,956,452
28		Federally-Qualified Health Center	106,243,026	68,590,886	20,149,490	8,231,889	9,270,761
29		Non Emergency Medical Transportation***	70,484,378	-	69,987,577	398,489	98,313
30		Physical Therapy	39,967	-	40,017	(49)	-
31		Occupational Therapy	785	-	785	-	-
32		Services for Speech, Hearing & Language	392,726	-	377,654	-	15,072
33		Prosthetic Devices, Dentures, Eyeglasses	4,960,329	-	4,934,189	9,874	16,266
34		Diagnostic Screening & Preventive Services	529,251	-	503,283	2,132	23,836
35		Nurse Mid-Wife	1,306,837	-	1,169,315	115,508	22,013
36		Emergency Hospital Services	97,943,336	-	84,791,466	-	13,151,870
37		Critical Access Hospitals	43,333,956	28,410,876	14,461,629	419,391	42,060
38		Nurse Practitioner Services	8,113,643	-	7,760,150	33,018	320,475
39		School Based Services	179,321,782	179,321,782	-	-	-
40		Rehabilitative Services (non-school-based)	77,256,961	-	76,043,306	473,443	740,212
41		Private Duty Nursing	-	-	-	-	-
47		ARP Section 9811 COVID Vaccine/Vaccine Ad	494,418	-	-	-	494,418
49		Other Care Services	164,039,510	-	161,246,063	1,943,888	849,559
			21,472,433,891	19,465,406,756	1,696,469,071	148,910,489	161,647,575

Percentage of Fee-for-Service Beneficiary Expenditures to Total Medical Assistance Expenditures

0.75%