Financial Management Group

December 3, 2021

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

RE: Arizona SPA 21-0018

Dear Ms. Snyder:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 21-0018. This amendment updates nursing facility rates 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 21-0018 is approved effective October 1, 2021. We are enclosing the CMS-179 and the amended plan pages.

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

Sincerely,

Francis T. McCullough
For
Rory Howe
Director

Enclosures
# 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>2. STATE</th>
<th>3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)</th>
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<tbody>
<tr>
<td>21-018</td>
<td>Arizona</td>
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**TO: REGIONAL ADMINISTRATOR**

CENTER FOR MEDICARE AND MEDICAID SERVICES

DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE: October 1, 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)

<table>
<thead>
<tr>
<th>6. FEDERAL STATUTE/REGULATION CITATION:</th>
<th>7. FEDERAL BUDGET IMPACT:</th>
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<tbody>
<tr>
<td>42 CFR Part 447, Subpart C</td>
<td>FFY 2022: $2,732,705</td>
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<td></td>
<td>FFY 2023: $2,600,013</td>
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8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-D

Pg. 8

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

Attachment 4.19-D

Pg. 8

10. SUBJECT OF AMENDMENT:

Updates the State Plan NF rates.

11. GOVERNOR’S REVIEW (Check One):

- ☑ GOVERNOR’S OFFICE REPORTED NO COMMENT
- ☐ COMMENTS OF GOVERNOR’S OFFICE ENCLOSED
- ☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

Dana Flannery

801 E, Jefferson, MD#4200

Phoenix, AZ 85034

13. TYPED NAME:

Dana Flannery

14. TITLE:

Assistant Director

15. DATE SUBMITTED: November 10, 2021

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**FOR REGIONAL OFFICE USE ONLY**

<table>
<thead>
<tr>
<th>16. RETURN TO:</th>
<th>17. DATE RECEIVED:</th>
<th>18. DATE APPROVED:</th>
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<tbody>
<tr>
<td>Dana Flannery</td>
<td>November 10, 2021</td>
<td>December 3, 2021</td>
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<tr>
<td>801 E, Jefferson, MD#4200</td>
<td>Phoenix, AZ 85034</td>
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19. EFFECTIVE DATE OF APPROVED MATERIAL: October 1, 2021

20. SIGNATURE OF REGIONAL OFFICIAL: For

Francis T. McCullough

Director, Financial Management Group

21. TYPED NAME:

Rory Howe

22. TITLE:

23. REMARKS:

Pen-and-ink change made to Box 6 by CMS with state concurrence.
METHODS AND STANDARDS FOR ESTABLISHING FEE-FOR-SERVICE PAYMENT RATES FOR LONG TERM CARE FACILITIES

85% for each facility, then add in the per day historic costs for property taxes and insurance to determine the statewide average capital component.

4. Total Rate
The per diem nursing facility rates are calculated by summing the primary care, indirect care, and capital cost components. These rates vary by member level of care and geographic area due to the primary care components.

5. Rate Update
Effective October 1, 2002 and each year thereafter, fee-for-service rates for nursing facilities will be updated by applying an inflation factor or factors to the rate components in effect for the prior year. This method of adjusting fee-for-service rates is consistent with the method used by AHCCCS for other medical services. For rates effective from October 1, 2011 to September 30, 2013, and from October 1, 2015 and thereafter, no inflation factor will be applied.

Below are the AHCCCS FFS Nursing Facility Per Diem Rates effective on and after October 1, 2021:

<table>
<thead>
<tr>
<th>Level of Care</th>
<th>Revenue Code</th>
<th>Urban Rate*</th>
<th>Rural Rate</th>
<th>Flagstaff</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOA/Therapeutic **</td>
<td>183</td>
<td>$183.93</td>
<td>$178.20</td>
<td>$184.07</td>
</tr>
<tr>
<td>LOA/Nursing Home **</td>
<td>185</td>
<td>$183.93</td>
<td>$178.20</td>
<td>$184.07</td>
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<tr>
<td>Level 1</td>
<td>191</td>
<td>$183.93</td>
<td>$178.20</td>
<td>$184.07</td>
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<tr>
<td>Level 2</td>
<td>192</td>
<td>$201.08</td>
<td>$194.19</td>
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<td>Level 3</td>
<td>193</td>
<td>$238.51</td>
<td>$230.88</td>
<td>$238.47</td>
</tr>
</tbody>
</table>

*AHCCCS has designated nursing facilities in the Arizona counties of Pima, Pinal, and Maricopa as Urban to be paid at the AHCCCS Urban Rate. All other counties inside or outside of Arizona are designated as Rural and are paid at the AHCCCS Rural Rate (except Flagstaff, which is paid at the rate specified above).

**This LOA rate only applies to reserved beds at Nursing Facilities

III. Other Provisions

A. Provider Appeals
Nursing facility providers have the right to request an informal rate reconsideration in accordance with the ALTCS Rules. Appeals are allowed for the following reasons:
- Extraordinary circumstances (as determined by the Director).
- Provision of specialty care services directed at members with high medical needs.
- Unique or unusually high case mix.

Appeals are made in writing to the Director. Appeals which are granted become effective no earlier than the date the appeal was requested.

B. Cost and Wage Reporting
AHCCCS uses cost and wage reports filed by the nursing facilities in the State of Arizona as a basis for these rate calculations.