

## **Table of Contents**

**State/Territory Name Arizona**

**State Plan Amendment (SPA) #: 25-0001**

This file contains the following documents in the order listed:

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

**DEPARTMENT OF HEALTH & HUMAN SERVICES**

Centers for Medicare & Medicaid Services  
601 E. 12th St., Room 355  
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

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September 24, 2025

Kristen Challacombe  
State Medicaid Director  
Arizona Health Care Cost Containment System  
801 E. Jefferson Street  
Phoenix, AZ 85034

Re: Arizona State Plan Amendment (SPA) – 25-0001

Dear Director Challacombe:

The Centers for Medicare & Medicaid Services (CMS) reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) 25-0001. This amendment will comply with the mandatory exception to the Medicaid clinic services benefit “four walls” requirement for Indian Health Service (IHS) and Tribal clinics and elects the optional exceptions for behavioral health clinics and clinics located in rural areas.

We conducted our review of your submittal according to statutory requirements in Section 1905 of Title XIX of the Social Security Act (The Act) and implementing regulations at 42 Code of Federal Regulations (CFR) 440.90. This letter informs you that Arizona’s Medicaid SPA TN AZ-25-0001 was approved on September 24, 2025, with an effective date of January 1, 2025.

Enclosed are copies of Form CMS-179 and approved SPA pages to be incorporated into the Arizona State Plan.

If you have any questions, please contact Edwin Walaszek at (212) 616-2512 or via email at [Edwin.Walaszek1@cms.hhs.gov](mailto:Edwin.Walaszek1@cms.hhs.gov).

Sincerely,

Nicole McKnight  
On Behalf of Courtney Miller, MCOG Director

Enclosures

cc: Max Seifer, Federal Relations Chief, AHCCCS  
Kyle Sawyer, Assistant Director, AHCCCS

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

1. TRANSMITTAL NUMBER

2 5 — 0 0 0 1

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, 2025**

5. FEDERAL STATUTE/REGULATION CITATION

**42 CFR 440.90**

Section 1905(a)(9) of the Social Security Act and 42 CFR 440.90

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY: 2025 \$ TBD \$0b. FFY: 2026 \$ TBD \$0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

**Supplement 3 to Attachment 3.1-A Limitations: pages 1-6**

Attachment 3.1-A Limitations Page 7(a) (16-006)

Attachment 3.1-A Limitations Page 7(b) (17-008)

Attachment 3.1-A Limitations Page 7(c)-7(e)-NEW

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

Attachment 3.1- page 7, item 9 (16-006)

Attachment 3.1- page 8, first two paragraphs (17-008)

9. SUBJECT OF AMENDMENT

Updates the state plan Clinic Services Benefit to provide an exception to the four-walls requirement for certain facilities.

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

Kyle Sawyer  
801 E. Jefferson St., MD #4200  
Phoenix, AZ 85034

12. TYPED NAME

Kyle Sawyer

13. TITLE

Assistant Director, Public Policy and Strategic Planning

14. DATE SUBMITTED:

March 31, 2025

**FOR CMS USE ONLY**

16. DATE RECEIVED

March 31, 2025

17. DATE APPROVED

September 24, 2025

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL

January 1, 2025

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

Nicole McKnight

21. TITLE OF APPROVING OFFICIAL

On Behalf of Courtney Miller, MCOG Director

22. REMARKS

9/17/25: State authorizes the following pen and ink change:

• Box 7- Change to:

Strikeout "Supplement 3 to Attachment 3.1-A Limitations: pages 1-6"

Add "Attachment 3.1-A Limitations Page 7(a) (16-006)"

Add "Attachment 3.1-A Limitations Page 7(b) (17-008)"

Add "Attachment 3.1-A Limitations Page 7(c)-7(e)-NEW"

9/16/25: State authorizes the following pen and ink change:

• Box 6a-Change to "\$0"

- Box 6b-Change to "\$0"

9/12/25: State authorizes the following pen and ink change:

- Box 5-Change federal statute and federal regulation citation to Section 1905(a)(9) of the Social Security Act and 42 CFR 440.90.
  - Box 7-Change to 'Attachment 3.1-A Limitations Page 7(a)-(E)-NEW'
  - Box 8-Strikeout 'NEW'
- Change to Attachment 3.1- page 7, item 9 (16-006); Attachment 3.1- page 8, first two paragraphs (17-008)



**State Plan under Title XIX of the Social Security Act  
State/Territory: Arizona**

**Section 1905(a)(9) Clinic Services**

The state provides coverage for this benefit as defined at section §1905(a)(9) of the Social Security Act (the Act) and 42 C.F.R. 440.90 and as described as follows:

**General Assurances**

**[Select all three checkboxes below.]**

- ☒ The state assures services are furnished by a facility that is not part of a hospital in accordance with 42 C.F.R. 440.90.
- ☒ The state assures that services are furnished by facilities that are organized and operated to provide medical care to outpatients in accordance with 42 C.F.R. 440.90.
- ☒ The state assures that services are furnished under the direction of a physician or dentist in accordance with 42 C.F.R. 440.90(a).

**Types of Clinic Services and Limitations in Amount, Duration, or Scope**

**[Select if applicable, describe below, and indicate if limits may be exceeded based upon state determined medical necessity criteria.]**

- ☒ Limitations apply to all services within the benefit category.  
Medical services provided in an ambulatory clinic including physician services, dental services, dialysis, laboratory, x-ray and imaging services, health assessment services, immunizations, medications and medical supplies, therapies, family planning services and EPSDT services.

Types of Clinics and Services:

**[Select all that apply and describe below as applicable]**

- ☒ Behavioral Health Clinics **[Describe the types of behavioral health clinics below and select below if applicable.]:**  
Community mental health centers, substance abuse treatment centers, and behavioral health outpatient clinics.

PRA Disclosure Statement - This use of this form is mandatory and the information is being collected to assist the Centers for Medicare & Medicaid Services in implementing section §1905(a)(9) of the Social Security Act. Under the Privacy Act of 1974, any personally identifying information obtained will be kept private to the extent of the law. An agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a currently valid Office of Management and Budget (OMB) control number. The OMB control number for this project is 0938-1148 (CMS-10398 #91). Public burden for all of the collection of information requirements under this control number is estimated to take about 25 hours per response. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to CMS, 7500 Security Boulevard, Attn: Paperwork Reduction Act Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

TN: 25-0001  
Supersedes TN: 16-006

Approval Date: 9/24/2025  
Effective Date: 1/1/2025

State Plan under Title XIX of the Social Security Act  
State/Territory: Arizona

Section 1905(a)(9) Clinic Services

☒ Limitations apply only to this clinic type within the benefit category. **[Describe below and indicate if limits may be exceeded based upon state determined medical necessity criteria.]**

Behavioral health services provided in a clinic include individual, group and/or family counseling/therapy, psychotropic medications, psychotropic medication adjustment and monitoring, emergency/crisis services, behavior management, psychosocial rehabilitation, screening, evaluation and diagnosis, case management services, laboratory and radiology services, peer and family support services, rehabilitative employment services. The duration, scope and frequency of each therapeutic modality shall be part of a treatment plan.

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TN: 25-0001  
Supersedes TN: 17-008

Approval Date: 9/24/2025  
Effective Date: 1/1/2025



State Plan under Title XIX of the Social Security Act  
State/Territory: Arizona

Section 1905(a)(9) Clinic Services

☒ IHS and Tribal Clinics **[Select below if applicable.]**:

☐ Limitations apply only to this clinic type within the benefit category. **[describe below and indicate if limits may be exceeded based upon state determined medical necessity criteria].**

Click or tap here to enter text.

☒ Renal Dialysis Clinics **[Select below if applicable.]**:

☒ Limitations apply only to this clinic type within the benefit category. **[Describe below and indicate if limits may be exceeded based upon state determined medical necessity criteria.]**

End-stage renal disease (ESRD) services are only covered in renal dialysis clinics that are Medicare certified ESRD facilities.

☒ Other Clinics **[Describe the types of clinics, if any limitations apply, and select below if applicable.]**:

Ambulatory Surgical Clinics, surgical centers, primary care clinics, and urgent care centers are covered clinics.

☐ Limitations apply only to this clinic type within the benefit category. **[Describe below and indicate if limits may be exceeded based upon state determined medical necessity criteria.]**

Click or tap here to enter text.

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TN: 25-0001  
Supersedes TN: NEW

Approval Date: 9/24/2025  
Effective Date: 1/1/2025



State Plan under Title XIX of the Social Security Act  
State/Territory: Arizona

Section 1905(a)(9) Clinic Services

Four Walls Exceptions

The state assures that the following services may be furnished outside of the clinic **[Select the first and second checkbox; Do not select the second checkbox if the state does not enroll IHS or Tribal facilities as providers of clinic services.]**:

☒ Services furnished outside the clinic, by clinic personnel under the direction of a physician, to an eligible individual who does not reside in a permanent dwelling or does not have a fixed home or mailing address in accordance with 42 C.F.R. 440.90(b).

☒ Services furnished outside a clinic that is a facility of the Indian Health Service, whether operated by the Indian Health Service (IHS) or by a Tribe or Tribal organization (as authorized by the Indian Self-Determination and Education Assistance Act (ISDEAA), Pub. L. 93-638), by clinic personnel under the direction of a physician in accordance with 42 C.F.R. 440.90(c).

The state elects to cover the following services outside of the clinic **[Select all that apply.]**:

☒ Services furnished outside of a clinic that is primarily organized for the care and treatment of outpatients with behavioral health disorders, including mental health and substance use disorders, by clinic personnel under the direction of a physician in accordance with 42 C.F.R. 440.90(d) **[Describe the types of behavioral health clinics such exception applies to below.]**

The State covers all the behavioral health clinic types under the clinic services benefit.

☒ Services furnished outside of a clinic that is located in a rural area and is not a rural health clinic (as referenced in section §1905(a)(2)(B) of the Act and 42 C.F.R. 440.20(b) of this subpart) by clinic personnel under the direction of a physician in accordance with 42 C.F.R. 440.90(e) **[Select one of the checkboxes below and describe the definition of a rural area that applies to this exception.]**

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State Plan under Title XIX of the Social Security Act  
State/Territory: Arizona

Section 1905(a)(9) Clinic Services

**Four Walls Exceptions (continued)**

☐ A definition adopted and used by a federal governmental agency for programmatic purposes **[Describe below.]**:  
Click or tap here to enter text.

☒ A definition adopted by a state governmental agency with a role in setting state rural health policy **[Describe below.]**:  
The Arizona Department of Health Services define rural as either: 1) A county with a population of less than four hundred thousand persons according the most recent United States decennial census; or 2) A census county division with less than fifty thousands persons in a county with a population of four hundred thousand or more persons according to the most recent United States decennial census.

The state attests that **[Select the checkbox if the state elects to cover services outside of a clinic that is located in a rural area.]**:

- ☒ The selected definition of a rural area best captures the population of rural individuals that meets more of the four criteria that mirror the needs and barriers to access experienced by individuals who are unhoused:
- The population experiences high rates of behavioral health diagnoses or difficulty accessing behavioral health services;
  - The population experiences issues accessing services due to lack of transportation;
  - The population experiences a historical mistrust of the health care system; and
  - The population experiences high rates of poor health outcomes and mortality.

**Additional Benefit Description (Optional)**

At its option the state may provide additional descriptive information about the benefit, beyond what is included in the federal statutory and regulatory definitions and descriptions. **[Describe below.]**:  
Click or tap here to enter text.

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