

## **Table of Contents**

**State/Territory Name: Arizona**

**State Plan Amendment (SPA) #: 20-0013**

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 AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, MD 21244-1850



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**Financial Management Group**

October 6, 2020

Jami Snyder, Director  
Arizona Health Care Cost Containment System  
801 E. Jefferson  
Phoenix, AZ 85034

RE: Arizona SPA 20-0013

Dear Ms. Snyder:

We have reviewed the proposed amendment to Attachment 4.19-A and Attachment 4.19-B of your Medicaid State plan submitted under transmittal number (TN) 20-0013. This amendment proposes inpatient hospital and outpatient hospital differential adjusted payments to facilities owned or operated by the Indian Health Services (IHS) or tribes under PL 93-638, effective from October 1, 2020 to September 30, 2021.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30), 1903(a), and 1923 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 TN 20-00013 is approved effective October 1, 2020. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Mark Wong at (415) 744-3561 or Blake Holt at (415) 744-3754.

Sincerely,

A solid black rectangular box redacting the signature of the sender.

For  
Rory Howe  
Acting Director

Enclosures

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

1. TRANSMITTAL NUMBER

2 0 — 0 1 3

2. STATE

Arizona

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR  
CENTERS FOR MEDICARE & MEDICAID SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

October 1, 2020

5. TYPE OF PLAN MATERIAL (*Check One*)

NEW STATE PLAN

AMENDMENT TO BE CONSIDERED AS NEW PLAN

AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION

42 CFR Part 447

7. FEDERAL BUDGET IMPACT

a. FFY 2021 \$ ~~\$4,260,500~~ 4,929,600  
b. FFY 2022 \$ ~~\$4,260,500~~ 4,929,600

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A pg. 28(h), 28(i)  
~~Attachment 4.19-B pg. 14, 15~~  
Supplement 2 to Attachment 4.19-B, pg. 14, 15

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (*If Applicable*)

N/A

10. SUBJECT OF AMENDMENT

Updates the IP and OP DAP programs to include IHS/638 facilities for FFY 2021.

11. 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

12. REGIONAL AGENCY OFFICIAL

13. TYPED NAME  
Dana Flannery

14. TITLE  
Assistant Director

15. DATE SUBMITTED  
8/18/20

16. RETURN TO

Dana Flannery  
801 E. Jefferson, MD#4200  
Phoenix, Arizona 85034

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED  
August 18, 2020

18. DATE APPROVED  
10/06/20

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL  
October 1, 2020

20. SIGNATURE OF REGIONAL OFFICIAL

For

21. TYPED NAME  
Rory Howe

22. TITLE  
Acting Director, Financial Management Group

23. REMARKS

Pen-and-ink changes made to Boxes 7 and 8 by CMS with state email concurrence on 9/21/2020

State: ARIZONA  
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES  
INPATIENT HOSPITAL CARE

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The following is a description of methods and standards for determining Differential Adjusted Payments for IHS/638 Tribally owned and/or operated facilities. The purpose of the Differential Adjusted Payment is to distinguish facilities which have committed to supporting designated actions that improve patients' care experience, improve members' health, and reduce cost of care growth. The Differential Adjusted Payment Schedule represents a positive adjustment to the AHCCCS rates. These payment adjustments will occur for all dates of service in Contract Year Ending (CYE) 2021 (October 1, 2020 through September 30, 2021) only.

**1. IHS and 638 Tribally Owned and/or Operated Facilities**

A. Applicability

Hospitals, Provider Type 02, owned and/or operated by Indian Health Services (IHS) or under Tribal authority by May 27, 2020 are eligible for a DAP increase under the following criteria:

a. Health Information Exchange Participation

Participation in a qualifying HIE organization qualifies the hospital for 2.5% DAP increase for inpatient services. Participation means that by May 27, 2020, the facility must have submitted a LOI to AHCCCS and the HIE, in which it agrees to achieve the following milestones by the specified dates, or maintain its participation in the milestone activities if they have already been achieved:

- i. Milestone #1: No later than May 27, 2020 the facility must have in place an active participation agreement with a qualifying HIE organization and submit a LOI to AHCCCS and the HIE, in which it agrees to achieve the following milestones by the specified dates, or maintain its participation in the milestone activities if they have already been achieved.
- ii. Milestone 2: By October 1, 2020, hospitals that utilize external reference labs for any lab result processing must submit necessary provider authorization forms to the qualifying HIE, if required by the external reference lab, to have all outsourced lab test results flow to the qualifying HIE on their behalf.
- iii. Milestone #3: No later than December 1, 2020 the facility must approve and authorize a formal SOW with a qualifying HIE organization to develop and implement the data exchange necessary to meet the requirements of Milestones #4, #5 and #6.
- iv. Milestone #4: No later than April 1, 2021 the facility must electronically submit actual patient identifiable information to the production environment of a qualifying HIE organization, including admission, discharge, and transfer information (generally known as ADT information), including data from the hospital emergency department if the facility has an emergency department.
- v. Milestone #5: No later than June 1, 2021 the facility must electronically submit the following actual patient identifiable information to the production environment of a qualifying HIE organization: laboratory and radiology information (if the provider has these services), transcription, medication information, immunization data, and discharge

State: ARIZONA  
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES  
INPATIENT HOSPITAL CARE

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summaries that include, at a minimum, discharge orders, discharge instructions, active medications, new prescriptions, active problem lists (diagnosis), treatments and procedures conducted during the stay, active allergies, and discharge destination.

- vi. Milestone #6: If the facility has ambulatory and/or behavioral health practices, then no later than June 1, 2021 the facility must submit actual patient identifiable information to the production environment of a qualifying HIE, including registration, encounter summary, and SMI data elements as defined by the qualifying HIE organization.

For any milestone that includes electronic submission of patient information, the information transferred to the qualifying HIE must be actual patient data; the transfer of test data does not fulfill these requirements. It must include all patient data, including behavioral health data and data covered by 42 C.F.R. Part 2.

In order to receive the 2.5% DAP increase for HIE participation a hospital must submit an LOI to the HIE and AHCCCS by May 27, 2020.

If a facility has already achieved one or more of the CYE 2021 milestones as of May 27, 2020, the LOI must include a commitment by the facility to maintain its participation in those milestone activities for the period May 27, 2020 through September 30, 2021. The LOI must list each facility that hospital requests to participate in this DAP initiative and must include the AHCCCS IDs for each listed facility. If a LOI was submitted in alignment with the Preliminary Public Notice, dated March 6, 2020, a new LOI is not required; the hospital is presumed to be included in DAP under these Final Public Notice requirements unless the hospital submits a written request to AHCCCS and the HIE requesting that their LOI be retracted. In all cases, the hospital must submit the AHCCCS IDs for each listed facility as part of the LOI or must email the associated AHCCCS IDs to the email addresses noted.

If a facility submits an LOI and receives the 2.5% DAP increase for CYE 2021, but fails to achieve one or more of the milestones by the specified date, or fails to maintain its participation in the milestone activities, that facility will be ineligible to receive DAP for dates of service from October 1, 2021 through September 30, 2022 (CYE 2022) if a DAP is available at that time.

#### B. Payment Methodology

All payments will be increased by 2.5% if the IHS/638 facility meets the above criteria for HIE participation. The proposed DAP for IHS/638 facilities would be applicable to the All-inclusive Rate (AIR).

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

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The following is a description of methods and standards for determining Differential Adjusted Payments for IHS/638 Tribally owned and/or operated facilities. The purpose of the Differential Adjusted Payment is to distinguish facilities which have committed to supporting designated actions that improve patients' care experience, improve members' health, and reduce cost of care growth. The Differential Adjusted Payment Schedule represents a positive adjustment to the AHCCCS rates. These payment adjustments will occur for all dates of service in Contract Year Ending (CYE) 2021 (October 1, 2020 through September 30, 2021) only.

### 8) IHS and 638 Tribally Owned and/or Operated Facilities

#### A) Applicability

Hospitals, Provider Type 02, owned and/or operated by Indian Health Services (IHS) or under Tribal authority by May 27, 2020 are eligible for a DAP increase under the following criteria:

##### a. Health Information Exchange Participation

Participation in a qualifying HIE organization qualifies the hospital for 2.5% DAP increase for outpatient and ambulatory services. Participation means that by May 27, 2020, the facility must have submitted a LOI to AHCCCS and the HIE, in which it agrees to achieve the following milestones by the specified dates, or maintain its participation in the milestone activities if they have already been achieved:

- i. Milestone #1: No later than May 27, 2020 the facility must have in place an active participation agreement with a qualifying HIE organization and submit a LOI to AHCCCS and the HIE, in which it agrees to achieve the following milestones by the specified dates, or maintain its participation in the milestone activities if they have already been achieved.
- ii. Milestone 2: By October 1, 2020, hospitals that utilize external reference labs for any lab result processing must submit necessary provider authorization forms to the qualifying HIE, if required by the external reference lab, to have all outsourced lab test results flow to the qualifying HIE on their behalf.
- iii. Milestone #3: No later than December 1, 2020 the facility must approve and authorize a formal SOW with a qualifying HIE organization to develop and implement the data exchange necessary to meet the requirements of Milestones #4, #5 and #6.
- iv. Milestone #4: No later than April 1, 2021 the facility must electronically submit actual patient identifiable information to the production environment of a qualifying HIE organization, including admission, discharge, and transfer information (generally known as ADT information), including data from the hospital emergency department if the facility has an emergency department.
- v. Milestone #5: No later than June 1, 2021 the facility must electronically submit the following actual patient identifiable information to the production environment of a qualifying HIE organization: laboratory and radiology information (if the provider has these services), transcription, medication information, immunization data, and discharge summaries that include, at a minimum, discharge orders, discharge instructions, active medications, new prescriptions, active problem lists (diagnosis), treatments and procedures conducted during the stay, active allergies, and discharge destination.
- vi. Milestone #6: If the facility has ambulatory and/or behavioral health practices, then no later than June 1, 2021 the facility must submit actual patient identifiable information to the production environment of a qualifying HIE, including registration, encounter

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

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summary, and SMI data elements as defined by the qualifying HIE organization.

For any milestone that includes electronic submission of patient information, the information transferred to the qualifying HIE must be actual patient data; the transfer of test data does not fulfill these requirements. It must include all patient data, including behavioral health data and data covered by 42 C.F.R. Part 2.

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If a facility submits an LOI and receives the 2.5% DAP increase for CYE 2021, but fails to achieve one or more of the milestones by the specified date, or fails to maintain its participation in the milestone activities, that facility will be ineligible to receive DAP for dates of service from October 1, 2021 through September 30, 2022 (CYE 2022) if a DAP is available at that time.

#### B. Payment Methodology

All payments will be increased by 2.5% if the IHS/638 facility meets the above criteria for HIE participation. The proposed DAP for IHS/638 facilities would be applicable to the All-inclusive Rate (AIR).