

327 – PEDIATRIC SERVICES INITIATIVE

EFFECTIVE DATES: 10/01/19, 10/01/20, 10/01/21, 10/01/22, 10/01/23, [UPON PUBLISHING](#)

APPROVAL DATES: 02/06/20, 07/10/20, 09/03/20, 07/29/21, 06/16/22, 05/02/23, [05/29/26](#)

I. PURPOSE

This Policy applies to ACC, ACC-RBHA, ALTCS E/PD, DCS ~~/~~CHP (CHP), and DES ~~/~~DDD (DDD) Contractors. The Contractor is responsible for adhering to all requirements as specified in Contract, Policy, 42 CFR Part 457, and 42 CFR Part 438. This Policy establishes requirements for the Contractor regarding the Pediatric Services Initiative (PSI).

II. DEFINITIONS

Refer to the [AHCCCS ACOM and AMPM ~~Contract and Policy~~ Dictionary¹](#) for common terms found in this Policy, including:

CONTRACT YEAR	CONTRACTOR	MEMBER²
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For purposes of this Policy, the following terms are defined as:

PEDIATRIC SERVICES INITIATIVE (PSI) ELIGIBLE ENCOUNTERS

Fully adjudicated and approved Prospective and Prior Period Coverage (PPC) expenses incurred by the Contractor that are subject to the rate increase to Qualified Children’s Hospitals for inpatient and outpatient services incurred at these facilities. [The](#) PSI Eligible Encounters are limited to those billed by Qualified Children’s Hospitals where AHCCCS is the primary payer on Form Types I (Inpatient) and O (Outpatient) for Provider Type 02 (Hospital).

QUALIFIED CHILDREN’S HOSPITAL

A health care facility that has a contract with the Contractor, is licensed in Arizona as a hospital, is registered with AHCCCS as a participating provider, and is also a freestanding children’s hospital, or pediatric units of a general acute care hospital with more than 100 licensed pediatric beds, excluding nursery beds.

PREMIUM TAX

The tax imposed pursuant to A-R-S-~~§~~ 36-2905 and ~~§~~³ 36-2944.01 for all payments made to Contractors for the Contract year.

¹ Updated name and link.

² Removed as all terms can be found in the ACOM and AMPM Dictionary.

³ Revised to align with Section 504 of the Rehabilitation Act.

III. POLICY

AHCCCS seeks to provide enhanced support through a uniform percentage increase to otherwise negotiated managed care contracted rates for inpatient and outpatient hospital services provided by Qualified Children's Hospitals that are contracted with AHCCCS in order to preserve and enhance access to these facilities where essential services to AHCCCS members are received.

A. GENERAL

The amount due from or due to the Contractor as a result of this payment methodology is determined on an annual basis and is based on a fixed percentage amount which shall be applied uniformly to contracted rates.

B. CONTRACTOR RESPONSIBILITIES

1. The Contractor is responsible for making payments to Qualified Children's Hospitals during the Contract year as directed by AHCCCS once funds are received by AHCCCS from public entities in support of the ~~Pediatric Services Initiative (PSI)~~.
2. The Contractor has ~~15-20~~⁴ business days from receipt of funds to pay the Qualified Children's Hospitals, less Premium Tax, as directed by AHCCCS.
3. The PSI Eligible Encounters shall indicate if the encounter is eligible to have PSI applied. Technical guidance shall continue to be provided on how to transmit this information. The Contractor shall reimburse Qualified Children's Hospitals for the PSI increase by making payments as directed by AHCCCS.
4. It is the responsibility of the Contractor to have any identified encounter data issues from Qualified Children's Hospitals corrected and adjudicated no later than eight months from the end of the Contract year.
5. If the Contractor performs recoupments/refunds/recoveries on any PSI claims, the related encounters shall be adjusted (voided or void/replaced) as specified in ACOM Policy 412. If the Contractor does not submit the revised encounters within the required timeframe, AHCCCS shall recoup the estimated impact on the final payment and reserves the right to impose Administrative Action on the Contractor. AHCCCS reserves the right to adjust any previously issued PSI final payment results for the impact of the revised encounters and recoup any amounts due to AHCCCS.

C. AHCCCS RESPONSIBILITIES

1. AHCCCS shall communicate the Tax Identification Numbers (TIN)s to the Contractor prior to the beginning of the Contract year.

⁴ [To align all policies with the same timeframe for Managed Care Organizations \(MCOs\) to pay providers.](#)

2. AHCCCS shall work with the Qualified Children’s Hospitals prior to the beginning of the Contract year to determine the annual payment amount.
3. When making payments to the Contractor, AHCCCS shall provide a list by TIN reflecting how payments should be made to Qualified Children’s Hospitals.
4. AHCCCS shall make payments to the Contractor once all funds are received via Intergovernmental Transfers (IGTs).
5. All payments made to the Contractor shall include Premium Tax.
- ~~5.6.~~ AHCCCS will coordinate the collection of data and information from Qualified Children’s Hospitals related to the initiative’s quality measures for federal reporting. Qualified Children’s Hospitals are required to submit quality measure data and information requested by the deadline determined by AHCCCS. Per the CMCS Informational Bulletin dated September 10, 2025, Quality measure performance results for Qualified Children’s Hospitals will be evaluated by AHCCCS to determine adherence with federal performance standards.⁵.

⁵ Language added to refer to quality measure data reporting requirements.