

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**

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,

A handwritten signature in blue ink that reads "Kristin Fan". The signature is written in a cursive, flowing style.

Kristin Fan  
Director

Enclosures

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>  <b>FOR: Centers for Medicare and Medicaid Services</b>		1. TRANSMITTAL NUMBER: 16-010A	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 October 1, 2016	
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		7. FEDERAL BUDGET IMPACT:  FFY <del>45</del> 17: \$0 FFY <del>46</del> 18: \$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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  Same	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): <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: October 14, 2016			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED:		18. DATE APPROVED: <b>DEC 08 2016</b> 	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: <b>OCT 01 2016</b>		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: <b>Kristin Fan</b>		22. TITLE: <b>Director, FMC</b>	

23. REMARKS: Pen and ink change made to Box 7 with state's concurrence.

STATE OF ARIZONAMETHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES  
INPATIENT HOSPITAL CARE

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**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.

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TN No. 16-010A  
Supersedes  
TN No. 15-005A

Approval Date: DEC 08 2016 Effective Date: October 1, 2016