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State/Territory Name: Arizona

State Plan Amendment (SPA)#: 23-0003

This file contains the following documents in the order listed below:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-14-26
Baltimore, Maryland 21244-1850



Medicaid Benefits and Health Programs Group

October 9, 2024

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

Dear Alex Demyan:

We have reviewed Arizona's State Plan Amendment (SPA) 23-0003 received in the Centers for Medicare and Medicaid Services (CMS) OneMAC application on March 16, 2023. This SPA proposes to amend the State Plan to update reimbursement methodology for Long-Acting Reversible Contraceptives (LARCs) and make required changes to the payment methodology for hospice services.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that AZ-23-0003 is approved with an effective date of January 1, 2023.

We are attaching a copy of the signed, revised CMS-179 form, as well as the pages approved for incorporation into Arizona's state plan. If you have any questions regarding this amendment, please contact Whitney Swears at Whitney.Swears@cms.hhs.gov or 410-786-6543.

Sincerely,

A black rectangular box redacting the signature of Cynthia R. Denemark.

Cynthia R. Denemark
Director
Division of Pharmacy

cc: Suzanne Berman, Arizona Health Care Cost Containment System
Ruben Soliz, Arizona Health Care Cost Containment System
Maxwell Seifer, Arizona Health Care Cost Containment System
Brian Zolynas, CMS, Medicaid and CHIP Operations Group
Blake Holt, CMS, Financial Management Group

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

1. TRANSMITTAL NUMBER

23 — 0003

2. STATE

AZ3. PROGRAM IDENTIFICATION: TITLE 19 OF THE
SOCIAL SECURITY ACTTO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES4. PROPOSED EFFECTIVE DATE
January 1, 2023

5. FEDERAL STATUTE/REGULATION CITATION

42-CFR-447

Title XIX of the Social Security Act

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE
dollars)

a. FFY 23 \$ 467,600

b. FFY: 24 ~~\$ 759,700~~ \$781,440

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-B, Page 2(b)

Attachment 4.19-B, Page 2(b)ii

Attachment 4.19-B, Page 2(b)iii

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

Attachment 4.19-B, Page 2(b)

9. SUBJECT OF AMENDMENT

Long Acting Reversible Contraceptives (LARC) 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



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

October 9, 2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

January 1, 2023

19. 

20. TYPED NAME OF APPROVING OFFICIAL

Cynthia Denemark

21. TITLE OF APPROVING OFFICIAL

Director, Division of Pharmacy

22. REMARKS

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

Physician Administered Drugs will be reimbursed using the following methodology:

1. Physician billing:
For non-chemotherapy drugs that are priced on the Medicare Part B Drug Schedule, AHCCCS sets its FFS rates as 95% of the Medicare Part B rate. For chemotherapy drugs and drugs that are not priced on the Medicare Part B Drug Schedule, AHCCCS sets its rates as 80.75% of the Average Wholesale Price.
2. For Outpatient Hospital billing:
For all drugs that are priced on the Medicare Outpatient Prospective Payment System fee schedule, AHCCCS sets its FFS rates as 80% of the Medicare OPPS rate. For drugs that are not priced on the Medicare Outpatient Prospective Payment System fee schedule, AHCCCS sets its FFS rates equal to the FFS rates for physician billing.
3. For Ambulatory Surgery Center billing:
For all drugs that are priced on the Medicare Ambulatory Surgery Center Fee Schedule, AHCCCS sets its FFS rates as 95% of the Medicare ASC Fee Schedule rate.
4. Long Acting Reversible Contraceptives (LARCs)
Effective for claims with dates of service January 1, 2023, and after, the reimbursement of Food and Drug Administration (FDA)-approved Long-Acting Reversible Contraceptives (LARCs), including intrauterine devices (IUDs) and contraceptive implants, will be reimbursed at the Wholesale Acquisition Cost. LARC reimbursement rates will be updated on the first day of each quarter and remain unchanged throughout that respective quarter.
5. Investigational/Experimental drugs are not reimbursed by AHCCCS.
6. AHCCCS will meet the reimbursement requirements of the Federal Upper Payment Limit (FUL) defined drugs in the aggregate by reviewing that the NADAC does not exceed the FUL levels.

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

- **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. Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of chiropractor and personal care services. AHCCCS' rates for chiropractor services and personal care services are described at Attachment 4.19-B, page 5(c).

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

- **Hospice**

AHCCCS reimburses hospice services at the annually published Medicaid hospice rates with the hospice wage index applied as authorized by section 1814(i)(1)(C)(ii) of the Social Security Act. Hospice rates for providers in Pima, Pinal, and Maricopa counties are calculated by applying the corresponding urban hospice wage index to the published Medicaid rates. The Rural/Out of State hospice rates paid to providers outside Pima, Pinal and Maricopa counties are calculated by applying the greater of the highest urban county wage index of all the other providers or the AZ rural hospice wage index to the published Medicaid rates. Hospice services are reimbursed for one of the following four levels of care: routine home care, continuous home care, inpatient respite care and general inpatient care. These rates are effective October 1, annually, and are published on the AHCCCS Fee Schedule on the agency's website described on page 1, first paragraph of Attachment 4.19B.

- 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.
- Inpatient Respite Care: The state pays the hospice at the inpatient respite care rate for each day the beneficiary is in an approved inpatient facility and is receiving respite care. The state pays for respite care for a maximum of five days each admission for respite, including the date of admission but not counting the date of discharge. The state pays for the sixth and any subsequent days at the routine home care rate.

Hospice Nursing / ICF-IID Facility Room and Board: Hospice nursing facility or intermediate care facility for individuals with intellectual disabilities (ICF-IID) room and board per diem rates are reimbursed to the hospice provider at a rate equal to 100% of the skilled nursing facility or ICF-IID rate, less any Post Eligibility Treatment of Income amount for Medicaid clients who are receiving hospice services. When hospice care is furnished to a member in a nursing or ICF-IID facility, the hospice provider is reimbursed by AHCCCS for the room and board and is responsible for passing the room and board payment through to the nursing facility.

Failure of hospice providers to meet the Medicare hospice quality reporting requirements shall result in a 2 percentage point reduction to the market basket index for hospice services prior to September 30, 2023, and effective for hospice services provided on or after October 1, 2023, in a 4 percentage point reduction to the market basket index for hospice services for the applicable fiscal year. Their Medicaid hospice rates would be reduced by the amount of any penalty due to non-reporting.

During the 12-month period beginning October 1 of each year and ending September 30, the aggregate number of inpatient days (both for general inpatient care and inpatient respite care) may not exceed 20% of the aggregate total number of days of hospice care provided to all Medicaid recipients during that same period.