

## **Table of Contents**

**State/Territory Name: Arizona**

**State Plan Amendment (SPA) #: AZ-23-0016**

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



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**Financial Management Group**

May 23, 2024

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

RE: Arizona State Plan Amendment Transmittal Number 23-0016

Dear Director Heredia:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Arizona state plan amendment (SPA) to Attachment 4.19-A AZ-23-0016, which was submitted to CMS on September 28, 2023. This plan amendment authorizes the Arizona disproportionate share hospital (DSH) pool 1, 2, 1A, 2A, and 4 payments, for the DSH state plan rate year ending 2024.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2), and 1923 of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of October 1, 2023. 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 Mark Wong at 415-744-3561 or via email at [mark.wong@cms.hhs.gov](mailto: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 <b>23 — 0016</b>	2. STATE <b>AZ</b>
3. PROGRAM IDENTIFICATION: TITLE <u>19</u> 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, 2023**

5. FEDERAL STATUTE/REGULATION CITATION  
42 CFR Part 447, Section 1923 of the Social Security Act

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)  
a. FFY 24 ~~-\$TBD~~ **\$97,060,502**  
b. FFY: 25 ~~-\$TBD~~ **\$0**

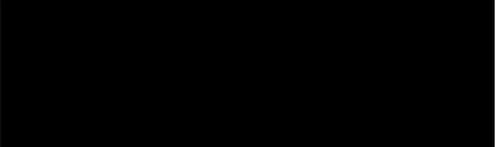
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  
  
Attachment 4.19-A  
Page 65

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  
  
Attachment 4.19-A  
Page 65

9. SUBJECT OF AMENDMENT  
**Updates the Disproportionate Share Hospital (DSH) Budget in the State Plan.**

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  


12. TYPED NAME  
Alex Demyan

13. TITLE  
Assistant Director

14. DATE SUBMITTED: September 28, 2023

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

**FOR CMS USE ONLY**

16. DATE RECEIVED  
September 28, 2023

17. DATE APPROVED  
May 23, 2024

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL  
October 1, 2023

19. SIGNATURE OF APPROVING OFFICIAL  


20. TYPED NAME OF APPROVING OFFICIAL  
Rory Howe

21. TITLE OF APPROVING OFFICIAL  
Director, Financial Management Group

22. REMARKS  
  
**Pen-and-ink change made to Box 6 by CMS with state concurrence.**

STATE OF ARIZONA  
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES  
INPATIENT HOSPITAL CARE

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**DSH Exhibit 3:  
AHCCCS  
Disproportionate Share Hospital Payment  
Methodology Pool Funding Amount**

This Exhibit contains the amount of funding for six pools in the Arizona DSH pool methodology.

For State Plan Year (SPY) 2008 and 2009, funding will be allocated among six pools (pools 1, 1A, 2, 2A, 3, and 4). For SPY 2010, funding will be allocated among seven pools (pools 1, 1A, 2, 2A, 3, 4, and 5). Thereafter, the funding will be allocated among six pools (pools 1, 1A, 2, 2A, 4, and 5).

Pools 1, 1A, 2, 2A, and 3 - Non-governmentally-operated hospitals

The funding for pools 1 and 2 will be sufficient to provide an average payment amount of \$6,000 for all hospitals qualifying for both of the two pools. No hospital in pools 1 or 2 will receive less than \$5,000. Therefore, the amount of funding for pools 1 and 2 will be determined by multiplying the number of hospitals qualifying for pools 1 and 2 by \$6,000.

The funding for pools 1A, 2A and 3 (if applicable) will be derived by subtracting the total amount allocated for pools 1 and 2 from the amount of DSH authorized by the Legislature for non-governmentally operated hospitals. Beginning SPY 2024, 15% of the remaining funds will be allocated to Pool 1A and 85% to Pool 2A. If the expended 1A fund is less than the 15% (such as when the hospitals in Pool 1A collectively have uncompensated care costs less than the 15%), the remainder will transfer to 2A.

- For SPY 2018, the funding for pools 1, 2, 1A, and 2A will be \$884,800.
- For SPY 2019, the funding for pools 1, 2, 1A, and 2A will be \$884,800.
- For SPY 2020, the funding for pools 1, 2, 1A, and 2A will be \$884,800.
- For SPY 2021, the funding for pools 1, 2, 1A, and 2A will be \$884,800.
- For SPY 2022, the funding for pools 1, 2, 1A, and 2A will be \$884,800.
- For SPY 2023, the funding for pools 1, 2, 1A, and 2A will be \$884,800
- For SPY 2024, the funding for pools 1, 2, 1A and 2A will be \$884,800

Pool 4 – Governmentally-operated hospitals

The funding for pool 4 is the amount authorized by the Legislature for governmentally operated hospitals.

- For SPY 2018, the funding for pool 4 is \$142,293,400.
- For SPY 2019, the funding for pool 4 is \$142,293,400.
- For SPY 2020, the funding for pool 4 is \$142,293,400.
- For SPY 2021, the funding for pool 4 is \$142,293,400.
- For SPY 2022, the funding for pool 4 is \$142,293,400.
- For SPY 2023, the funding for pool 4 is \$142,293,400
- For SPY 2024, the funding for pool 4 is \$142,293,400