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State/Territory Name: AZ

State Plan Amendment (SPA) #: 22-0019

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
Center for Medicaid & CHIP Services
233 North Michigan Ave., Suite 600
Chicago, Illinois 60601



Financial Management Group

November 4, 2022

Jami Snyder, Director
Arizona Health Care Cost Containment System
801 East Jefferson Street
Phoenix, AZ 85034

RE: TN AZ-22-0019

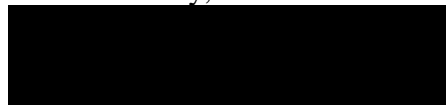
Dear Director Snyder:

We have reviewed the proposed Arizona (AZ) State Plan Amendment (SPA) to Attachment 4.19-B AZ-22-0019, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on October 11, 2022. This plan amendment updates the fee schedule for ambulance transportation services.

Based upon the information provided by the State, we have approved the amendment with an effective date of October 1, 2022. 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 Blake Holt at 303-844-6218 or blake.holt@cms.hhs.gov.

Sincerely,



Todd McMillion
Director
Division of Reimbursement Review

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL****FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

22 - 0019

2. STATE

AZ3. PROGRAM IDENTIFICATION: TITLE **XIX** 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, 2022

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR Part 447

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 23 \$ 4,126,833b. FFY: 24 \$ 3,970,208

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-B: page 5(h), page 5()

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable)

Attachment 4.19-B: page 5(h), page 5()

9. SUBJECT OF AMENDMENT

Updates the state plan EMT rates, effective October 1, 2022.

10. GOVERNOR'S REVIEW (Check One)



GOVERNOR'S OFFICE REPORTED NO COMMENT



OTHER, AS



SPECIFIED: COMMENTS OF GOVERNOR'S OFFICE ENCLOSED



NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

11. SIGNATURE OF STATE AGENCY OFFICIAL



15. RETURN TO

Dana Fannery
801 E. Jefferson St., MD # 4200
Phoenix, AZ 85034

12. TYPED NAME

Dana Fannery

13. TITLE

Assistant Director

14. DATE SUBMITTED: October 11, 2022

FOR CMS USE ONLY

16. DATE RECEIVED

October 11, 2022

17. DATE APPROVED

November 4, 2022

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

October 1, 2022

19. SIGNATURE OF APPROVING OFFICIAL



20. TYPED NAME OF APPROVING OFFICIAL

Todd McMillion

21. TITLE OF APPROVING OFFICIAL

Director, Division of Reimbursement Review

22. REMARKS

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

The following is a description of methods and standards for determining the payment rates for ambulance transportation services included in the transportation bullet listed in Attachment 4.19-B, page 5b. Except as otherwise noted below, AHCCCS uses a uniform methodology in reimbursing both governmental and private providers for ambulance emergency and non-emergency transportation services.

1) Ground Ambulance Rates set by the Arizona Department of Health Services (ADHS)

ADHS regulates ambulance companies in Arizona (except for those owned and operated by American Indian tribes and federal agencies) licensing and rate setting. ADHS sets rates based on data submitted by providers including direct and indirect costs, reimbursable and non reimbursable charges, utilization data, and public payer settlements. ADHS offers annual provider rate adjustments based upon the Arizona Ambulance Inflation factor (AIF). The AIF is comprised of the average annual change in the CPI-U for transportation (50%) and for medical care (50%). The transportation category is composed of such things as motor vehicles (new and used), motor fuel, parts and equipment, maintenance and repair and public transportation. The medical care category is composed of such things as medical care commodities, medical care services – professional, hospital and related services.

For dates of service prior to October 1, 2009, AHCCCS will reimburse ambulance companies at 80.0% of the ADHS established rate. For dates of service beginning October 1, 2009 through March 31, 2011, AHCCCS will reimburse those providers at 76% of the ADHS established rate. For dates of service beginning April 1, 2011 through September 30, 2011, AHCCCS will reimburse those providers at 72.2% of the ADHS established rate. For dates of service beginning October 1, 2011 through September 30, 2012, AHCCCS will reimburse those providers at 68.6% of the ADHS established rate in effect as of July 7, 2011. For dates of service beginning October 1, 2012 through September 30, 2013, AHCCCS will reimburse those providers at 68.6% of the ADHS established rate in effect as of August 2, 2012 and are posted at: <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>

For dates of service beginning October 1, 2013 through September 30, 2014, AHCCCS will reimburse those providers at 68.6% of the ADHS established rate in effect as of August 2, 2013 and are posted at <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>. For dates of service beginning October 1, 2014 through September 30, 2015, AHCCCS will reimburse those providers at 74.74% of the ADHS established rate in effect as of August 2, 2014 and are posted at <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>. For dates of service beginning October 1, 2015 through September 30, 2016, AHCCCS will reimburse those providers at 68.59% of the ADHS established rate in effect as of August 2, 2015 and are posted at www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/. For dates of service beginning October 1, 2016 through September 30, 2017, AHCCCS will reimburse those providers at 68.59 % of the ADHS established rate in effect as of July 1, 2016 and are posted at <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>. For dates of service beginning October 1, 2017 through September 30, 2018, AHCCCS will reimburse those providers at 68.59 % of the ADHS established rate in effect as of July 1, 2017 and are posted at <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>. For dates of service beginning October 1, 2018 through September 30, 2019, AHCCCS will reimburse those providers at 68.59 % of the ADHS established rate in effect as of July 1, 2017 and are posted at <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>. For dates of service beginning October 1, 2019 through September 30, 2020, AHCCCS will reimburse those providers at 68.59% of the ADHS established rate in effect as of July 1, 2019 and are posted at: <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>. For dates of service beginning October 1, 2020 through September 30, 2021, AHCCCS will reimburse those providers at 68.59% of the ADHS established rate in effect as of July 1, 2020 and are posted at: <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>. For dates of service beginning October 1, 2021 through September 30, 2022, AHCCCS will reimburse providers at 68.59% of the ADHS established rate in effect as of July 1, 2021, and posted at: <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>

For dates of service beginning October 1, 2022 through September 30, 2023, AHCCCS will reimburse providers at 68.59% of the ADHS established rate in effect as of July 1, 2022, and posted at <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>

2) Ground Ambulance Rates set by AHCCCS

a) AHCCCS establishes ground ambulance rates for out-of-state companies, companies operated by American Indian tribes except those described in paragraph b or which have a CON and are reimbursed according to reimbursement methodology 1), and federal agencies such as the National Park Service that operates ambulances in Grand Canyon National Park and Lake Mead National Recreation Area. Rates were initially established in 1994 based on the average (mean) reimbursement rates paid by commercial insurance companies. Ground Ambulance Fee Schedule Rates are posted on the AHCCCS website at <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>, effective October 1, 2022

b) Effective October 1, 2018, rates for ground ambulance services provided by an I.H.S. provider or a tribally owned or operated provider with a section 638 agreement that does not have a Certificate of Necessity (CON) issued by the Arizona Department of Health Services (ADHS), will be the higher of:

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

(1) the weighted average of the provider-specific rates as set by ADHS that are in effect on July 1, 2018, for each provider that has been issued a CON weighted by utilization of each ground transportation service code derived from both paid claims and encounters for the 12 months ending September 30, 2017; and (2) the weighted average of the provider-specific rates as set by ADHS that are in effect on July 1, 2018, for each provider that has been issued a CON weighted by utilization of each ground transportation service code derived from only paid claims for the 12 months ending September 30, 2017. The higher of the two methodologies will then be multiplied by 68.59% to establish the AHCCCS rate for each ambulance service. Beginning October 1, 2021, if the methodology produces a rate for the Basic Life Support (BLS) that is equal to or exceeds the Advanced Life Support (ALS) rate, the ALS rate shall be set at 107.5% of the calculated BLS rate. This is applicable to Basic Life Support Codes A0428 & A0429 and Advanced Life Support Codes A0426, A0427, A0433, and A0434. Ground ambulance services provided by an I.H.S. provider or a tribally owned or operated provider with a section 638 agreement that have a Certificate of Necessity (CON) issued by the Arizona Department of Health Services (ADHS) will be reimbursed according to reimbursement methodology 1). These rates will be adjusted with an effective date of October 1 of each subsequent year using the provider-specific rates in effect on July 1 as set by ADHS for each ground ambulance provider that has been issued a CON and utilization data for paid claims and encounters for the 12 months ending September 30th of the previous year.

The methodology described in paragraph 2(b) is the following:

- AHCCCS FFS rate = the greater of (Methodology 1 weighted average rate * 0.6859) or (Methodology 2 weighted average rate * 0.6859).
- Methodology 1 weighted average rate = $(C + D) / (A + B)$
- Methodology 2 weighted average rate = C / A

Where:

A = FFY 2017 total units billed for the service on FFS claims

B = FFY 2017 total units billed for the service on MCO encounters

C = FFY 2017 total reimbursements for the service on FFS claims

D = FFY 2017 total reimbursements for the service on MCO encounters

After the above methodology is calculated if BLS is = to/or greater than ALS, then BLS Rate * 1.075 = ALS Rate

3) Air Ambulance Rates

AHCCCS establishes reimbursement rates for air ambulance services. For claims with dates of service on or before December 31, 2015, the reimbursement rates are based on a cost study of Air Ambulance Costs conducted in 2000 to establish the initial rates for specialty and non-specialty transports, and are adjusted periodically based on the Consumer Price Index for Other Medical Professionals, the CPI for Transportation, and the Federal Aviation Administration forecast of jet fuel prices. For claims with dates of service from January 1, 2016 through September 30, 2016, the reimbursement rates are based on a study of non-specialty transport and mileage ambulance rates in other western states, setting the AHCCCS rates for non-specialty transports and mileage only equal to the average rate among the states studied. However, rates for specialty transports remain unchanged from those in effect on December 31, 2015. Reimbursement rates for air ambulance services were increased by 8.1% for dates of service after October 1, 2019. For dates of service after October 1, 2022, reimbursement rates for base rate Fixed Wing Transport and Rotary Wing Transport were increased by 17.7% and the Neonatal Transport base rate was increased by 7.9%. For dates of service after October 1, 2022, air ambulance rates can be found at <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>