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 #21-012, DSH Budget

Dear Mr. Zolynas:

Enclosed is State Plan Amendment (SPA) #21-012, DSH Budget. This SPA updates the State Plan to reflect DSH funding for FY 2022, effective 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)
**TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL**

FOR: Centers for Medicare and Medicaid Services

<table>
<thead>
<tr>
<th>1. TRANSMITTAL NUMBER:</th>
<th>21-012</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. STATE</td>
<td>Arizona</td>
</tr>
<tr>
<td>3. PROGRAM IDENTIFICATION:</td>
<td>TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)</td>
</tr>
</tbody>
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TO: REGIONAL ADMINISTRATOR
CENETRS FOR MEDICARE AND MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

| 4. PROPOSED EFFECTIVE DATE | September 30, 2021 |

| 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: |
| FFY 2022: $0 |
| FFY 2023: $0 |

| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: |
| Attachment 4.19-A |
| Page 65 |

| 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): |
| Attachment 4.19-A |
| Page 65 |

10. SUBJECT OF AMENDMENT:
Updates the State Plan to reflect DSH funding for FY 2022.

11. GOVERNOR’S REVIEW (Check One):
☐ GOVERNOR’S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR’S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

[Signature]

13. TYPED NAME:
Dana Flannery

14. TITLE:
Assistant Director

15. DATE SUBMITTED: September 27, 2021

16. RETURN TO:
Dana Flannery
801 E, Jefferson, MD#4200
Phoenix, AZ 85034

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**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 OFFICIAL: |

| 21. TYPED NAME: |
| 22. TITLE: |

| 23. REMARKS: |
DSH Exhibit 3:  
AHCCCS  
Disproportionate Share Hospital Payment  
Methodology Pool Funding Amount

This Exhibit contains the amount of funding for six pools in the Arizona DSH pool methodology.

For State Plan Year (SPY) 2008 and 2009, funding will be allocated among six pools (pools 1, 1A, 2, 2A, 3, and 4). For SPY 2010, funding will be allocated among seven pools (pools 1, 1A, 2, 2A, 3, 4, and 5). Thereafter, the funding will be allocated among six pools (pools 1, 1A, 2, 2A, 4, and 5).

Pools 1, 1A, 2, 2A, and 3 - Non-governmentally-operated hospitals
The funding for pools 1 and 2 will be sufficient to provide an average payment amount of $6,000 for all hospitals qualifying for both of the two pools. No hospital in pools 1 or 2 will receive less than $5,000. Therefore, the amount of funding for pools 1 and 2 will be determined by multiplying the number of hospitals qualifying for pools 1 and 2 by $6,000.

The funding for pools 1A, 2A and 3 (if applicable) will be derived by subtracting the total amount allocated for pools 1 and 2 from the amount of DSH authorized by the Legislature for non-governmentally operated hospitals. Beginning SPY 2011, these remaining funds will be split with 15% for Pool 1A and 85% for Pool 2A.

- For SPY 2018, the funding for pools 1, 2, 1A, and 2A will be $884,800.
- For SPY 2019, the funding for pools 1, 2, 1A, and 2A will be $884,800.
- For SPY 2020, the funding for pools 1, 2, 1A, and 2A will be $884,800.
- For SPY 2021, the funding for pools 1, 2, 1A, and 2A will be $884,800.
- For SPY 2022, the funding for pools 1, 2, 1A, and 2A will be $884,800.

Pool 4 – Governmentally-operated hospitals
The funding for pool 4 is the amount authorized by the Legislature for governmentally operated hospitals.

- For SPY 2018, the funding for pool 4 is $142,293,400.
- For SPY 2019, the funding for pool 4 is $142,293,400.
- For SPY 2020, the funding for pool 4 is $142,293,400.
- For SPY 2021, the funding for pool 4 is $142,293,400.
- For SPY 2022, the funding for pool 4 is $142,293,400.