

NOTICES OF PUBLIC INFORMATION

Notices of Public Information contain corrections that agencies wish to make to their notices of rulemaking; miscellaneous rule-making information that does not fit into any other category of notice; and other types of information required by statute to be published in the *Register*. Because of the variety of material that is contained in a Notice of Public Information, the Office of the Secretary of State has not established a specific format for these notices.

NOTICE OF PUBLIC INFORMATION

[M12-243]

1. **Name of the Agency:** Arizona Health Care Cost Containment System (AHCCCS)
2. **The Subject of this Notice:** AHCCCS Provider Reimbursement for the Time Period of October 1, 2012 through September 30, 2013.
3. **The Public Information relating to the Subject:**

This Notice describes the reimbursement proposed for both institutional and non-institutional providers effective October 1, 2012 through September 30, 2013. Arizona Laws 2012, Chapter 299, section 20 (Senate Bill 1528) authorizes AHCCCS to continue, for the time period of October 1, 2012 through September 30, 2013, the 5% reductions in payments to institutional and non-institutional providers which became effective October 1, 2011. The 5% rate reductions from October 1, 2011 through September 30, 2012 were authorized by Arizona Laws 2011, Chapter 31, also known as Senate Bill 1619.

The purpose of this Notice is to advise the public that AHCCCS is proposing to continue the provider reimbursement put in place on October 1, 2011 for the upcoming year: from October 1, 2012 through September 30, 2013. This notice does not address reimbursement made to Ambulatory Surgical Centers (ASCs). Rates for ASCs will be described in a future notice.

The provider reimbursement proposed for October 1, 2012 through September 30, 2013 is necessary to implement the AHCCCS Program within the Agency's actual and anticipated appropriations for the federal fiscal year beginning October 1, 2012. The AHCCCS Administration is proposing this reimbursement after consideration of various factors as required by federal law, including but not limited to, efficiency, economy, quality of care, and access to care.

The proposal for a zero % change in aggregate reimbursement from the reimbursement in effect October 1, 2011 does not represent a change from the prior reimbursement rates and methodologies. Therefore, annual aggregate expenditures for the services are not expected to increase or decrease with the implementation of the proposed reimbursement, assuming utilization and other variables remain constant. If the October 2011 reductions are not continued, and assuming utilization and other variables remain constant, the State would expect an aggregate increase in expenditures for these services of \$116,083,534.

Below is a summary of the provider reimbursement proposed for October 1, 2012 through September 30, 2013. The reimbursement described in this notice is classified in three general categories: non-institutional, ambulance, and institutional.

NON-INSTITUTIONAL REIMBURSEMENT (Excluding Ambulance)

AHCCCS is proposing that the AHCCCS reimbursement for non-institutional providers that was effective from October 1, 2011 through September 30, 2012 continue and remain in effect for October 1, 2012 through September 30, 2013. Although some individual rates may change due to changes in code category or relative value, the proposed reimbursement, in aggregate, will remain the same as reimbursement during the prior federal fiscal year. Payment ratios for codes with no rates, including "by report" (BR) percentages, effective during the October 1, 2011 through September 30, 2012 time period will remain in effect for the October 1, 2012 through September 30, 2013 time period.

On and after October 1, 2012, the physician drug schedule, hospice services, and payments for services provided by Indian Health Service or Tribal 638 facilities claimed at 100% FMAP will continue to be reimbursed using the same methodologies that were in place on October 1, 2011.

AMBULANCE REIMBURSEMENT

Arizona Laws 2012, Chapter 299, Section 18 (Senate Bill 1528) authorizes AHCCCS to reimburse ambulance providers during the October 1, 2012 through September 30, 2013 timeframe at 68.59% of the amounts established by the Arizona Department of Health Services (ADHS). In accordance with this legislation, AHCCCS is proposing to set ambulance rates at 68.59% of the rates established by ADHS in effect on August 2, 2012 for the time period of October 1, 2012 through September 30, 2013. In the near future AHCCCS will be posting and publishing proposed regulation R9-22-710 which describes the reimbursement for ambulance transportation for the time period of October 1, 2012 through September 30, 2013. The proposed rules for ambulance transportation will be posted on the Secretary of State's website and also on the AHCCCS website at: <http://www.azahcccs.gov/Regulations/default.aspx>.

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INSTITUTIONAL REIMBURSEMENT

Non-Hospital Institutional Rates: With respect to non-hospital institutional reimbursement, AHCCCS is proposing that payment of Nursing Facilities and Intermediate Care Facilities for the Mentally Retarded (ICF-MRs) from October 1, 2012 through September 30, 2013 will be made using the reimbursement in place October 1, 2011. (Arizona refers to ICF- MRs as Intermediate Care Facilities for Persons with Intellectual Disabilities)

Hospital Rates: Arizona Laws 2012, Chapters 122 and 299 (House Bill 2534 and Senate Bill 1528) authorize AHCCCS to continue the October 1, 2011 rate reductions for institutional and non-institutional providers for the October 1, 2012 through September 30, 2013 time period. These provisions also authorize AHCCCS to eliminate adjustments to inpatient and outpatient hospital rates based on inflation. Because the proposed hospital rates and reimbursement for the October 1, 2012-September 30, 2013 time period continues the rates in effect on September 30, 2012, no expected annual increase or decrease in expenditures is anticipated.

For **Inpatient tiered per diem rates** with begin dates of service October 1, 2012 through September 30, 2013, the rates in effect on October 1, 2011 will continue in effect, and no inflation updates are proposed.

For **Outliers** with begin dates of service October 1, 2012 through September 30, 2013, AHCCCS is proposing the following:

- Regarding Cost Thresholds-Maintain the outlier cost thresholds which became effective October 1, 2011.
- Regarding Cost to Charge Ratios (CCRs)- AHCCCS is proposing to maintain the CCR methodology in effect on October 1, 2011. Therefore, AHCCCS will use 90.25% of the most recently published urban or rural Medicare CCR displayed by CMS by August 31, 2012. Also, AHCCCS is proposing to reduce the CCR for a hospital by the percentage increase reported on a charge master filed on or after June 1, 2012.

Outpatient Hospital services reimbursed through the Fee Schedule For dates of service October 1, 2012 through September 30, 2013, AHCCCS is proposing to maintain overall reimbursement at the level that was in effect on October 1, 2011. Although some individual rates may change due to rate code changes in category or relative value, the proposed reimbursement, in aggregate, will remain the same as what was reimbursed during the prior federal fiscal year.

Outpatient Hospital services reimbursed using CCRs For dates of service October 1, 2012 through September 30, 2013, AHCCCS is proposing to use the same methodology in effect on October 1, 2011. Therefore, AHCCCS will use 95% of the most recently published urban or rural Medicare outpatient CCR displayed by CMS on or before August 1, 2012.

In June 2012 AHCCCS published proposed rules for reimbursement of both inpatient and outpatient hospital rates to be effective October 1, 2012 in accordance with the above legislation. The proposed rules in Article 7 are posted on the AHCCCS website and are also published in the *Arizona Administrative Register*:

For more information regarding the proposed hospital reimbursement, please visit either the AHCCCS website or the Arizona Secretary of State's website at the following links:

<http://www.azahcccs.gov/reporting/state/proposedrules.aspx#Hospital>

http://www.azsos.gov/public_services/Register/2012/contents.shtm

4. A list of previous notices published in the Arizona Administrative Register relating to the notice of public information:

The proposed rules for hospital rates were published in the *Arizona Administrative Register* on July 6, 2012 and may be found at the following link:

http://www.azsos.gov/public_services/Register/2012/contents.shtm

5. Public comments relating to the notice of public information:

Written comments to this Notice of Public Information must be received no later than 5:00 p.m. on August 20, 2012. Please send written comments to:

Name: Michael Veit, Contracts and Purchasing Administrator

Address: Arizona Health Care Cost Containment System
701 E. Jefferson St.
Phoenix, AZ 85034

E-mail: michael.veit@azahcccs.gov

6. Location where copies of the proposed changes are available for review:

Information regarding the proposed continuation of the October 2011 rate reductions may be found on the website maintained by AHCCCS located at: www.azahcccs.gov. Many public libraries offer access to the internet. In addition the information can be obtained at the:

AHCCCS Administration
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Phoenix, AZ 85034