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State/Territory Name: AZ

State Plan Amendment (SPA) #: 23-0002

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
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

May 1, 2023

Carmen Heredia, Director
Arizona Health Care Cost Containment System
801 E. Jefferson
Phoenix, AZ 85034

RE: Arizona State Plan Amendment Transmittal Number 23-0002

Dear Ms. Heredia:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 23-0002. This amendment updates nursing facility rates effective January 1, 2023.

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 23-0002 is approved effective January 1, 2023. The CMS-179 and the amended plan page(s) are attached.

If you have any additional questions or need further assistance, please contact Mark Wong at (415) 744-3561 or mark.wong@cms.hhs.gov.

Sincerely,



Rory Howe
Director

Enclosures

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

1. TRANSMITTAL NUMBER

23 — 0002

2. STATE

AZ

3. PROGRAM IDENTIFICATION: TITLE 19 OF THE
SOCIAL SECURITY ACT

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
January 1, 2023

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR Part 447, Subpart C

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 23 \$ 781,400
b. FFY: 24 \$ 931,800

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-D, page 8

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable)
Attachment 4.19-D, page 8

9. SUBJECT OF AMENDMENT
January Nursing Facility (NF) Rates

10. 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:

11. SIGNATURE OF STATE AGENCY OFFICIAL

[Redacted Signature]

15. RETURN TO

Alex Demyan
801 E. Jefferson St., MD #4200
Phoenix, AZ 85034

12. TYPED NAME

Alex Demyan

13. TITLE

Interim Assistant Director

14. DATE SUBMITTED:

March 16, 2023

FOR CMS USE ONLY

16. DATE RECEIVED

March 16, 2023

17. DATE APPROVED

May 1, 2023

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

January 1, 2023

19. SIGNATURE OF APPROVING OFFICIAL

[Redacted Signature]

20. TYPED NAME OF APPROVING OFFICIAL

Rory Howe

21. TITLE OF APPROVING OFFICIAL

Director, Financial Management Group

22. REMARKS

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, and from October 1, 2015 and thereafter, no inflation factor will be applied.

Below are the AHCCCS FFS Nursing Facility Per Diem Rates effective on and after January 1, 2023:

Level of Care	Revenue Code	Urban Rate	Rural Rate	Flagstaff
LOA/Therapeutic**	0183	\$208.29	\$201.79	\$207.77
LOA/Nursing Home**	0185	\$208.29	\$201.79	\$207.77
Level I	0191	\$208.29	\$201.79	\$207.77
Level II	0192	\$227.71	\$219.91	\$226.40
Level III	0193	\$270.10	\$261.45	\$269.19

*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 (except Flagstaff, which is paid at the rate specified above).

**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.