December 30, 2019

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 #19-017, “October NF Rates”

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) #19-017, October NF Rates, which updates the State Plan Nursing Facility rates, effective October 1, 2019. Please see below for information regarding public comment and Tribal Consultation requirements:

Public Comment:
- [https://www.azahcccs.gov/AHCCCS/PublicNotices/](https://www.azahcccs.gov/AHCCCS/PublicNotices/)

Tribal Consultation:
- [https://www.azahcccs.gov/AmericanIndians/TribalConsultation/meetings.html](https://www.azahcccs.gov/AmericanIndians/TribalConsultation/meetings.html)

If you have any questions about the enclosed SPA, please contact Alex Demyan at (602) 417-4130.

Sincerely,

Dana Hearn
Assistant Director
Arizona Health Care Cost Containment System (AHCCCS)

cc: Blake Holt, CMS
    Brian Zolynas, CMS
    Mohamed Arif, AHCCCS
**Transmittal and Notice of Approval of State Plan Material**

**For: Centers for Medicare & Medicaid Services**

**1. Transmittal Number:** 19-017

**2. State:** Arizona

**3. Program Identification:** Title XIX of the Social Security Act (Medicaid)

**4. Proposed Effective Date:** October 1, 2019

**5. Type of Plan Material (Check One):**
- [ ] New State Plan
- [ ] Amendment to be considered as New Plan
- [x] Amendment

**6. Federal Statute/Regulation Citation:** 42 CFR Part 447

**7. Federal Budget Impact**
   - a. FFY 2020: $876,600
   - b. FFY 2021: $911,500

**8. Page Number of the Plan Section or Attachment:** Attachment 4.19-D pg. 8

**9. Page Number of the Superseeded Plan Section or Attachment (If Applicable):** Attachment 4.19-D pg. 8

**10. Subject of Amendment:**

Updates the State Plan to reflect updated nursing facility rates, effective October 1, 2019.

**11. Governor’s Review (Check One):**
- [x] Governor’s Office Reported No Comment
- [ ] Other, as specified
- [ ] Comments of Governor’s Office Enclosed
- [ ] No reply received within 45 days of submittal

**12. Signature of State Agency Official:**

Dana Hearn
Assistant Director

**13. Typed Name:** Dana Hearn

**14. Title:** Assistant Director

**15. Date Submitted:** 12/30/2019

**16. Return To:**

Dana Hearn
801 E. Jefferson, MD#4200
Phoenix, Arizona  85034

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

85% for each facility, then add in the per day historic costs for property taxes and insurance to determine the statewide average capital component.

4. Total Rate
The per diem nursing facility rates are calculated by summing the primary care, indirect care, and capital cost components. These rates vary by member level of care and geographic area due to the primary care components.

5. Rate Update
Effective October 1, 2002 and each year thereafter, fee-for-service rates for nursing facilities will be updated by applying an inflation factor or factors to the rate components in effect for the prior year. This method of adjusting fee-for-service rates is consistent with the method used by AHCCCS for other medical services. For rates effective from October 1, 2011 to September 30, 2013, and from October 1, 2015 and thereafter, no inflation factor will be applied. Below are the AHCCCS FFS Nursing Facility Per Diem Rates effective on and after October 1, 2018:

<table>
<thead>
<tr>
<th>Level of Care</th>
<th>Revenue Code</th>
<th>Urban Rate*</th>
<th>Rural Rate</th>
<th>Flagstaff</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOA/Therapeutic</td>
<td>183</td>
<td>$169.06</td>
<td>$163.78</td>
<td>$165.99</td>
</tr>
<tr>
<td>LOA/Nursing Home</td>
<td>185</td>
<td>$169.06</td>
<td>$163.78</td>
<td>$165.99</td>
</tr>
<tr>
<td>Level 1</td>
<td>191</td>
<td>$160.78</td>
<td>$155.27</td>
<td>$169.75</td>
</tr>
<tr>
<td>Level 2</td>
<td>192</td>
<td>$184.81</td>
<td>$169.75</td>
<td>$180.86</td>
</tr>
<tr>
<td>Level 3</td>
<td>193</td>
<td>$219.22</td>
<td>$212.20</td>
<td>$215.04</td>
</tr>
</tbody>
</table>

*AHCCCS has designated nursing facilities in the Arizona counties of Pima, Pinal, and Maricopa as Urban to be paid at the AHCCCS Urban Rate. All other counties inside or outside of Arizona are designated as Rural and are paid at the AHCCCS Rural Rate (except Flagstaff, which is paid at the rate specified above).

**This LOA rate only applies to reserved beds at Nursing Facilities.

III. Other Provisions
A. Provider Appeals
Nursing facility providers have the right to request an informal rate reconsideration in accordance with the ALTCS Rules. Appeals are allowed for the following reasons:

- Extraordinary circumstances (as determined by the Director).
- Provision of specialty care services directed at members with high medical needs.
- Unique or unusually high case mix.

Appeals are made in writing to the Director. Appeals which are granted become effective no earlier than the date the appeal was requested.

B. Cost and Wage Reporting
AHCCCS uses cost and wage reports filed by the nursing facilities in the State of Arizona as a basis for these rate calculations.

| TN No. 18-02019-017 Supersedes 18-00118-020 | Approval Date: | Effective Date: October 1, 2019 |