

Policy Notification

Early Notification Transmittal Date: Apr 22, 2026

Public Comment Transmittal Date: May 27, 2026

Notification

DDD is proposing changes to the following policy . This document is a clean version of the proposed revisions. :

AdSS Medical Manual, Policy

310-K Hospital Inpatient General Services

Description of changes :

This document has been Revised to align with AHCCCSs AMPM updates .

- Added a definition for Medically Necessary
- Added a new policy statement to (A) (3) where the AdSS shall reimburse the hospital using per diem rates when the principal diagnosis on the inpatient claim is a behavioral health diagnosis
- Added a new policy statement to (A) (4) where the AdSS shall reimburse the hospital using the APR-DRG payment methodology in AAC R9-22-712.60 - 22-712.81. It also outlines exceptions for reimbursement when the hospital is a Rehabilitation hospital, or Long-term acute care hospital.
- Added a new policy statement to (A) (5) where the AdSS shall reimburse the hospital using a per diem rate published in the AHCCCS Administration's capped fee schedule for inpatient services with a diagnosis of physical health
- Added a new policy statement to (A) (6) where the AdSS shall ensure claims associated with transplants are paid in accordance with AAC R9-22-712.61(A) and (C)
- General formatting



[Link to currently published AdSS Medical Policy 310-K Hospital Inpatient General Services](#)

Public Comment Timeline

Dates: Public comment will be open for 30 days beginning May 27, 2026 and closing June 26, 2026, 11:59 pm, Arizona time.

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

- Comments may be submitted online by clicking here.
- 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.

310-K Hospital Inpatient General Services

Revision Date: **XX/XX/XXXX**
Effective Date: May 14, 2025
References: AMPM 310-K

Purpose

This Policy establishes requirements for the Administrative Services Subcontractors (AdSS) regarding hospital inpatient general services.

Definitions

1. "Arizona Long Term Care System" or "ALTCS" means an AHCCCS program which delivers long-term, acute, behavioral health and Case Management services as authorized by A.R.S. § 36-2931 et seq., to eligible Members who are either Elderly or have Physical Disabilities (E/PD), and to Members with Developmental Disabilities (DD), through contractual agreements and other arrangements.
2. "Early and Periodic Screening, Diagnostic, and Treatment Program" or "EPSDT" means a comprehensive child health program of prevention, treatment, correction, and improvement of physical and behavioral health conditions for members under the age of 21. EPSDT services include screening services, vision

services, dental services, hearing services and all other Medically Necessary mandatory and optional services listed in Federal Law 42 USC 1396d(a) to correct or ameliorate defects and mental illnesses and conditions identified in an EPSDT screening whether or not the services are covered under the AHCCCS State Plan. Limitations and exclusions, other than the requirement for medical necessity and cost effectiveness, do not apply to EPSDT services.

3. "Maternity Care" means any covered services related to pregnancy to include, Medically Necessary preconception counseling, identification of pregnancy, Medically Necessary education and prenatal services for the care of the pregnancy, treatment of pregnancy-related conditions, labor and delivery services, and postpartum care.
4. "Medical Appliances and Equipment" means an item as specified in 42 CFR 440.70, that is not a prosthetic or orthotic, and
 - a. Is customarily used to serve a medical purpose, and is generally not useful to an individual in the absence of an illness, disability, or injury;
 - b. Can withstand repeated use; and

- c. Can be reusable by others or removable.
5. "Medical Supplies" means health care related items that are consumable or disposable or cannot withstand repeated use by more than one individual, that are required to address an individual medical disability, illness or injury as specified in 42 CFR 440.70.
6. "Medically Necessary" means a service given by a doctor, or licensed health practitioner that helps with health problems, stops disease, disability, or extends life.
7. "Member" means the same as "client," a person receiving developmental disabilities services from the Division, as defined in A.R.S. § 36-551.
8. "Occupational Therapy" means medically ordered treatments to improve or restore functions which have been impaired by illness or injury, or which have been permanently lost, or reduced by illness or injury, or to attain or acquire a particular skill or function never learned or acquired and maintain that function once acquired. Occupational Therapy is intended to improve the Member's ability to perform those tasks required for independent functioning as specified in A.R.S. § 32-3401.

9. "Physical Therapy" means medically ordered treatments to restore, maintain, or improve muscle tone, joint mobility, or physical function; and to attain or acquire a particular skill or function never learned or acquired and maintain that function once acquired as specified in A.R.S. § 32-2001.
10. "Speech Therapy" means diagnostic and treatment services that include evaluation, program recommendations for treatment or training in receptive and expressive language, voice, articulation, fluency, rehabilitation, and medical issues dealing with swallowing.
11. "Total Parenteral Nutrition" or "TPN" means nourishment provided through the venous system to Members with severe pathology of the alimentary tract that does not allow absorption of sufficient nutrients to maintain weight and strength appropriate for the individual's general condition. Nutrients are provided through an indwelling catheter.

Policy

A. General Hospital Services

1. The Administrative Services Subcontractors (AdSS) shall cover Medically Necessary inpatient general hospital services, provided

by a licensed and AHCCCS registered hospital, for all Division Members eligible for ALTCS which include:

- a. Hospital accommodation, and appropriate staffing, supplies, equipment, medications, and services for:
 - i. Acute physical care and behavioral health care;
 - ii. Intensive care and coronary care;
 - iii. Neonatal intensive care;
 - iv. Maternity care including labor, delivery and recovery rooms, birthing centers, and related services;
 - v. Nursery for newborns and infants;
 - vi. Surgery, including surgical suites and recovery rooms, and anesthesiology services;
 - vii. Nursing services necessary and appropriate for the Member's medical condition, including assistance with activities of daily living as needed;
 - viii. Medical detoxification and treatment services;
 - ix. Behavioral health forensic services;
 - x. Dietary services;
 - xi. Medical supplies, appliances, and equipment consistent with the level of accommodation; and

xii. Perfusion and perfusionist services.

b. Ancillary Services for:

- i. Audiology services;
- ii. Chemotherapy;
- iii. Dental surgery for Members in the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) program;
- iv. Dental surgery for Members 21 years of age and older within limitations as described in AdSS Medical Policies 310-D1 and 310-D2;
- v. Dialysis;
- vi. Laboratory services;
- vii. Pharmaceutical services and prescribed drugs;
- viii. Radiological and medical imaging services;
- ix. Rehabilitation services, including physical therapy, occupational therapy, and speech therapy;
- x. Respiratory therapy;
- xi. Behavioral health assessments and treatment;
- xii. Services and supplies necessary to store, process, and administer blood and blood derivatives;

- xiii. Total Parenteral Nutrition; and
 - xiv. Wound care.
2. The AdSS shall allow for the provision of Attendant Care and Personal Care services while the Member eligible for ALTCS is in a hospital inpatient or emergency room setting, if the criteria in Division Medical Policy 1240-A are met.
 3. The AdSS shall reimburse the hospital using per diem rates prescribed by AHCCCS and specified in A.A.C. R9-22-712.61(B), regardless of the hospital type when the principal diagnosis on the inpatient claim is a behavioral health diagnosis, even when physical health services are included in the claim.
 4. The AdSS shall reimburse the hospital using the All Patient Refined Diagnosis Related Group (APR-DRG) payment methodology in A.A.C. R9-22-712.60 through A.A.C. R9-22-712.81 when the principal diagnosis on the inpatient claim is a physical health diagnosis, even when behavioral health services are included in the claim, except when the hospital is a:
 - a. Rehabilitation hospital, or
 - b. Long-term acute care hospital.

5. The AdSS shall reimburse the hospital using the per diem rates published in the AHCCCS Administration's capped fee schedule as specified in A.A.C. R9-22-712.61(A) for inpatient services with a principal diagnosis of physical health provided by a:
 - a. Rehabilitation hospital, or
 - b. Long-term acute care hospital.
6. The AdSS shall ensure claims for services associated with transplants are paid in accordance with A.A.C. R9-22-712.61(A) and (C). Inpatient transplant evaluation services are paid using the APR-DRG payment methodology, unless a transplant contract exists that specifies otherwise. Refer to Section D, Paragraph 51, Compensation.

Signature of "Chief Medical Officer"

DDD POLICY DRAFT