

## **Table of Contents**

**State/Territory Name: Arizona**

**State Plan Amendment (SPA)#: 24-0002**

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**

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October 29, 2024

Kyle Sawyer  
Assistant Director of Public Policy and Strategic Planning  
801 E. Jefferson St., MD #4200  
Phoenix, AZ 85034

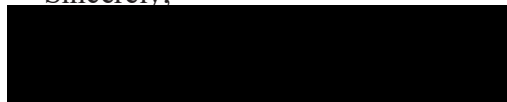
Dear Kyle Sawyer:

We have reviewed Arizona's State Plan Amendment (SPA) 24-0002 received in the Centers for Medicare and Medicaid Services (CMS) OneMAC application on March 22, 2024. This SPA amends the State Plan to update the Physician Administered Drugs (PAD) reimbursement rates.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that AZ-24-0002 is approved with an effective date of January 1, 2024.

We are attaching a copy of the signed CMS-179 form, as well as the page 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](mailto:Whitney.Swears@cms.hhs.gov) or 410-786-6543.

Sincerely,



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

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

1. TRANSMITTAL NUMBER <u>24</u> — <u>0002</u>	2. STATE <u>AZ</u>
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  
January 1, 2024

5. FEDERAL STATUTE/REGULATION CITATION  
42 CFR 447

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)  
a. FFY 24 \$ 158,200  
b. FFY: 25 \$ 155,200

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  
  
Attachment 4.19-B, page 2(b)


8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  
  
Attachment 4.19-B, page 2(b)

9. SUBJECT OF AMENDMENT  
Updates the state plan Physician Administered Drugs (PAD) rates, effective January 1, 2024.

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  


12. TYPED NAME  
Alex Demyan

13. TITLE  
Assistant Director

14. DATE SUBMITTED: March 22, 2024

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

**FOR CMS USE ONLY**

16. DATE RECEIVED March 22, 2024	17. DATE APPROVED October 29, 2024
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**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL  
January 1, 2024

20. TYPED NAME OF APPROVING OFFICIAL  
Cynthia R. Denemark

19. 

21. TITLE OF APPROVING OFFICIAL  
Director, Division of Pharmacy

22. REMARKS

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

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Physician Administered Drugs will be reimbursed using the following methodology:

1. Physician billing:  
Effective for claims with dates of service January 1, 2024, and after: For non-chemotherapy drugs that are priced on the Medicare Part B Drug Schedule, AHCCCS sets its FFS rates as 100% 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.