

**DEPARTMENT OF HEALTH & HUMAN SERVICES**

Centers for Medicare & Medicaid Services  
Center for Medicaid & CHIP Services  
233 North Michigan Ave., Suite 600  
Chicago, Illinois 60601



---

**Financial Management Group**

March 11, 2021

Jami Snyder, Director  
Arizona Health Care Cost Containment System  
801 East Jefferson Street  
Phoenix, AZ 85034

RE: TN 20-0022

Dear Director Snyder:

We have reviewed the proposed Arizona State Plan Amendment (SPA) to Attachment 4.19-B AZ-20-0022, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on December 17, 2020. This plan amendment updates the fee schedule for ambulance rates set by the Arizona Department of Health Services.

Based upon the information provided by the State, we have approved the amendment with an effective date of October 1, 2020. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Blake Holt at 415-744-3754 or [blake.holt@cms.hhs.gov](mailto:blake.holt@cms.hhs.gov).

Sincerely,

*Todd McMillion*

Todd McMillion  
Director  
Division of Reimbursement Review

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER <u>20</u> — <u>022</u>	2. STATE Arizona
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
4. PROPOSED EFFECTIVE DATE October 1, 2020	

TO: REGIONAL ADMINISTRATOR  
CENTERS FOR MEDICARE & 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       AMENDMENT

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

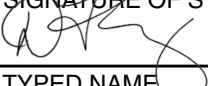
6. FEDERAL STATUTE/REGULATION CITATION  42 CFR Part 447	7. FEDERAL BUDGET IMPACT a. FFY 2021 \$ 807,300 b. FFY 2022 \$ 807,300
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  Attachment 4.19-B Page 5h-5i	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> )  Attachment 4.19-B Page 5h-5i

10. SUBJECT OF AMENDMENT

Updates the State Plan EMS rates, effective October 1, 2020.

11. GOVERNOR'S REVIEW (*Check One*)


- 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 	16. RETURN TO  Dana Flannery 801 E. Jefferson, MD#4200 Phoenix, Arizona 85034
13. TYPED NAME Dana Flannery	
14. TITLE Assistant Director	
15. DATE SUBMITTED 12/17/20	

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED 12/17/2020	18. DATE APPROVED 3/11/2021
---------------------------------	--------------------------------

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL 10/1/2020	20. SIGNATURE OF REGIONAL OFFICIAL 
21. TYPED NAME Todd McMillion	22. TITLE Director, FMG Division of Reimbursement Review

23. REMARKS

On 01/20/21, state provided concurrence for a pen and ink change to Box 7: FY2022 from "\$807,300" to "\$766,100."

State: ARIZONA  
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES  
OTHER TYPES OF CARE

The following is a description of methods and standards for determining the payment rates for ambulance transportation services included in the transportation bullet listed in Attachment 4.19-B, page 5b. Except as otherwise noted below, AHCCCS uses a uniform methodology in reimbursing both governmental and private providers for ambulance emergency and non-emergency transportation services.

1) Ground Ambulance Rates set by the Arizona Department of Health Services (ADHS)  
ADHS regulates ambulance companies in Arizona (except for those owned and operated by American Indian tribes and federal agencies) licensing and rate setting. ADHS sets rates based on data submitted by providers including direct and indirect costs, reimbursable and non reimbursable charges, utilization data, and public payer settlements. ADHS offers annual provider rate adjustments based upon the Arizona Ambulance Inflation factor (AIF). The AIF is comprised of the average annual change in the CPI-U for transportation (50%) and for medical care (50%). The transportation category is composed of such things as motor vehicles (new and used), motor fuel, parts and equipment, maintenance and repair and public transportation. The medical care category is composed of such things as medical care commodities, medical care services – professional, hospital and related services.

For dates of service prior to October 1, 2009, AHCCCS will reimburse ambulance companies at 80.0% of the ADHS established rate. For dates of service beginning October 1, 2009 through March 31, 2011, AHCCCS will reimburse those providers at 76% of the ADHS established rate. For dates of service beginning April 1, 2011 through September 30, 2011, AHCCCS will reimburse those providers at 72.2% of the ADHS established rate. For dates of service beginning October 1, 2011 through September 30, 2012, AHCCCS will reimburse those providers at 68.6% of the ADHS established rate in effect as of July 7, 2011. For dates of service beginning October 1, 2012 through September 30, 2013, AHCCCS will reimburse those providers at 68.6% of the ADHS established rate in effect as of August 2, 2012 and are posted at:

<https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>

For dates of service beginning October 1, 2013 through September 30, 2014, AHCCCS will reimburse those providers at 68.6% of the ADHS established rate in effect as of August 2, 2013 and are posted at: <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>

For dates of service beginning October 1, 2014 through September 30, 2015, AHCCCS will reimburse those providers at 74.74% of the ADHS established rate in effect as of August 2, 2014 and are posted at:

For dates of service beginning October 1, 2015 through September 30, 2016, AHCCCS will reimburse those providers at 68.59% of the ADHS established rate in effect as of August 2, 2015 and are posted at:

[www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/](http://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/)

For dates of service beginning October 1, 2016 through September 30, 2017, AHCCCS will reimburse those providers at 68.59 % of the ADHS established rate in effect as of July 1, 2016 and are posted at:

<https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>

For dates of service beginning October 1, 2017 through September 30, 2018, AHCCCS will reimburse those providers at 68.59 % of the ADHS established rate in effect as of July 1, 2017 and are posted at:

<https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>

For dates of service beginning October 1, 2018 through September 30, 2019, AHCCCS will reimburse those providers at 68.59 % of the ADHS established rate in effect as of July 1, 2017 and are posted at:

<https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>

For dates of service beginning October 1, 2019 through September 30, 2020, AHCCCS will reimburse those providers at 68.59% of the ADHS established rate in effect as of July 1, 2019 and are posted at: <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>.

For dates of service beginning October 1, 2020 through September 30, 2021, AHCCCS will reimburse those providers at 68.59% of the ADHS established rate in effect as of July 1, 2020 and are posted at: <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>.

2) Ground Ambulance Rates set by AHCCCS

- a) AHCCCS establishes ground ambulance rates for out-of-state companies, companies operated by American Indian tribes except those described in paragraph b or which have a CON and are reimbursed according to reimbursement methodology 1), and federal agencies such as the National Park Service that operates ambulances in Grand Canyon National Park and Lake Mead National Recreation Area. Rates were initially established in 1994 based on the average (mean) reimbursement rates paid by commercial insurance companies.

Ground Ambulance Fee Schedule Rates are posted on the AHCCCS website at <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>, effective October 1, 2020 .

- b) Effective October 1, 2018, rates for ground ambulance services provided by an I.H.S. provider or a tribally owned or operated provider with a section 638 agreement that does not have a Certificate of Necessity (CON) issued by the Arizona Department of Health Services (ADHS), will be the higher of: (1) the weighted average of the provider-specific rates as set by ADHS that are in effect on July 1, 2018, for each provider that has been issued a CON weighted by utilization of each ground transportation service code derived from both paid claims and encounters for the 12 months ending September 30, 2017

---

TN No. 20-022

Supersedes

TN No. 19-016

Approval Date: 3/11/21 Effective Date: October 1, 2020

State: ARIZONA  
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES  
OTHER TYPES OF CARE

---

; and (2) the weighted average of the provider-specific rates as set by ADHS that are in effect on July 1, 2018, for each provider that has been issued a CON weighted by utilization of each ground transportation service code derived from only paid claims for the 12 months ending September 30, 2017. The higher of the two methodologies will then be multiplied by 68.59% to establish the AHCCCS rate for each ambulance service. These rates will be adjusted with an effective date of October 1 of each subsequent year using the provider-specific rates in effect on July 1 as set by ADHS for each ground ambulance provider that has been issued a CON and utilization data for paid claims and encounters for the 12 months ending September 30th of the previous year. Ground ambulance services provided by an I.H.S. provider or a tribally owned or operated provider with a section 638 agreement that have a Certificate of Necessity (CON) issued by the Arizona Department of Health Services (ADHS) will be reimbursed according to reimbursement methodology 1).

The methodology described in paragraph 2(b) is the following:

- AHCCCS FFS rate = the greater of (Methodology 1 weighted average rate \* 0.6859) or (Methodology 2 weighted average rate \* 0.6859).
- Methodology 1 weighted average rate =  $(C + D) / (A + B)$
- Methodology 2 weighted average rate =  $C / A$

Where:

A = FFY 2017 total units billed for the service on FFS claims  
B = FFY 2017 total units billed for the service on MCO encounters  
C = FFY 2017 total reimbursements for the service on FFS claims  
D = FFY 2017 total reimbursements for the service on MCO encounters

### 3) Air Ambulance Rates

AHCCCS establishes reimbursement rates for air ambulance services. For claims with dates of service on or before December 31, 2015, the reimbursement rates are based on a cost study of Air Ambulance Costs conducted in 2000 to establish the initial rates for specialty and non-specialty transports, and are adjusted periodically based on the Consumer Price Index for Other Medical Professionals, the CPI for Transportation, and the Federal Aviation Administration forecast of jet fuel prices. For claims with dates of service from January 1, 2016 through September 30, 2016, the reimbursement rates are based on a study of non-specialty transport and mileage ambulance rates in other western states, setting the AHCCCS rates for non-specialty transports and mileage only equal to the average rate among the states studied. However, rates for specialty transports remain unchanged from those in effect on December 31, 2015. Reimbursement rates for air ambulance services were increased by 8.1% for dates of service after October 1, 2019. For dates of service after October 1, 2020, air ambulance rates can be found at <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>

---

TN No. 20-022

Supersedes

TN No. 19-016

Approval Date: 3/11/21 Effective Date: October 1, 2020