

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



Financial Management Group

APR 11 2017

Tom Betlach, Director
Arizona Health Care Cost Containment System
801 E. Jefferson
Phoenix, AZ 85034

RE: Arizona SPA 16-005

Dear Mr. Betlach:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid state plan submitted under transmittal number (TN) 16-005. This amendment, effective January 1, 2017, reflects the increases in nursing facility assessment rates; the nursing facility assessment revenues fund a nursing facility supplemental payment.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30), and 1903(a) 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 16-005 is approved effective January 1, 2017. We are enclosing the HCFA-179 and the amended plan pages.

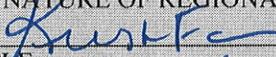
If you have any questions, please call Mark Wong at (415) 744-3561.

Sincerely,

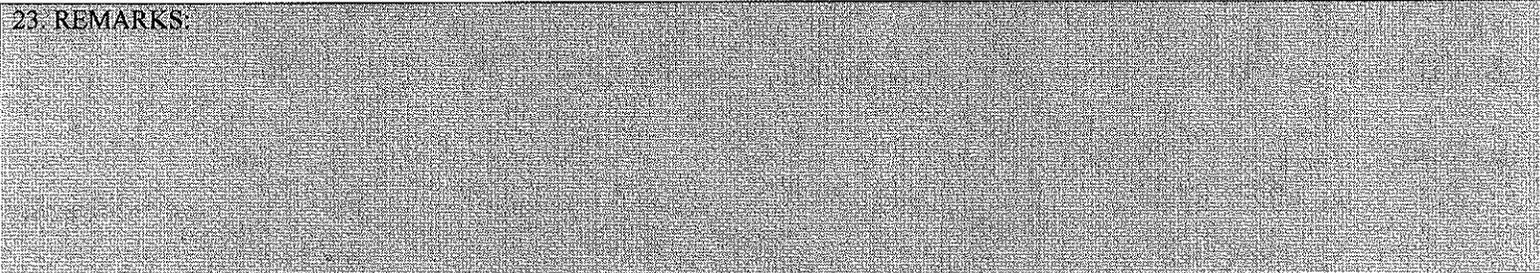
A handwritten signature in blue ink, which appears to read "Kristin Fan". The signature is written in a cursive, flowing style.

Kristin Fan
Director

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: Centers for Medicare and Medicaid Services		1. TRANSMITTAL NUMBER: 16-005	2. STATE Arizona
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE January 1, 2017	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447 Subpart C, 42 CFR 433.68(d)		7. FEDERAL BUDGET IMPACT: FFY 2017 \$2,239,900 FFY 2018 \$2,986,500	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Att. 4.19-D, page 9(a)		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Same	
10. SUBJECT OF AMENDMENT: Updates the State Plan to revise the assessment amounts for Nursing Facility supplemental funding.			
11. GOVERNOR'S REVIEW (Check One): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Monica Coury 801 E. Jefferson, MD#4200 Phoenix, Arizona 85034	
13. TYPED NAME: Monica Coury			
14. TITLE: Assistant Director			
15. DATE SUBMITTED: August 25, 2016			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: APR 11 2017	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: JAN 01 2017		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Kristin FAN		22. TITLE: Director, FMC	

23. REMARKS:



STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: ARIZONA

**METHODS AND STANDARDS FOR ESTABLISHING FEE-FOR-SERVICE PAYMENT
RATES FOR LONG TERM CARE FACILITIES**

(c) AHCCCS shall make quarterly supplemental payments to eligible nursing facility providers after the assessment quarter. The fee-for-service quarterly supplemental payment will be made directly to each eligible nursing facility. If the fee-for-service quarterly supplemental payment amount is less than \$25 for an individual facility, no fee-for-service quarterly supplemental payment will be made.

(d) A facility must be open on the date the supplemental payment is made in order to receive a payment.

(e) During the quarter ending March 31, 2015, an additional quarterly payment adjustment will be made that is equal to the difference between what the quarterly payment would be if the pool amount was determined under paragraph 2 below effective January 1, 2015 and what the quarterly payment would be if the pool amount was determined based on paragraph 2 as it was in effect prior to January 1, 2015.

2. The nursing facility assessment to be collected from each nursing facility is as follows:

- (a) The assessment is imposed on non-Medicare patient days as allowed for under 42 CFR 433.68(d);
- (b) The assessment imposed is \$15.63 per non-Medicare day except:
 - i. Continuing Care Retirement Communities, ICF/IIDs, IHS and Tribal 638 nursing facilities, Arizona Veteran's Homes, and facilities located outside of Arizona will not be assessed;
 - ii. Facilities with 58 or fewer total beds will not be assessed; and
 - iii. Facilities with annual Medicaid days greater than or equal to the number required to achieve a slope of at least 1 applying the uniformity tax waiver test described in 42 CFR 433.68(e)(2) will be assessed at a rate of \$1.80 per non-Medicare day.

The patient days used in the computations are derived from the Nursing Facility Uniform Accounting Report (UAR) Cost Reports filed with the Arizona Department of Health Services. Calculations for the assessment will be made once per year in August, using the most recently filed UAR as of August 1 immediately preceding the start of the assessment year. Only those facilities with a full year UAR will be assessed. The computed annual assessment amount will be divided by four and imposed on a quarterly basis.