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ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

DATE: August 22, 2011

TO: AHCCCS Physician and Other Practitioners Community

FROM: Marc Leib, M.D., Chief Medical Officer

SUBJECT: AHCCCS Benefit Changes Effective October 1, 2011: Annual Limits for Inpatient Days and Respite Services

BACKGROUND

On March 15, 2011, Governor Brewer presented her plan to preserve Arizona's Medicaid program with reforms that will drive down costs by an estimated \$500 million in the State's General Fund for the partial first year. The plan was approved by the Legislature as part of the FY 2012 budget. The Medicaid Reform Package includes changes to the AHCCCS member benefit package and can be found on our website at the following address:

<http://www.azahcccs.gov/shared/news.aspx?ID=reporting#GovernorBrewersMedicaidReformPackage>

The benefit changes addressed in this memo are the annual limits on the number of hospital inpatient days and the number of hours of respite services available. The inpatient hospital limit will **not** impact AHCCCS members under 21 years of age¹. The change in annual respite hours impacts both adults and children. Benefit changes are effective October 1, 2011.

BENEFIT CHANGES

Inpatient Day Hospital Limit (Adults Only)

The annual inpatient hospital limit impacts individuals 21 years and older and only applies to facility (not professional) services. Members in the acute and long term care programs are subject to the limits, regardless of whether they receive services through managed care or fee for service.² No inpatient limits are placed on persons under 21 years of age.

For persons age 21 and older, AHCCCS will pay hospitals a maximum of 25 days of hospital inpatient care per benefit year (October 1 of each year through September 30 of the following year). Each 24 hours of paid observation services also counts as 1 inpatient day. There are certain exceptions to the annual 25 day inpatient hospital limit such as: inpatient days for behavioral services, transplant services which are reimbursed under component pricing, or certain Medicare beneficiaries for whom AHCCCS is responsible for co-pays and deductibles.

¹ AHCCCS is awaiting final approval from CMS.

² At this time, these limits also apply to American Indians regardless of where they receive services. AHCCCS will provide notice if there are any changes.

Physician services provided to inpatients beyond the 25-day limit will continue to be covered as an AHCCCS benefit.

Refer to Attachment A regarding coordination of benefits.

Respite (Adults and Children)

The decrease in the number of hours of annual respite services available to AHCCCS members will impact both adults and children receiving respite services through the Arizona Long Term Care System (ALTCs) or through the Behavioral Health System. Effective October 1, 2011, the number of respite hours paid for by AHCCCS or its Contractors will be reduced to a maximum of 600 hours per benefit year. The benefit year time period is from October 1 through September 30 of the following year. Since respite is not a Medicare covered service, AHCCCS is not responsible for co-pays and deductibles. (Prior to October 1, the annual limit for respite services is 720 hours per benefit year.)

NON-COVERED SERVICES & MEMBER BILLING

Providers may charge AHCCCS members for services which are excluded from AHCCCS coverage or which exceed AHCCCS limits if the provider obtains the member's written agreement to pay for the services in advance of providing the service.

Providers are still prohibited from charging members for non-excluded services provided within the limits when a claim is denied or reduced due to the provider's failure to comply with billing requirements such as timely claim filing, lack of authorization, or lack of clean claim status. For more information, please review AHCCCS rule R9-22-702 which has been revised to clarify the circumstances when registered providers may bill AHCCCS members. As previously mentioned, medically necessary professional services will continue to be covered even when payments to hospitals for inpatient admissions are not paid by AHCCCS or its Contractors after the limits have been met.

Additional information about the benefit changes can be found at <http://www.azahcccs.gov/reporting/legislation/2011/BenefitChanges.aspx> and

<http://www.azahcccs.gov/reporting/state/unpublishedrules.aspx>

Questions regarding the benefit changes can be e-mailed to LegislativeBenefitChange@azahcccs.gov.
