

**HEALTH PLAN  
ACUTE PROGRAM TIERED PROSPECTIVE RECONCILIATION  
FOR THE CONTRACT YEAR ENDED 9/30/XX  
As Of: xx/xx/xx**

| Prospective  | TANF <1                  | TANF 1-13                | TANF 14-44F              | TANF 14-44M              | TANF 45+                 | SSIW                     | SSI W/O                  | SOBRA MOTHERS            | SFP                  | TOTAL                     |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|----------------------|---------------------------|
| Capitation   | \$ 58,400,000.00         | \$ 128,300,000.00        | \$ 132,700,000.00        | \$ 41,500,000.00         | \$ 40,000,000.00         | \$ 29,200,000.00         | \$ 112,300,000.00        | \$ 8,000,000.00          | \$ 100,000.00        | \$ 550,500,000.00         |
| Delivery Supplemental  | \$ -                     | \$ -                     | \$ 18,400,000.00         | \$ -                     | \$ -                     | \$ 100,000.00            | \$ 700,000.00            | \$ 26,000,000.00         | \$ -                 | \$ 45,200,000.00          |
| <b>Total Prospective Capitation</b>                              | <b>\$ 58,400,000.00</b>  | <b>\$ 128,300,000.00</b> | <b>\$ 151,100,000.00</b> | <b>\$ 41,500,000.00</b>  | <b>\$ 40,000,000.00</b>  | <b>\$ 29,300,000.00</b>  | <b>\$ 113,000,000.00</b> | <b>\$ 34,000,000.00</b>  | <b>\$ 100,000.00</b> | <b>\$ 595,700,000.00</b>  |
| Admin  | \$ 4,400,000.00          | \$ 9,500,000.00          | \$ 11,342,560.00         | \$ 3,100,000.00          | \$ 3,100,000.00          | \$ 2,107,840.00          | \$ 8,254,880.00          | \$ 2,638,400.00          | \$ 7,259.26          | \$ 44,450,939.26          |
| Premium Tax  | \$ 1,168,000.00          | \$ 2,566,000.00          | \$ 3,022,000.00          | \$ 830,000.00            | \$ 800,000.00            | \$ 586,000.00            | \$ 2,260,000.00          | \$ 680,000.00            | \$ 2,000.00          | \$ 11,914,000.00          |
| <b>Prospective Net Capitation (Net of Admin and Premium Tax)</b> | <b>\$ 52,832,000.00</b>  | <b>\$ 116,234,000.00</b> | <b>\$ 136,735,440.00</b> | <b>\$ 37,570,000.00</b>  | <b>\$ 36,100,000.00</b>  | <b>\$ 26,606,160.00</b>  | <b>\$ 102,485,120.00</b> | <b>\$ 30,681,600.00</b>  | <b>\$ 90,740.74</b>  | <b>\$ 539,335,060.74</b>  |
| <b>Prospective Expenses</b>                                      | <b>\$ 67,870,000.00</b>  | <b>\$ 126,940,000.00</b> | <b>\$ 146,520,000.00</b> | <b>\$ 46,090,000.00</b>  | <b>\$ 38,940,000.00</b>  | <b>\$ 30,030,000.00</b>  | <b>\$ 131,120,000.00</b> | <b>\$ 33,550,000.00</b>  | <b>\$ -</b>          | <b>\$ 621,060,000.00</b>  |
| Subcapitated Expenses  | \$ 1,000,000.00          | \$ 500,000.00            | \$ 500,000.00            | \$ 700,000.00            | \$ 100,000.00            | \$ 600,000.00            | \$ 900,000.00            | \$ 400,000.00            | \$ -                 | \$ 4,700,000.00           |
| Non Capped Newborn Expenses                                      | \$ 15,000.00             | \$ -                     | \$ -                     | \$ -                     | \$ -                     | \$ -                     | \$ -                     | \$ -                     | \$ -                 | \$ 15,000.00              |
| Exclusion of Subcap Code 01 Encounters                           | \$ -                     | \$ -                     | \$ 250.00                | \$ 10,000.00             | \$ -                     | \$ -                     | \$ 1,500.00              | \$ -                     | \$ -                 | \$ 11,750.00              |
| Reinsurance Paid   | \$ 9,200,000.00          | \$ 4,600,000.00          | \$ 3,300,000.00          | \$ 4,900,000.00          | \$ 1,300,000.00          | \$ 300,000.00            | \$ 21,900,000.00         | \$ -                     | \$ -                 | \$ 45,500,000.00          |
| <b>Total Profit/(Loss)</b>                                       | <b>\$ (6,853,000.00)</b> | <b>\$ (6,606,000.00)</b> | <b>\$ (6,984,310.00)</b> | <b>\$ (4,310,000.00)</b> | <b>\$ (1,640,000.00)</b> | <b>\$ (3,723,840.00)</b> | <b>\$ (7,633,380.00)</b> | <b>\$ (3,268,400.00)</b> | <b>\$ 90,740.74</b>  | <b>\$ (40,928,189.26)</b> |
| <b>Profit/(Loss) % of Net Capitation</b>                         | <b>-12.97%</b>           | <b>-5.68%</b>            | <b>-5.11%</b>            | <b>-11.47%</b>           | <b>-4.54%</b>            | <b>-14.00%</b>           | <b>-7.45%</b>            | <b>-10.65%</b>           | <b>100.00%</b>       | <b>-7.59%</b>             |

**Settlement**

|   |                    |
|---|--------------------|
| Prospective Net Capitation (Net of Admin and Premium Tax) | \$ 539,335,060.74  |
| Total Profit/(Loss)                                       | \$ (40,928,189.26) |
| Profit/(Loss) % of Prospective Net Capitation             | -7.59%             |

|  |                         |
|--|-------------------------|
| <b>Net Amount Due to (from) Health Plan:</b>                             | <b>\$ 16,658,111.53</b> |
| Premium Tax  | \$ 339,961.46           |
| <b>Less amounts previously paid with initial/interim reconciliations</b> | <b>\$ -</b>             |
| <b>Net Amount Due to (from) Health Plan</b>                              | <b>\$ 16,998,072.99</b> |

| Recon Amount Due to/From Calculation | Excess Profit | Recoup. % | Amount Overpaid | Recoupment | Calcs |
|--------------------------------------|---------------|-----------|-----------------|------------|-------|
| <=3%                                 |               | 0%        | \$ -            | \$ -       | \$ -  |
| 3% < x <= 5%                         |               | 25%       | \$ -            | \$ -       | \$ -  |
| 5% < x <= 7%                         |               | 50%       | \$ -            | \$ -       | \$ -  |
| 7% < x <= 9%                         |               | 75%       | \$ -            | \$ -       | \$ -  |
| x > 9%                               |               | 100%      | \$ -            | \$ -       | \$ -  |

| Recon Amount Due to/From Calculation | Excess Loss | Recoup. % | Amount Underpaid | Reimburse      | Calcs           |
|--------------------------------------|-------------|-----------|------------------|----------------|-----------------|
| <=3%                                 |             | 0%        | \$ (16,180,052)  | \$ -           | \$ (40,928,189) |
| 3% < x <= 6%                         |             | 50%       | \$ (16,180,052)  | \$ (8,090,026) | \$ (24,748,137) |
| x > 6%                               |             | 100%      | \$ (8,568,086)   | \$ (8,568,086) | \$ (8,568,086)  |

**Assumptions:**

- 1) The Prospective Title XIX Waiver Group is NOT included in this reconciliation.
- 2) Total Prospective Capitation includes Prospective Capitation and Delivery Supplemental Payments for dates of service within the reconciliation time frame.
- 3) Prospective Expenditures include adjudicated encounters for dates of service within the reconciliation time frame.
- 4) Reinsurance based on actual reinsurance payments for dates of service within the reconciliation time frame.
- 5) Admin at bid admin \* (1-.0588) for all risk groups except SFP and Delivery Supplement which is at 8%. SOBRA Moms assume admin at TANF 14-44 F rate.
- 6) Subcapitated expenses are self reported from Quarterly Financial statements.
- 7) All encounters with a subcap code of 01 and a CN1 code of 05 have been excluded from this reconciliation, since these should be included in the self reported subcapitated expenses reported above.
- 8.) This expense is for Non Capped Newborn Expenses for those newborns where AHCCCS is notified within one day of the date of birth.

**HEALTH PLAN**  
**ACUTE PROGRAM TIERED PROSPECTIVE RECONCILIATION - Example**  
 FOR THE CONTRACT YEAR ENDED 9/30/XX  
 As Of: xx/xx/xx

| Prospective  | TANF <1                 | TANF 1-13                | TANF 14-44F              | TANF 14-44M             | TANF 45+                | SSI/W                   | SSI W/O                  | SOBRA MOTHERS           | SFP                  | TOTAL                    |
|--|-------------------------|--------------------------|--------------------------|-------------------------|-------------------------|-------------------------|--------------------------|-------------------------|----------------------|--------------------------|
| Capitation   | \$ 58,400,000.00        | \$ 128,300,000.00        | \$ 132,700,000.00        | \$ 41,500,000.00        | \$ 40,000,000.00        | \$ 29,200,000.00        | \$ 112,300,000.00        | \$ 8,000,000.00         | \$ 100,000.00        | \$ 550,500,000.00        |
| Delivery Supplemental  | \$ -                    | \$ -                     | \$ 18,400,000.00         | \$ -                    | \$ -                    | \$ 100,000.00           | \$ 700,000.00            | \$ 26,000,000.00        | \$ -                 | \$ 45,200,000.00         |
| <b>Total Prospective Capitation</b>                              | <b>\$ 58,400,000.00</b> | <b>\$ 128,300,000.00</b> | <b>\$ 151,100,000.00</b> | <b>\$ 41,500,000.00</b> | <b>\$ 40,000,000.00</b> | <b>\$ 29,300,000.00</b> | <b>\$ 113,000,000.00</b> | <b>\$ 34,000,000.00</b> | <b>\$ 100,000.00</b> | <b>\$ 595,700,000.00</b> |
| Admin  | \$ 4,400,000.00         | \$ 9,500,000.00          | \$ 11,342,560.00         | \$ 3,100,000.00         | \$ 3,100,000.00         | \$ 2,107,840.00         | \$ 8,254,880.00          | \$ 2,638,400.00         | \$ 7,259.26          | \$ 44,450,939.26         |
| Premium Tax  | \$ 1,168,000.00         | \$ 2,566,000.00          | \$ 3,022,000.00          | \$ 830,000.00           | \$ 800,000.00           | \$ 586,000.00           | \$ 2,260,000.00          | \$ 680,000.00           | \$ 2,000.00          | \$ 11,914,000.00         |
| <b>Prospective Net Capitation (Net of Admin and Premium Tax)</b> | <b>\$ 52,832,000.00</b> | <b>\$ 116,234,000.00</b> | <b>\$ 136,735,440.00</b> | <b>\$ 37,570,000.00</b> | <b>\$ 36,100,000.00</b> | <b>\$ 26,606,160.00</b> | <b>\$ 102,485,120.00</b> | <b>\$ 30,681,600.00</b> | <b>\$ 90,740.74</b>  | <b>\$ 539,335,060.74</b> |
| <b>Prospective Expenses</b>                                      | <b>\$ 58,615,000.00</b> | <b>\$ 109,630,000.00</b> | <b>\$ 126,540,000.00</b> | <b>\$ 39,805,000.00</b> | <b>\$ 33,630,000.00</b> | <b>\$ 25,935,000.00</b> | <b>\$ 113,240,000.00</b> | <b>\$ 28,975,000.00</b> | <b>\$ -</b>          | <b>\$ 536,370,000.00</b> |
| Subcapitated Expenses  | \$ 1,000,000.00         | \$ 500,000.00            | \$ 500,000.00            | \$ 700,000.00           | \$ 100,000.00           | \$ 600,000.00           | \$ 900,000.00            | \$ 400,000.00           | \$ -                 | \$ 4,700,000.00          |
| Non Capped Newborn Expenses                                      | \$ 15,000.00            | \$ -                     | \$ -                     | \$ -                    | \$ -                    | \$ -                    | \$ -                     | \$ -                    | \$ -                 | \$ 15,000.00             |
| Exclusion of Subcap Code 01 Encounters                           | \$ -                    | \$ -                     | \$ 250.00                | \$ 10,000.00            | \$ -                    | \$ -                    | \$ 1,500.00              | \$ -                    | \$ -                 | \$ 11,750.00             |
| Reinsurance Paid   | \$ 9,200,000.00         | \$ 4,600,000.00          | \$ 3,300,000.00          | \$ 4,900,000.00         | \$ 1,300,000.00         | \$ 300,000.00           | \$ 21,900,000.00         | \$ -                    | \$ -                 | \$ 45,500,000.00         |
| <b>Total Profit/(Loss)</b>                                       | <b>\$ 2,402,000.00</b>  | <b>\$ 10,704,000.00</b>  | <b>\$ 12,995,690.00</b>  | <b>\$ 1,975,000.00</b>  | <b>\$ 3,670,000.00</b>  | <b>\$ 371,160.00</b>    | <b>\$ 10,246,620.00</b>  | <b>\$ 1,306,600.00</b>  | <b>\$ 90,740.74</b>  | <b>\$ 43,761,810.74</b>  |
| <b>Profit/(Loss) % of Net Capitation</b>                         | <b>4.55%</b>            | <b>9.21%</b>             | <b>9.50%</b>             | <b>5.26%</b>            | <b>10.17%</b>           | <b>1.40%</b>            | <b>10.00%</b>            | <b>4.26%</b>            | <b>100.00%</b>       | <b>8.11%</b>             |

**Settlement**

|   |                   |
|---|-------------------|
| Prospective Net Capitation (Net of Admin and Premium Tax) | \$ 539,335,060.74 |
| Total Profit/(Loss)                                       | \$ 43,761,810.74  |
| Profit/(Loss) % of Prospective Net Capitation             | 8.11%             |

|   |                           |
|---|---------------------------|
| <b>Net Amount Due to (from) Health Plan:</b>                      | <b>\$ (12,596,293.28)</b> |
| Premium Tax   | \$ (257,067.21)           |
| Less amounts previously paid with initial/interim reconciliations |                           |
| <b>Net Amount Due to (from) Health Plan</b>                       | <b>\$ (12,853,360.49)</b> |

| Recon Amount Due to/From Calculation | Excess Profit | Recoup. % | Amount     |              | Calcs         |
|--------------------------------------|---------------|-----------|------------|--------------|---------------|
|                                      |               |           | Overpaid   | Recoupment   |               |
| <=3%                                 | 0%            | \$        | 16,180,052 | \$ -         | \$ 43,761,811 |
| 3% < x <= 5%                         | 25%           | \$        | 10,786,701 | \$ 2,696,675 | \$ 27,581,759 |
| 5% < x <= 7%                         | 50%           | \$        | 10,786,701 | \$ 5,393,351 | \$ 16,795,058 |
| 7% < x <= 9%                         | 75%           | \$        | 6,008,356  | \$ 4,506,267 | \$ 6,008,356  |
| x > 9%                               | 100%          | \$        | -          | \$ -         | \$ -          |

| Recon Amount Due to/From Calculation | Excess Loss | Recoup. % | Amount    |           | Calcs |
|--------------------------------------|-------------|-----------|-----------|-----------|-------|
|                                      |             |           | Underpaid | Reimburse |       |
| <=3%                                 | 0%          | \$        | -         | \$ -      | \$ -  |
| 3% < x <= 6%                         | 50%         | \$        | -         | \$ -      | \$ -  |
| x > 6%                               | 100%        | \$        | -         | \$ -      | \$ -  |

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- 1) The Prospective Title XIX Waiver Group is NOT included in this reconciliation.
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