

March 16, 2023

Mark Wong
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 # 23-0002, January Nursing Facility (NF) Rates

Dear Mr. Wong:

Enclosed is State Plan Amendment (SPA) # 23-0002, January Nursing Facility (NF) Rates. This SPA updates NF rates, effective January 1, 2023.

Tribal Consultation on this SPA occurred on February 9, 2023. The Tribal Consultation presentation is available on the following webpage:

<https://www.azahcccs.gov/AmericanIndians/Downloads/Consultations/Meetings/2023/02092023-QuarterlyTribalConsultationSlides.pdf>

Public Notice for this SPA was posted on the following webpages:

<https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/20230101PublicNotice-NFFinal.pdf>

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

Sincerely,



Alex Demyan
Interim Assistant Director
Arizona Health Care Cost Containment System (AHCCCS)

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

1. TRANSMITTAL NUMBER <u>23</u> — <u>0002</u>	2. STATE <u>AZ</u>
3. PROGRAM IDENTIFICATION: TITLE <u>19</u> OF THE SOCIAL SECURITY ACT	

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
January 1, 2023

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR Part 447, Subpart C

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 23 \$ 781,400
b. FFY: 24 \$ 931,800

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-D, page 8

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)
Attachment 4.19-D, page 8

9. SUBJECT OF AMENDMENT
January Nursing Facility (NF) Rates

10. GOVERNOR'S REVIEW (Check One)

<input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT	<input type="checkbox"/> OTHER, AS SPECIFIED:
<input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED	
<input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL	

11. SIGNATURE OF STATE AGENCY OFFICIAL


15. RETURN TO
Alex Demyan
801 E. Jefferson St., MD #4200
Phoenix, AZ 85034

12. TYPED NAME
Alex Demyan

13. TITLE
Interim Assistant Director

14. DATE SUBMITTED:
March 16, 2023

FOR CMS USE ONLY

16. DATE RECEIVED

17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

21. TITLE OF APPROVING OFFICIAL

22. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE: ARIZONA

**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 **January 1, 2023**:

Level of Care	Revenue Code	Urban Rate	Rural Rate	Flagstaff
LOA/Therapeutic**	0183	\$205.74 <u>\$208.29</u>	\$199.32 <u>\$201.79</u>	\$205.29 <u>\$207.77</u>
LOA/Nursing Home**	0185	\$205.74 <u>\$208.29</u>	\$199.32 <u>\$201.79</u>	\$205.29 <u>\$207.77</u>
Level I	0191	\$205.74 <u>\$208.29</u>	\$199.32 <u>\$201.79</u>	\$205.29 <u>\$207.77</u>
Level II	0192	\$224.92 <u>\$227.71</u>	\$217.22 <u>\$219.91</u>	\$223.69 <u>\$226.40</u>
Level III	0193	\$266.79 <u>\$270.10</u>	\$258.25 <u>\$261.45</u>	\$265.97 <u>\$269.19</u>

*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.