

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, MD 21244-1850



---

**Financial Management Group**

December 22, 2021

Jami Snyder, Director  
Arizona Health Care Cost Containment System  
801 E. Jefferson  
Phoenix, AZ 85034

RE: Arizona SPA 21-0025

Dear Ms. Snyder:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 21-0025. This amendment updates the nursing facility Differential Adjusted Payment (DAP) program effective October 1, 2021.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30), and 1903(a) 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 TN 21-0025 is approved effective October 1, 2021. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Mark Wong at (415) 744-3561 or [mark.wong@cms.hhs.gov](mailto:mark.wong@cms.hhs.gov).

Sincerely,

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

Rory Howe  
Director

Enclosures



STATE OF ARIZONA  
METHODS AND STANDARDS FOR ESTABLISHING FEE FOR SERVICE PAYMENT RATES  
FOR LONG TERM CARE FACILITIES

---

**F. Nursing Facility Differential Adjusted Payment**

As of October 1, 2021 through September 30, 2022 (Contract Year Ending (CYE) 2022), provider type 22 nursing facilities that are located in Arizona with Arizona Medicaid utilization that meet AHCCCS established value based performance metrics requirements below will receive one or both of the Differential Adjusted Payments described below. The Differential Adjusted Payment Schedule represents a positive adjustment to the AHCCCS Fee-For-Service reimbursement rates. These payment adjustments will occur for all dates of service in CYE 2022 only. The purpose of the Differential Adjusted Payment is to distinguish facilities which have committed to supporting designated actions that improve patients' care experience, improve members' health, and reduce cost of care growth.

1. To qualify for the Differential Adjusted Payment, a nursing facility must meet the following criteria:
  - a. Must be an AHCCCS registered provider type 22; and
  - b. Must be at or below the Arizona statewide average percent of Urinary Tract Infection (UTI) long stay performance measure based on the Medicare Provider Data Catalog website as of March 15, 2021 to earn a 1.0% DAP increase.
  - c. Must meet the following Health Information Exchange (HIE) milestones to participate in this DAP initiative and earn a 1.0% DAP increase. In order to qualify, by April 1, 2021 the facility must have submitted a LOI to AHCCCS and the HIE, in which it agrees to achieve the following milestones by the specified dates:
    - i. *Milestone #1*: No later than April 1, 2021, the facility must have in place an active participation agreement with a qualifying HIE organization and submit a LOI to AHCCCS and the HIE, in which it agrees to achieve the following milestones by the specified dates or maintain its participation in the milestone activities if they have already been achieved.
    - ii. *Milestone #2*: No later than May 1, 2021, facilities that utilize external reference labs for any lab result processing must submit necessary provider authorization forms to the qualifying HIE, if required by the external reference lab, to have all outsourced lab test results flow to the qualifying HIE organization on their behalf.
    - iii. *Milestone #3*: No later than October 1, 2021, the facility must approve and authorize a formal SOW with a qualifying HIE organization to develop and implement the data exchange necessary to support transmission of certain data elements. The facility will be required to submit the data elements outlined in Milestone #4.
    - iv. *Milestone #4*: No later than April 1, 2022, the facility must electronically submit the following actual patient identifiable information to the production environment of a qualifying HIE organization: admission, discharge and transfer information (generally known as ADT information) from within the nursing

STATE OF ARIZONA  
METHODS AND STANDARDS FOR ESTABLISHING FEE FOR SERVICE PAYMENT RATES  
FOR LONG TERM CARE FACILITIES

---

facility; continuity of care documents reflecting a summary of care within the nursing facility including (if applicable): laboratory and radiology information; medication information; immunization data; active problem lists (diagnosis); social history; treatments and procedures conducted during the stay; advanced directives; active allergies; and basic patient demographic data including assigned provider, emergency contact and payer.

- v. *Milestone #5*: By the facility's go-live date for new data suppliers, or within 30 days of initiating the respective COVID-19 related services for current data suppliers, the facility must complete the following COVID-19 related milestones, if they are applicable:
1. Related to COVID-19 testing services, submit all COVID-19 lab test codes and the associated LOINC codes to the qualifying HIE organization to ensure proper processing of lab results within the HIE system.
  2. Related to COVID-19 antibody testing services, submit all COVID-19 antibody test codes and the associated LOINC codes to the qualifying HIE organization to ensure proper processing of lab results within the HIE system.
  3. Related to COVID-19 immunization services, submit all COVID-19 immunization codes and the associated CDC-recognized code sets to the qualifying HIE organization to ensure proper processing of immunizations within the HIE system

For any milestone that includes electronic submission of patient information, the information transferred to the qualifying HIE must be actual patient data; the transfer of test data does not fulfill these requirements. It must include all patient data, including behavioral health data and data covered by 42 C.F.R. Part 2.

In order to receive the 1.0% DAP increase for HIE participation a facility must submit a LOI to the HIE and AHCCCS by April 1, 2021 to both of the following email addresses: AHCCSDAP@azahcccs.gov, and DAP@healthcurrent.org.

If a facility has already achieved one or more of the CYE 2022 milestones as of April 1, 2021, the LOI must include a commitment by the facility to maintain its participation in those milestone activities for the period April 1, 2021 through September 30, 2022. The LOI must list each facility that the Nursing Facility requests to participate in this DAP initiative and must include the AHCCCS IDs for each listed facility. In all cases, the Nursing Facility must submit the AHCCCS IDs for each listed facility as part of the LOI or must email the associated AHCCCS IDs to the email addresses noted. If a facility submits a LOI and receives the 1.0% DAP increase for CYE 2022 but fails to achieve one or more of the milestones by the specified date or fails to maintain its participation in the milestone activities, that facility will be ineligible to receive DAP for dates of

STATE OF ARIZONA  
METHODS AND STANDARDS FOR ESTABLISHING FEE FOR SERVICE PAYMENT RATES  
FOR LONG TERM CARE FACILITIES

---

service from October 1, 2022 through September 30, 2023 (CYE 2023) if a DAP is available at that time

2. Nursing facilities that meet the requirements described in subsection 1 shall be eligible to receive a Differential Adjusted Payment. Eligible nursing facilities as described in 1.b. will receive a 1.0% increase to its Fee-For-Service reimbursement rate for October 1, 2021 through September 30, 2022.

Nursing facilities that meet the requirements described in subsection 1 shall be eligible to receive a differential adjusted payment. Eligible nursing facilities as described in 1.c. will receive a 1% increase to its fee-for-service reimbursement rate for October 1, 2021 through September 30, 2022.

#### **Exemptions**

IHS and 638 tribally owned and/or operated facilities, including nursing facilities are exempt from this initiative based on payments primarily at the all-inclusive rate.

#### **Payment Methodology**

For provider type 22 nursing facilities, the fee-for-service payment rates will be increased by 1.0% if they meet the UTI requirements outlined in F.1.b and by 1.0% if they meet the HIE requirements outlined in F.1.c. A Provider Type 22 facility meeting both UTI and HIE requirements will receive a combined 2.0% increase. These increases do not apply to supplemental payments.