

Policy Notification

Early Notification Transmittal Date: May 27, 2026

Public Comment Transmittal Date: Jul 1, 2026

Documents will be open 30 days for Public Comment, please submit comments from Jul 1, 2026 to Jul 31, 2026 11:59 PM MST

DDD is proposing changes to the following policy

AdSS Medical Policy Manual, Chapter 1200, Policy 1210, Institutional Services and Settings

Description of changes :

This policy has been rewritten to align with AMPM 1210 and Division Medical 1210. Several sections of the policy have been removed because the information is either located in other policies or adds no value to the current policy. Other changes include:

- Purpose statement added for general overview and applicability
- Definition Section added for general clarification
- Policy reorganized to improve readability
- The term "medical/acute care" was replaced with "physical and behavioral health" per contract

Link to currently published policy on DDD website:

[AdSS Medical Policy Manual 1210 Institutional Services and Settings](#)

Instructions: (Complete instructions are located on the Division's webpage)

1. Comments may be submitted online by clicking here.
2. Do not include any information that is confidential, covered under HIPAA, or inappropriate for public disclosure.

If access to the online form is not available or if you have questions, please email the DDD Policy Unit at DDDpolicy@azdes.gov.

1210 Institutional Services and Settings

Revision Date: MM/DD/YYYY

Review Date: 1/9/2025

Effective Date: October 1, 2019

References: A.R.S. §§ 36-2939(A)(1), (B)(1), 36-591(G); A.A.C. R9-10-101; 42 CFR 409.31-35; AdSS Medical Policy Manual Chapter 300

Purpose

This policy applies to the Division of Developmental Disabilities' (Division) Administrative Services Subcontractors (AdSS) and establishes requirements for institutional services and settings for Arizona Long Term Care System (ALTCS) eligible Members.

Definitions

1. "Arizona Long Term Care System" or "ALTCS" means an AHCCCS program that delivers long-term, acute, behavioral health, and case management services as authorized by A.R.S. 36-2931 et seq., to eligible individuals who have an age-related and/or physical disability, and to Members with developmental disabilities, through contractual agreements and other arrangements.
2. "ALTCS Transitional Program" means a program available for

eligible ALTCS Members who, at the time of medical reassessment, have improved either medically, functionally, or both, to the extent that they no longer need institutional care but still need significant long-term services and supports. The ALTCS Transitional Program allows those Members who meet the lower level of care, as determined by the Pre-Admission Screening, to continue to receive all ALTCS-covered services that are medically necessary as specified in 9 A.A.C. 28, Article 3.

3. “Intermediate Care Facility” means a health care institution, Medicaid certified through the Arizona Department of Health Services and monitored by the Arizona Department of Economic Security, that provides room and board, health, habilitative, and rehabilitative services to individuals with developmental disabilities.
4. “Member” means the same as “Client”, a person receiving developmental disabilities services from the Division, as specified in A.R.S. § 36-551.
5. “Nursing Facility” means, as defined in 42 § U.S.C. 1396r(a), an institution or a distinct part of an institution which:
 - a. Is primarily engaged in providing to residents:

- i. Skilled nursing care and related services for residents who require medical or nursing care;
 - ii. Rehabilitation services for the rehabilitation of injured, disabled, or sick individuals; or
 - iii. On a regular basis, health-related care and services to individuals who, because of their mental or physical condition, require care and services above the level of room and board, which can be made available only through institutional facilities; and
 - iv. Is not primarily for the care and treatment of mental diseases.
- b. Has a transfer agreement in effect meeting the requirements of 42 § U.S.C. 1861(l) with one or more hospitals having agreements in effect under section 1866; and
 - c. Meets the requirements for a Nursing Facility described in (a)(ii-iv) of this definition.

Policy

A. ALTCS, Nursing Facility, and Intermediate Care Facility Institutional Services

1. The AdSS shall have written policies and procedures to ensure that the delivery of institutional services meets the requirements specific to this policy.
2. The AdSS shall have processes to ensure providers adhere to the requirements of this policy as applicable.
3. The AdSS shall ensure ALTCS coverage includes medically necessary institutional or inpatient services provided in an AHCCCS-registered long-term care facility for Members who are eligible for ALTCS, including Member access to behavioral health services as specified in AdSS Medical Policy 310-B.
4. The AdSS shall provide Nursing Facility services, both acute and custodial, to eligible Members who require inpatient room, board, and nursing services on a continuous basis but do not require hospital care or direct daily care from a physician.
5. The AdSS shall ensure each unit of service for ALTCS, Nursing Facility, and Intermediate Care Facility institutional services constitutes a 24-hour day per diem and includes:

- a. Nursing care services, including rehabilitation, restorative, and respiratory care services;
 - b. Social services;
 - c. Dietary services, including preparation and administration of special diets and adaptive tools for eating;
 - d. Recreational therapies and activities;
 - e. Overall management and evaluation of the facility's plan of care for the Member;
 - f. Observation and assessment of the Member's changing condition;
 - g. Room and board services, including food, personal laundry, and housekeeping support services;
 - h. Nonprescription and stock medications; and
 - i. Medical equipment and medical supplies, including non-customized medical equipment, as specified in AdSS Medical Policy 310-P.
6. The AdSS shall meet the Nursing Facility requirements as specified in AdSS Medical Policy 310-R.

B. Members Residing in an ALTCS Institutional Setting

1. The AdSS shall ensure the following services are available to

Members residing in an ALTCS institutional setting but are not included in the service unit:

- a. Speech, physical, and occupational therapies, unless required as a part of the per diem for the service unit;
 - b. Physical and behavioral health services as specified in AdSS Medical Policy Manual Chapter 300;
 - i. Medical services provided to ALTCS members are the same as those provided to acute care Members.
 - ii. Behavioral health services provided by a licensed behavioral health provider who may report and bill services separately from the facility as specified in AdSS Medical Policy 310-B.
 - c. Customized medical equipment ordered by the Member's primary care provider and authorized by the AdSS;
 - d. Hospice services as specified in AdSS Medical Policy 310-J;
 - e. Early Periodic Screening, Diagnosis and Treatment services as specified in AdSS Medical Policy 430; and
 - f. Services provided to individuals with a serious mental illness designation as specified in A.A.C. R9-21.
2. The AdSS shall ensure Nursing Facility or Intermediate Care

Facility services do not exceed 90 continuous days per admission for ALTCS Members in the ALTCS Transitional Program, as specified in AdSS Medical Policy 1620-H.

~~1210 INSTITUTIONAL SERVICES AND SETTINGS~~

~~EFFECTIVE DATE: October 1, 2019~~

~~This policy applies to AdSS and its contractors. The Division of Developmental Disabilities (Division) covers medically necessary institutional services provided in an Arizona Health Care Cost Containment System (AHCCCS) registered long term care facility for members who are eligible for the Arizona Long Term Care System (ALTCS). Institutional settings include Behavioral Health Inpatient facilities, Institutions for Mental Disease (IMD), Inpatient Behavioral Health Residential Treatment Facilities and Nursing Facility (NF) Services.~~

~~AdSS Contractors are responsible for ensuring that providers delivering institutional services to members must meet the requirements as specified in this Manual. For purposes of this Service Specification, the term "Contractor" refers to the facility.~~

~~Prior to a denial of NF services, the AdSS must contact the Division for a second level review.~~

~~Nursing Facility~~

~~See Chapter 310-R of this manual regarding acute NF Services for members who are ALTCS eligible and members in the ALTCS transitional program.~~

~~Service Description and Goals~~

~~This service provides habilitative skilled nursing care, residential care, and supervision to persons who need nursing services on a 24-hour basis, but who do not require hospital care or direct daily care from a physician.~~

~~The goal of this service is to provide care that meets and enhances the medical, physical, and emotional needs of members residing in Nursing Facilities (NF).~~

~~Service Settings~~

~~NFs must be Medicare and Medicaid certified and licensed by the Arizona Department of Health Services in accordance with 42 CFR 440.155 and 42 CFR 483.75 to provide inpatient room, board, and nursing services to members who require these services on a continuous basis. For the purposes of reimbursement by ALTCS funding, the facility must be Medicare/Medicaid certified.~~

~~Contractor Requirements~~

~~The Contractor must:~~

~~A. Be licensed and certified by the appropriate Arizona state agencies.~~

- ~~B. Comply with all applicable federal and state laws relating to professional conditions, standards, and NF requirements, including the conditions set forth in the 42 CFR 483 et seq.~~
- ~~C. Comply with all health, safety, and physical plant requirements established by federal and state laws.~~
- ~~D. The portion of the facility in which the member will be placed must be registered with AHCCCS.~~
- ~~E. Provide all services in a culturally relevant and linguistically appropriate manner for the population to be served.~~
- ~~F. Provide services to members who meet the eligibility requirements for such services as determined by the AdSS and who have been evaluated and placed by the AdSS in coordination with the Division.~~
- ~~G. Provide a healthy, safe, and clean environment that meets the medical, physical, and emotional needs of the member.~~
- ~~H. Provide services, equipment, and supplies as specified in A.A.C. R9-28-204(B), as may be amended.~~
- ~~I. Responsible for coordinating the delivery of the auxiliary services specified in A.A.C. R9-28-204(C), as may be amended.~~
- ~~J. Maintain a complete file for each member that includes physician's orders, care plans, treatment records, medication records, evaluations and assessments, progress reports and any other needed documentation. The member's file must be made available to the AdSS immediately, or as specified by the Division.~~
- ~~K. Ensure that a PASRR Level I assessment is completed on members prior to admission and whenever a significant change in the physical or mental status of the member occurs.~~
 - ~~1. Failure to have the proper PASRR screening on file, prior to placement of a member in a Skilled Nursing Facility may result in federal financial participation (FFP) withheld from AHCCCS. If withholding of FFP occurs, the Division will recoup the withheld amount from the AdSS's subsequent capitation payment. The AdSS may, at its option, recoup the withholding from the Contractor that admitted the member without the proper PASRR.~~
 - ~~2. Ensure that the completed PASRR Level I is maintained in the member's file, and appropriate referrals made, as needed.~~
 - ~~3. If there are indications that a member may have a cognitive/intellectual disability or a related diagnosis, forward the completed PASRR Level I and all supporting documentation, including Minimum Data Set (MDS), health and progress notes, assessments, or other supporting documentation to the AdSS, who is responsible to forward the submitted documents to the Division's Health Care Services Representative (i.e., the PASRR Coordinator). The Division is responsible for completing PASRR Level II~~

reviews.

~~L. PASRR Level II reviews must occur for each member whose expected stay in the Skilled Nursing Facility will exceed 90 days.~~

~~4. If the results of a PASRR Level II review indicate there is a change in the member's condition, ensure:~~

~~a. Recommendations are followed,~~

~~b. Appropriate referrals are made, as needed, and~~

~~c. The Division's Health Care Services representative (e.g., the PASRR Coordinator) is contacted for prior approval before billing a different level of care.~~

~~d. Ensure that any subsequent documentation (e.g., PASRR Level II) is maintained in the member's file.~~

~~M. Complete a quarterly review of the member to assess key indicators or resident status and revise the plan of care as necessary~~

~~N. Conduct a reassessment within one year or whenever there is a significant change in the member's status.~~

~~O. Provide medical, physical, and emotional care and supervision as follows:~~

~~1. Provide nursing care treatment as indicated in the prescribed care plan. The care plan must be specific to the member and be available immediately or as specified by the AdSS.~~

~~2. Provide dietary management, including the preparation and administration of special diets and adaptive mealtime equipment.~~

~~3. Provide access to dental care and treatment, in accordance with Chapter 300 of the Division's Medical Policy Manual.~~

~~4. Provide access to podiatric care and treatment, in accordance with Chapter 300 of the Division's Medical Policy Manual.~~

~~5. Provide activities (e.g., therapeutic, vocational), recreational services, and spiritual services in accordance with the member's preference.~~

~~6. Provide coordination of services to the member from various agencies, as appropriate. Maintain records of interactions with other agencies or service providers relative to the member.~~

~~7. Participate in the development and review of the member's planning document (e.g., Individual Support Plan, Individualized Family Services Plan).~~

~~8. Participate in discharge planning following the process specified in the Division's Policy Manuals, as may be amended.~~

- ~~9. Provide an outcome measurement system whereby the member/member's representative can provide feedback regarding satisfaction with the performance of the Contractor. The outcome measurement system must be made available to the AdSS upon request.~~
- ~~P. Provide Progress Reports on the member's planning document (e.g., ISP) objectives every thirty (30) days to the designated Support Coordinator~~

Contractor Qualifications

- ~~A. Skilled Nursing Facility(s) must be licensed by the Arizona Department of Health Services (ADHS) and Medicare/Medicaid certified in accordance with 42 C.F.R. § 483, as may be amended.~~
- ~~B. Skilled Nursing Facility(s) must be is licensed, certified, and monitored in accordance with A.R.S. Title 6, Chapter 4, as may be amended.~~
- ~~C. Skilled Nursing Facility(s) must be registered with AHCCCS to provide this service for that portion of the facility subject to Title XIX (Medicaid) reimbursement.~~
- ~~D. Comply with all applicable federal and state laws relating to professional conditions, standards and requirements for nursing facilities, and all health, safety and physical plant requirements established by federal and state laws.~~
- ~~E. Have procedures that ensure temporary nursing care registry personnel, including Nurses' Aides, are properly certified and licensed before caring for members, in accordance with 42 C.F.R. § 483.75(e)3 and (g)2 and fingerprinted as required by A.R.S. § 36-411, as may be amended.~~
- ~~F. Maintain on-site files that document appropriate licenses and inspections. Files must be made available to the AdSS immediately upon request or as specified by the AdSS.~~

Admission Criteria (Nursing Facility)

- ~~A. The NF service may be considered appropriate for a member if the member is in need of skilled nursing care on a 24-hour basis but does not require hospital care or direct daily care from a physician and is ordered by, and provided under, the direction of a physician, pursuant to 42 CFR 440.40 and a less restrictive level of care is not available in a home and community care service setting as determined by the member's planning team.~~
- ~~B. The AdSS must contact the Division by Day 45 of a member's acute NF placement to discuss long-term placement alternatives and coordinate discharge planning with the Division. Prior to consideration of long-term NF placement as outlined in this chapter, the AdSS must obtain approval from the Division. The Division will use an acuity tool will determine the level of institutional placement prior to placement. If the Primary Care Provider (PCP) or the Division advises that the NF cannot meet the member's needs, the member shall be offered a choice of available alternatives, including less restrictive settings and/or Home and Community-Based Services (HCBS), as medically necessary.~~

~~C. Pursuant to 42 CFR 409.31-35 and 440.155, the member requires:~~

- ~~1. The skills of technical or professional personnel such as registered nurses, licensed practical nurses, or therapists~~
- ~~2. Daily skilled services that can only be provided in an NF, on an inpatient basis~~
- ~~3. Skilled services because of special medical complications~~
- ~~4. Services that are above the level of room and board.~~

Reassessment for Continued Placement

~~A. Members residing in an NF must be reassessed by the AdSS for appropriateness (medical necessity) of placement, whenever a significant change in the physical or mental status of the member occurs (see PASARR section of this policy manual).~~

~~B. Physicians must order the continued need for NF placement not less than annually in accordance with 42 CFR 483.114.~~

~~C. The member must continue to meet the criteria in the Admission Criteria (Nursing Facility) section of this Policy.~~

Service Closure (Nursing Facility)

~~As determined by the PASRR, medical documentation, and the current needs of the member, NF services will be terminated by the AdSS when the criteria in the Admission Criteria (Nursing Facility) section of this Policy are no longer met and alternative placement has been identified. The discharge shall occur as follows:~~

~~A. Ten days prior to anticipated discharge, a Planning Team Meeting must occur to allow the support coordinator to update the current Planning Document to include:~~

- ~~1. The member's health and abilities~~
- ~~2. Current medication~~
- ~~3. Identification of needed Durable Medical Equipment (DME)~~
- ~~4. An updated Service Plan~~
- ~~5. A completed Cost Effectiveness Study (CES) based on anticipated service needs~~
- ~~6. Needed follow up medical appointments.~~

~~B. The Planning Team includes the member and/or responsible person, the Division's Health Care Service (HCS) nurse, the Support Coordinator, and representatives from the NF. The Planning Team may also include other representatives as needed per Division's Operations Manual, Policy 2001 Planning Team Members.~~

~~C. In the event the member's previous living arrangement needs to change, the~~

~~Support Coordinator makes a request for residential services by completing a Placement Profile and submitting it to the Division's District Network Unit.~~

~~D. The member or responsible person, the PCP, attending Physician, and the Division's Medical Director shall resolve disagreements regarding discharge planning.~~

~~E. The Division's Chief Medical Officer has the final authority as delegated by the Assistant Director.~~

~~NF Contract Termination~~

~~If the AdSS places an NF on termination status:~~

~~A. No new members will be admitted to the NF.~~

~~B. Members currently residing, or on leave from, the NF may remain or return to the facility and will have a special planning meeting scheduled. The planning meeting must include the Division's support coordinator and must identify contracted residential alternatives that are available to the member.~~

Behavioral Health

~~Institutional settings also include Behavioral Health Inpatient facilities, Institutions for Mental Disease (IMD), and Inpatient Behavioral Health Residential Treatment Facilities.~~

Behavioral Health Inpatient Facility

~~A Behavioral Health Inpatient Facility is a behavioral health service facility licensed by ADHS, as defined in A.A.C. R9-10-101, to provide a structured treatment setting with 24-hour supervision, on-site medical services, and an intensive behavioral health treatment program. These facilities are the highest level of inpatient behavioral health services. Some Behavioral Health Inpatient Facilities are IMDs.~~

Institution for Mental Disease (IMD)

~~Services provided to members eligible for Title XIX (including members who receive behavioral health services through an Integrated/Tribal/Regional Behavioral Health Authority (IRBHA, RBHA, TRBHA)) may be reimbursed in any behavioral health setting, regardless of age, as per AHCCCS Medical Policy Manual, Policy 1210.~~

~~An IMD is a Medicare-certified hospital, special hospital for psychiatric care, behavioral health facility, or nursing care institution which has more than 16 treatment beds and provides diagnosis, care, and specialized treatment services for mental illness or substance abuse for more than 50% of the members is considered an IMD. ADHS Office of Behavioral Health Licensure licensed Inpatient facilities with more than 16 beds are considered IMDs.~~

~~Inpatient Psychiatric Residential Treatment Center (available to Title XIX members under 21 years of age)~~

~~An Inpatient Psychiatric Residential Treatment Center is a behavioral health service facility licensed by ADHS. Services must be provided under the direction of a physician and include active treatment implemented as a result of the service plan developed. The service plan must include an integrated program of therapies, activities, and experiences designed to meet the treatment objectives for the member. A member who turns age 21 and is Tribal ALTCS Title XIX while receiving services in an inpatient psychiatric facility considered to be an IMD may continue to receive services until the point in time in which services are no longer required or the member turns age 22, whichever comes first.~~

~~In addition, the following services must be available to members residing in a behavioral health institutional setting, but are not included in the service unit:~~

- ~~A. Speech, physical, and occupational therapies unless required as a part of the per diem for the service unit~~
- ~~B. Medical/acute care services as specified in this Policy Manual.~~