

5% FFS Reduction Effective February 1, 2009

The State of Arizona is currently facing a projected budget deficit of \$1.2 billion in State Fiscal Year 2009 and an estimated shortfall of at least twice that in State Fiscal Year 2010. To address this shortfall, the Executive has developed a Budget Management Plan which includes fund transfers, budget savings measures, and other actions. Executive Branch agencies are moving forward with select budget saving measures which do not require statutory changes. As part of the Governor's Budget Management Plan, the Arizona Health Care Cost Containment System (AHCCCS) proposes to revise specified Fee-For-Service (FFS) payment rates for services provided to members enrolled in the AHCCCS FFS program, the Medicaid School Based Claiming (MSBC) program and the Comprehensive Medical and Dental Program (CMDP) for dates of service on and after February 1, 2009. AHCCCS has established the "FFS Program Capped Fee Schedule" and rates contained therein will be reduced by 5%.

Rates contained in the "FFS Program Capped Fee Schedule" shall include the Physician Fee Schedule (also including DME, radiology, and drugs administered in a physician's office), Dialysis (free-standing), Transportation, and Behavioral Health services (including counseling, crisis, rehabilitation/supportive services, residential treatment and services in psychiatric facilities not paid for by ADHS/BHS or their subcontractors). Please refer to the fee schedules on our web site at www.ahcccs.state.az.us/RatesCodes. Affected rates can be identified under each category of service by "FFS Program Capped Fee Schedule" effective February 1, 2009.

The February 1, 2009 "FFS Program Capped Fee Schedule" will not impact rates for the following services: hospital, nursing facility, pharmacy, home and community based services, dental, ambulatory surgical centers, and hospice.

AHCCCS has also established the "MCO Capped Fee Schedule" for claims for members enrolled in Managed Care Organizations (except CMDP). At this time, rates contained in the "MCO Capped Fee Schedule" remain unchanged from rates effective October 1, 2008 (with some updates as of January 1, 2009). Please refer to the fee schedules on our web site at www.ahcccs.state.az.us/RatesCodes. Rates can be identified under each category of service by "MCO Capped Fee Schedule" effective October 1, 2008 or January 1, 2009.

Written comments should be sent to the following address and received no later than 5:00 p.m. on January 30, 2009:

Michael Veit, Contracts and Purchasing Manager
Arizona Health Care Cost Containment System
701 E. Jefferson St.
Phoenix, Arizona 85034