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State/Territory Name: AZ

State Plan Amendment (SPA) #: 20-0016

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

March 8, 2023

Carmen Heredia, Director
Arizona Health Care Cost Containment System
801 E. Jefferson
Phoenix, AZ 85034

RE: Arizona State Plan Amendment Transmittal Number 20-0016

Dear Ms. Heredia:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 20-0016. This amendment, effective October 1, 2020, updates the Arizona disproportionate share hospital (DSH) pool 5 payment amount and participant list, for the DSH state plan rate year ending 2021.

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 20-0016 is approved effective October 1, 2020. The CMS-179 and the amended plan page(s) are attached.

If you have any additional questions or need further assistance, please contact Mark Wong at (415) 744-3561 or mark.wong@cms.hhs.gov.

Sincerely,

A handwritten signature in cursive script that reads "Rory Howe".

Rory Howe
Director

Enclosures

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

1. TRANSMITTAL NUMBER <u>2 0 — 0 1 6</u>	2. STATE Arizona
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	

TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE September 30, 2020 October 1, 2020
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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 , Section 1923 of the Social Security Act	7. FEDERAL BUDGET IMPACT a. FFY 2020 \$ 0 b. FFY 2021 \$ 21,079,342.18 21,704,198
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8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-A pg 66,66(a), 47	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>) Attachment 4.19-A pg 66 , 66(a) , 47
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10. SUBJECT OF AMENDMENT

Updates the State Plan to reflect DSH Pool 5 funding and participating hospitals for FY 2021.

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 9/30/2020	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED September 30, 2020	18. DATE APPROVED March 8, 2023
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PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL October 1, 2020	20. SIGNATURE OF REGIONAL OFFICIAL 
21. TYPED NAME Rory Howe	22. TITLE Director, Financial Management Group

23. REMARKS

Pen-and-ink changes made to Boxes 4, 6, 7, 8 and 9 by CMS with state concurrence.

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

costs (whether positive or negative) is the hospital's OBRA limit.

Group 5 Eligibility Determination

The Administration will make additional payments, as specified in Exhibit 3, for hospitals that qualify for funding in groups 1, 1A, 2, 2A or 4. Group 5 DSH payments are in addition to the Groups 1, 1A, 2, 2A, and 4 DSH payments, but no individual hospital will receive aggregate DSH payments that exceed its OBRA limit. For hospitals that qualify for Group 5, a "LOM" score will be calculated by multiplying the hospital's LIUR times the hospital's full OBRA limit, times the hospital's MIUR.

Example: Hospital A

OBRA = \$50,000,000, MIUR = 0.3500, LIUR = 0.3000

Group 5 LOM score for Hospital A = \$50,000,000 x 0.3500 x 0.3000 = \$5,250,000

Priority for Pool 5 payments will be given in the following order to qualifying and participating private and governmental hospitals:

1. Located in a county with a population fewer than four hundred thousand persons
2. Located in a county with a population of at least four hundred thousand persons but fewer than nine hundred thousand persons
3. Located in a county with a population of at least nine hundred thousand persons.

The following iterative distribution steps are performed for hospitals within the highest priority group first, until each hospital within the priority group has either been distributed total DSH payments at its OBRA limit or been distributed Group 5 DSH payments at its Group 5 payment cap as stated in Exhibit 3, or aggregate Group 5 funding in Exhibit 3 has been exhausted. As long as there remains available Group 5 funding, this process is performed for each priority group, in the above order.

For the first round of distributions, each participating hospital's percentage of the total LOM score will be calculated using the hospital's LOM score as the numerator and the total of all participating hospitals' LOM scores as the denominator.

The total amount of DSH available for Group 5, as specified in Exhibit 3 will be multiplied by each hospital's LOM percentage of this first round. If the allocation is higher than a hospital's OBRA limit (remaining after Group 1, 1A, 2, 2A, and 4 DSH distributions) or higher than the maximum amount allocated for the hospital in Exhibit 3, the lower of those three limits will be recorded as the allocation for round one.

Subsequent rounds will be open to qualifying hospitals that have not hit their OBRA limit or the maximum amount allocated for the hospital in Exhibit 3. The LOM score for those hospitals will be totaled. Each hospital's percentage of the total LOM score for that round will be calculated. The total amount of Group 5 DSH funds remaining for that round, as specified in Exhibit 3 will be multiplied by each hospital's LOM percentage for that round. If any allocation from any round is higher than a hospital's remaining OBRA limit or the maximum amount allocated for the hospital in Exhibit 3, the lower of those three limits will be recorded as the allocation for that round. Distribution rounds will continue until all Group 5 DSH funds for the hospitals are distributed, or all hospitals that have reached their individual OBRA limits or the maximum amount allocated for the hospital in Exhibit 3 whichever comes first.

The Administration will specify the hospitals which may be eligible for Group 5 and the amount of funding in Exhibit 3. The Administration may include multiple pools within Group 5, to be specified in Exhibit 3.

STATE OF ARIZONA
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
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Pool 5 - The funding for pool 5 is specified below.

- For SPY 2018, the funding for Pool 5 is the FY 2018 Arizona DSH allotment total computable amount minus \$143,178,200.
- For SPY 2019, the funding for Pool 5 is the FY 2019 Arizona DSH allotment total computable amount minus \$143,178,200.
- For SPY 2020, the funding for Pool 5 is the FY 2020 Arizona DSH allotment total computable amount minus \$143,178,200.
- For SPY 2021, the funding for Pool 5 is the FY 2020 Arizona DSH allotment total computable amount minus \$143,178,200.

For SPY 2018, the pool 5 hospitals are:

- Benson Hospital
- Holy Cross Hospital
- Kingman Regional Medical Center
- Little Colorado Medical Center
- Mt. Graham Regional Medical Center
- Northern Cochise Community Hospital
- Page Hospital
- Yuma Regional Medical Center
- Canyon Vista Medical Center
- Banner Payson Medical Center

For SPY 2019, the pool 5 hospitals are:

- Benson Hospital
- Holy Cross Hospital
- Kingman Regional Medical Center
- Little Colorado Medical Center
- Mt. Graham Regional Medical Center
- Northern Cochise Community Hospital
- Page Hospital
- Yuma Regional Medical Center
- Canyon Vista Medical Center
- Banner Payson Medical Center

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For SPY 2020, the pool 5 hospitals are:

- Benson Hospital
- Kingman Regional Medical Center
- Little Colorado Medical Center
- Mt. Graham Regional Medical Center
- Northern Cochise Hospital
- Page Hospital
- Yuma Regional Medical Center

For SPY 2021, the pool 5 hospitals are:

Priority Group 1

Benson Hospital	\$11,204
Mt. Graham Regional Med. Ctr	\$245,002

Priority Group 2

Banner Casa Grande	\$15,228,550
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Priority Group 3

Abrazo Scottsdale Campus	\$138,812
Banner Estrella Medical	\$2,915,194
Banner Thunderbird Med. Ctr	\$287,892
Banner-UMC Phoenix Campus	\$6,461,223
Chandler Regional Med. Ctr	\$1,714,216
St Joseph's Hospital-Phx	\$1,215,361
St Mary's Hospital	\$262,006

Upon reconciliation, Pool 5 funds will be recouped due to changes in hospital qualification or payment limits; Pool 5 overpayments are not redistributed to other hospitals.