

NOTICE OF FINAL RULEMAKING

TITLE 9. HEALTH SERVICES

CHAPTER 22. ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

ADMINISTRATION

ARTICLE 7. STANDARDS FOR PAYMENTS

PREAMBLE

1. Articles, Parts, or Sections Affected

R9-22-712.62

Rulemaking Action:

Amend

2. Citations to the agency's statutory rulemaking authority to include the authorizing statute (general) and the implementing statute (specific):

Authorizing statute: A.R.S. § 36-2903.01(A)

Implementing statute: A.R.S. § 36-2903.01(G)(12)

3. The effective date of the rule:

As specified in A.R.S. § 41-1032(A)(4), the agency requests an immediate effective date to provide a benefit to the public and a penalty is not associated with a violation of the rule.

4. Citations to all related notices published in the Register to include the Register as specified in R1-1-409(A) that pertain to the record of the final rulemaking package:

Notice of Rulemaking Docket Opening: 27 A.A.R. 1040, July 9, 2021

Notice of Proposed Rulemaking: 27 A.A.R. 1031, July 9, 2021

5. The agency's contact person who can answer questions about the rulemaking:

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6. An agency's justification and reason why a rule should be made, amended, repealed or renumbered, to include an explanation about the rulemaking:

All Patient Refined Diagnosis Related Groups (APR-DRG) payment methodology is the primary reimbursement method for AHCCCS hospital inpatient care services. AHCCCS transitioned to the APR-DRG payment methodology beginning October 1, 2014 from the previous tiered per diem rates. AHCCCS updated the model starting January 1, 2018 and this is the second requested update to the model beginning October 1, 2021. As a result of the model update, AHCCCS is requesting to amend the current rule to make a minor adjustment to the model related to wage indices and labor share. The change to the wage indices and labor share ensures hospital DRG base rates reflect current wage costs for each hospital. Without the amendment to the rule, the proposed DRG model cannot be implemented and will continue to use wage indices from 2016.

7. A reference to any study relevant to the rule that the agency reviewed and proposes either to rely on or not to rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:

A study was not referenced or relied upon when revising these regulations.

8. A showing of good cause why the rulemaking is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision:

Not applicable.

9. A summary of the economic, small business, and consumer impact:

The Administration anticipates that the DRG rulemaking will ensure that hospital inpatient payments to hospitals paid under the DRG methodology better align with updated labor share and wage indices for their specific geographical area beginning contract year October 1, 2021 through September 30, 2022. The update ensures that AHCCCS payment methodologies continue to adjust as factors change over time to support economic growth within Arizona.

10. A description of any changes between the proposed rulemaking, to include supplemental notices, and the final rulemaking:

There have been no changes between the proposed rulemaking and the final rulemaking.

11. An agency's summary of the public or stakeholder comments made about the rule making and the agency response to the comments:

Not applicable.

12. Other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules.

There are no other matters prescribed by statute applicable to rulemaking specific to this agency, to this specific rule, or to this class of rules.

a. Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:

The rule does not require the provider to obtain a permit or a general permit.

b. Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than federal law and if so, citation to the statutory authority to exceed the requirements of federal law:

The rule is not more stringent than federal law.

c. Whether a person submitted an analysis to the agency that compares the rule's impact of the competitiveness of business in this state to the impact on business in other states:

No such analysis was submitted.

13. A list of any incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rules:

R9-22-712.62(B) references the labor share for the Medicare inpatient prospective payment system published in Volume 85 of the Federal Register at pages 59060 and 59061 and the wage index tables referenced in Volume 85 of the Federal Register at page 59059 for the fiscal year beginning September 18, 2020.

14. Whether the rule was previously made, amended or repealed as an emergency rule. If so, cite the notice published in the Register as specified in R1-1-409(A). Also, the agency shall state where the text was changed between the emergency and the final rulemaking packages:

The rule was not previously made, amended or repealed as an emergency rule.

15. The full text of the rules follows:

ARTICLE 7. STANDARDS FOR PAYMENTS

Section

R9-22-712.62. DRG Base Payment

ARTICLE 7. STANDARDS FOR PAYMENTS

R9-22-712.62. DRG Base Payment

- A. The initial DRG base payment is the product of the DRG base rate, the DRG relative weight for the post-HCAC DRG code assigned to the claim, and any applicable provider and service policy adjustors.
- B. The DRG base rate for each hospital is the statewide standardized amount of which the hospital's labor-related share of that amount is adjusted by the hospital's wage index. The hospital's labor share is determined based on the labor share for the Medicare inpatient prospective payment system published in ~~Volume 81 of the Federal Register at page 57312 published August 22, 2016~~ Volume 85 of the Federal Register at page 59060 and 59061 published September 18, 2020. The hospital's wage index is determined based on the wage index tables reference in ~~Volume 81 of the Federal Register at page 57311 published August 22, 2016~~ Volume 85 of the Federal Register at page 59059 published September 18, 2020. The statewide standardized amount is included in the AHCCCS capped fee schedule available on the agency's website.
- C. Claims shall be assigned both a DRG code derived from all diagnosis and surgical procedure codes included on the claim (the "pre-HCAC" DRG code) and a DRG code derived excluding diagnosis and surgical procedure codes associated with the health care acquired conditions that were not present on admission or any other provider-preventable conditions (the "post-HCAC" DRG code). The DRG code with the lower relative weight shall be used to process claims using the DRG methodology.