Financial Management Group

DEC 08 2016

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

RE: Arizona State Plan Amendment 16-010A

Dear Mr. Betlach:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 16-010A. This amendment updates the fee schedule reference for freestanding psychiatric hospital facilities and general acute hospitals that provide psychiatric services, effective October 1, 2016.

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 16-010A is approved effective October 1, 2016. We are enclosing the HCFA-179 and the amended plan pages.

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

Sincerely,

Kristin Fan
Director

Enclosures
**TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL**

FOR: Centers for Medicare and Medicaid Services

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

5. TYPE OF PLAN MATERIAL (Check One):

- [ ] NEW STATE PLAN
- [ ] AMENDMENT TO BE CONSIDERED AS NEW PLAN
- [X] AMENDMENT

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

6. FEDERAL STATUTE/REGULATION CITATION:

7. FEDERAL BUDGET IMPACT:

7.1. FFE 4617: $0
7.2. FFE 4618: $0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Att. 4.19-A, page 11.

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

Same

10. SUBJECT OF AMENDMENT:

Updates rates for freestanding psychiatric hospitals for the period beginning October 1, 2015.

11. GOVERNOR'S REVIEW (Check One):

- [X] GOVERNOR'S OFFICE REPORTED NO COMMENT
- [ ] COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
- [ ] NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

[Signature]

13. TYPED NAME:
monicacoury

14. TITLE:
Assistant Director

15. DATE SUBMITTED:
October 14, 2016

16. RETURN TO:

Monica Coury
801 E. Jefferson, MD#4200
Phoenix, Arizona 85034

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED: DEC 08 2016

19. EFFECTIVE DATE OF APPROVED MATERIAL:

OCT 01 2016

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: kristin fan

22. TITLE: Director, FMC
23. REMARKS: Pen and ink change made to Box 7 with state's concurrence.
STATE OF ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
INPATIENT HOSPITAL CARE

B. Out-of-State Hospitals

Out-of-state hospitals providing covered services (excluding organ and transplantation services) to persons eligible for AHCCCS are paid by multiplying covered charges by the most recent state-wide urban cost-to-charge ratio (CCR). The CCR is updated annually by AHCCCS, with an October 1 effective date, using the most current Medicare cost-to-charge ratios published or placed on display by CMS by August 31 of that year.

Out-of-state hospitals providing covered organ and transplantation services to persons eligible for AHCCCS are paid based upon a fixed price per type of transplant with stop-loss provisions. Reimbursement rates are negotiated using the out of state provider’s home state Medicaid reimbursement as a benchmark. At no time will payment exceed the hospital’s billed charges.

V. PAYMENT TO FREESTANDING PSYCHIATRIC HOSPITALS

Psychiatric hospitals are paid a statewide per diem fee. AHCCCS rates were set as of October 1, 2015, and are effective for dates of admission on or after that date. AHCCCS rates for payments to freestanding psychiatric hospitals, including freestanding psychiatric hospitals that function solely as detoxification facilities, are published on the agency’s website at

https://azahcccs.gov/PlansProviders/RatesAndBilling/FFS/behavioralhealthrates.html?id=Inpatient

VI. APPEALS PROCEDURES

Facilities may appeal rates within the limits of Arizona statute through the AHCCCS grievance and appeals process. Facilities may also informally request a rate review.