

December 27, 2018

Mark Wong
Division of Medicaid and Children's Health Operations
U.S. Department of Health & Human Services
Centers for Medicare & Medicaid Services
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6707

RE: Arizona SPA #18-017, LTAC and Rehab Rates

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) #18-017, LTAC and Rehab Rates, which revises the State Plan to update the LTAC and Rehab rates, effective October 1, 2018.

If you have any questions about the enclosed SPA, please contact Kyle Sawyer at (602) 417-4211.

Sincerely,

Elizabeth Lorenz Assistant Director

Arizona Health Care Cost Containment System (AHCCCS)

cc: Blake Holt, CMS Brian Zolynas, CMS

TRANSMITTAL AND NOTICE OF APPROVAL OF	1. TRANSMITTAL NUMBER:	2. STATE		
STATE PLAN MATERIAL	18-017	Arizona		
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FOR: Centers for Medicare and Medicaid Services	3. PROGRAM IDENTIFICATION: TIT			
	SOCIAL SECURITY ACT (MEDICA	AID)		
TO: REGIONAL ADMINISTRATOR	4. PROPOSED EFFECTIVE DATE			
CENTERS FOR MEDICARE AND MEDICAID SERVICES	October 1, 2018			
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
5. TYPE OF PLAN MATERIAL (Check One):				
	CONSIDERED AS NEW PLAN			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AME		amendment)		
6. FEDERAL STATUTE/REGULATION CITATION:	7. FEDERAL BUDGET IMPACT:			
42 CED D 4 447	FFV 40, #2 000			
42 CFR Part 447	FFY 19: \$3,099			
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:	FFY 20: \$3,028			
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):			
Attachment 4.19-A Page 27	Attachment 4.19-A	Page 27		
11		1 480 - 7		
10. SUBJECT OF AMENDMENT:				
Revises the LTAC and Rehab rates effective 10/1/18				
The vises the Ellie und Itehan faces effective 10/1/10				
11. GOVERNOR'S REVIEW (Check One):				
GOVERNOR'S OFFICE REPORTED NO COMMENT	OTHER, AS SPEC	IFIED:		
COMMENTS OF GOVERNOR'S OFFICE ENCLOSED				
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL				
12. SIGNATURE OF STATE AGENCY OFFICIAL:	16. RETURN TO:			
	Elizabeth Lorenz			
	801 E. Jefferson, MD#4200			
	Phoenix, Arizona 85034			
V				
12 TYPED MANGE	-			
13. TYPED NAME: Elizabeth Lorenz				
14. TITLE:				
Assistant Director				
15. DATE SUBMITTED:				
12/27/18				
FOR REGIONAL OFFICE USE ONLY				
17. DATE RECEIVED:	18. DATE APPROVED:			
PLAN APPROVED – ONE COPY ATTACHED				
19. EFFECTIVE DATE OF APPROVED MATERIAL:	20. SIGNATURE OF REGIONAL OF	FICIAL:		
21. TYPED NAME:	22. TITLE:			
23 REMARKS:				

STATE OF ARIZONA METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES INPATIENT HOSPITAL CARE

IX. PAYMENT TO LONG-TERM ACUTE CARE HOSPITALS

Effective October 1, 2015, long-term acute care hospitals are paid a per diem rate which will be an intensive care unit (ICU) rate, a surgery rate, or a routine rate. A hospital is eligible to receive an ICU rate or a surgery rate if the hospital is licensed by the Arizona Department of Health Services to provide ICU or surgical services.

The ICU rate applies to inpatient days associated on the claim with revenue codes in the ranges 200-204, 207-212, and 219. The surgery rate applies to inpatient days associated on the claim with revenue codes 360-369 in combination with valid procedure codes that are not on the AHCCCS excluded surgery procedures list. The routine rate applies to all other inpatient days.

An outlier is a hospital claim on which the covered charges exceed the outlier threshold, which will be an ICU threshold, a surgery threshold, or a routine threshold. The outlier thresholds for long-term acute care hospitals are the thresholds that were in effect for those hospitals on September 30, 2014. Outliers shall be reimbursed by multiplying covered charges by the outlier cost-to-charge ratio. The outlier ratios will be the Final Statewide Average Total Cost-to-Charge Ratios for LTCHs in the data file published by CMS as part of the Medicare Long-Term Care Hospital Prospective Payment System for the prior fiscal year. The urban cost-to-charge ratio applies to hospitals located in Maricopa County or Pima County, and to out-of-state hospitals. The rural cost-to-charge ratio applies to all other hospitals.

AHCCCS rates were set as of October 1, 20187, and are effective for dates of admission on and after that date. AHCCCS rates and outlier thresholds for payments to long-term acute care hospitals are published on the agency's website at https://azahcccs.gov/PlansProviders/RatesAndBilling/FFS/LTACrehab.html

X. PAYMENT TO REHABILITATION HOSPITALS

Effective October 1, 2015, rehabilitation hospitals are paid a statewide per diem rate.

An outlier is a hospital claim on which the covered charges exceed the outlier threshold. The outlier threshold for rehabilitation hospitals is the threshold that was in effect for those hospitals on September 30, 2014. Outliers shall be reimbursed by multiplying covered charges by the outlier cost-to-charge ratio. The outlier cost-to-charge ratios will be the Final Statewide Average Total Cost-to-Charge Ratios for LTCHs in the data file published by CMS as part of the Medicare Long-Term Care Hospital Prospective Payment System for the prior fiscal year. The urban cost-to-charge ratio applies to hospitals located in Maricopa County or Pima County, and to out-of-state hospitals. The rural cost-to-charge ratio applies to all other hospitals.

AHCCCS rates were set as of October 1, 20187, and are effective for dates of admission on and after that date. AHCCCS rates and outlier thresholds for payments to rehabilitation hospitals are published on the agency's website at https://azahcccs.gov/PlansProviders/RatesAndBilling/FFS/LTACrehab.html

TN No. 17-012 18-017			
Supersedes	Approval Date:	 Effective Date:	October 1, 20187
TN No. 16-008 17-012			