

August 2, 2016

Effective January 1, 2017, Free-Standing Emergency Departments (FrEDs) will be reimbursed by AHCCCS and its Contractors in accordance with a unique reimbursement methodology and rate schedule. The new FrED fee schedule requires that AHCCCS and its Contractors be able to differentiate FrEDs from the hospitals with which the FrEDs are licensed. To that end, AHCCCS has established a new, distinct provider type specifically for FrEDs: ED. All FrEDs will be required to submit separate new provider registration forms by October 1, 2016. If 1) the hospital with which the FrED is licensed is currently registered with AHCCCS and 2) both the hospital and the FrED are the same legal entity, then the disclosure and screening requirements in 42 CFR Part 455 do not apply. If the FrED is a separate legal entity, then it should have already complied with the disclosure and screening requirements delineated in these federal regulations.

Reimbursement using the new FrED fee schedule will be tied directly to the use of new FrED NPIs for claims with dates of service on and after January 1, 2017. The rendering provider on the claim must be the FrED as indicated by the NPI. Therefore each FrED is required to have a distinct NPI not already associated with an active AHCCCS Provider Identification Number. If a FrED has no other provider number established with AHCCCS, then the existing NPI may be utilized, otherwise a new NPI must be obtained. Go to <https://nppes.cms.hhs.gov/NPPES/Welcome.do> to acquire a new NPI. The FrED is not required to obtain a new Tax Identification Number (TIN) unless the FrED is registering with AHCCCS for the first time.

Each FrED will be required to re-register for AHCCCS Online once the FrED is established as provider type ED if the FrED desires to have AHCCCS Online capability. The NPI and TIN associated with the FrED will be required for this process. Each person associated with the FrED that uses AHCCCS Online must create their own account. Account sharing is prohibited and is a direct violation of the AHCCCS Online user acceptance agreement.

A webpage dedicated to the FrEDs will be posted on the AHCCCS website later this week under the Plans/Providers tab. Please check the AHCCCS website at <http://www.azahcccs.gov> for more information.

Timeline for initial Provider Type implementation:

- Completion of Provider Registration process by existing FrEDs – by October 1, 2016
- AHCCCS Online re-registration begins upon completion of Provider Registration
- AHCCCS system changes by January 1, 2017
- MCO testing will begin on approximately October 1, 2016
- MCO system changes by January 1, 2017
- AHCCCS and MCOs begin to make FrED fee schedule payments – dates of service on and after January 1, 2017

Completion of the provider registration process to establish unique NPIs for each FrED is critical to implement the new reimbursement methodology. Please note that failure to register as a FrED may result in revocation of the provider participation agreement for the hospital with which the FrED is licensed. Also, claims for dates of service on and after January 1, 2017 which are submitted without the FrED NPI may be investigated as false claims by the AHCCCS Office of the Inspector General (OIG).

We appreciate your timely cooperation and collaboration in completing the provider registration process. Please ensure that you submit all necessary documentation to AHCCCS no later than October 1, 2016.

Any provider registration questions can be directed to Patricia Garcia at Patricia.Garcia@azahcccs.gov. All other questions related to FrED reimbursement matters should be directed to Victoria Burns at (602) 417- 4049 or Victoria.Burns@azahcccs.gov.