

September 27, 2021

Brian Zolynas
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 #21-010, DSH Pool 4 Reallocation

Dear Mr. Zolynas:

Enclosed is State Plan Amendment (SPA) #21-010, DSH Pool 4 Reallocation. This SPA updates the State Plan to detail the reallocation of excess DSH Pool 4 funding, with an effective date of September 30, 2021.

Public Notice for this SPA was posted and is viewable via the following link:

<https://www.azahcccs.gov/shared/Downloads/PublicNotices/DSHFY22NOPI.pdf>

Tribal Consultation requirements have been met, with the Tribal Consultation presentation viewable at the following link:

https://www.azahcccs.gov/AmericanIndians/Downloads/Consultations/Meetings/2021/August12_2021QuarterlyTC.pdf

If there are any questions about the enclosed SPA, please contact Ruben Soliz at ruben.soliz@azahcccs.gov or 602-417-4355.

Sincerely,



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

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

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For SPY 2018, excess pool 4 funding not allocated due to OBRA limits will be reallocated first to pools 1, 1A, 2, and 2A. This reallocation to the pools will be based proportionately on the SPY 2018 pool allocation. For each pool, the distribution of the reallocated DSH funding to the hospitals within the pool will be based on each hospital's 2018 relative weights as described in the "Determination of Payment Amounts" section of this Attachment C. SPY 2018 payments made from reallocated funds will be added to the hospital's original SPY 2018 payments with the total SPY payments subject to each hospital's OBRA limit. Additionally, after the reallocating to pools 1, 1A, 2 and 2A, any remaining excess pool 4 funding may then be reallocated to pool 5. The reallocation will be allocated within pool 5 based proportionately according to the hospital's LOM scores, subject to the each hospital's remaining OBRA limit. For SPY 2018, any excess DSH funding in pool 4 not allocated due to OBRA limits may be reallocated to DSH pools 1, 1A, 2, 2A, and 5 until September 30, 2020. The amount to be reallocated to DSH pools 1, 1A, 2 and 2A is \$0. The amount to be reallocated to DSH pool 5 is \$0.

For SPY 2019, excess pool 4 funding not allocated due to OBRA limits will be reallocated first to pools 1, 1A, 2, and 2A. This reallocation to the pools will be based proportionately on the SPY 2019 pool allocation. For each pool, the distribution of the reallocated DSH funding to the hospitals within the pool will be based on each hospital's 2019 relative weights as described in the "Determination of Payment Amounts" section of this Attachment C. SPY 2019 payments made from reallocated funds will be added to the hospital's original SPY 2019 payments with the total SPY payments subject to each hospital's OBRA limit. Additionally, after the reallocating to pools 1, 1A, 2 and 2A, any remaining excess pool 4 funding may then be reallocated to pool 5. The reallocation will be allocated within pool 5 based proportionately according to the hospital's LOM scores, subject to the each hospital's remaining OBRA limit. For SPY 2019, any excess DSH funding in pool 4 not allocated due to OBRA limits may be reallocated to DSH pools 1, 1A, 2, 2A, and 5 until September 30, 2020. The amount to be reallocated to DSH pools 1, 1A, 2 and 2A is \$0. The amount to be reallocated to DSH pool 5 is \$0.

For SPY 2020, excess pool 4 funding not allocated due to OBRA limits will be reallocated first to pools 1, 1A, 2, and 2A. This reallocation to the pools will be based proportionately on the SPY 2020 pool allocation. For each pool, the distribution of the reallocated DSH funding to the hospitals within the pool will be based on each hospital's 2020 relative weights as described in the "Determination of Payment Amounts" section of this Attachment C. SPY 2020 payments made from reallocated funds will be added to the hospital's original SPY 2020 payments with the total SPY payments subject to each hospital's OBRA limit. Additionally, after the reallocating

to pools 1, 1A, 2 and 2A, any remaining excess pool 4 funding may then be reallocated to pool 5. The reallocation will be allocated within pool 5 based proportionately according to the hospital's LOM

Attachment 4.19-A
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scores, subject to the each hospital's remaining OBRA limit. For SPY 2020, any excess DSH funding in pool 4 not allocated due to OBRA limits may be reallocated to DSH pools 1, 1A, 2, 2A, and 5 until September 30, 2021. The amount to be reallocated to DSH pools 1, 1A, 2 and 2A is \$0*. The amount to be reallocated to DSH pool 5 is \$ 18,122,533.00*.

For SPY 2021, excess pool 4 funding not allocated due to OBRA limits will be reallocated first to pools 1, 1A, 2, and 2A. This reallocation to the pools will be based proportionately on the SPY 2020 pool allocation. For each pool, the distribution of the reallocated DSH funding to the hospitals within the pool will be based on each hospital's 2021 relative weights as described in the "Determination of Payment Amounts" section of this Attachment C. SPY 2021 payments made from reallocated funds will be added to the hospital's original SPY 2021 payments with the total SPY payments subject to each hospital's OBRA limit. Additionally, after the reallocating to pools 1, 1A, 2 and 2A, any remaining excess pool 4 funding may then be reallocated to pool 5. The reallocation will be allocated within pool 5 based proportionately according to the hospital's LOM scores, subject to the each hospital's remaining OBRA limit. For SPY 2021, any excess DSH funding in pool 4 not allocated due to OBRA limits may be reallocated to DSH pools 1, 1A, 2, 2A, and 5 until September 30, 2022. The amount to be reallocated to DSH pools 1, 1A, 2 and 2A is \$x. The amount to be reallocated to DSH pool 5 is \$x.

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TN No. 21-XXX
Supersedes 20-017
30, 2021

Approval Date: _____ Effective Date: October 1 September