**Appendix L**

**Independent Auditor’s Attestation - CYE25 Stipulated Area of Audit Focus**

**Line of Business: (Check all that apply)**

[ ]  ACC [ ]  ACC-RBHA [ ]  ALTCS E/PD [ ]  GOV [ ]  MAPD

As indicated by checking the boxes, I certify the following:

[ ]  The Contractor’s Sub-Capitated/Block Expenses Reports adhere to the requirements set forth in Sub-Capitated/Block Expenses Report section of the AHCCCS Financial Reporting Guide.

[ ]  Amounts are appropriately reported by the risk group and by individual expense line item on a date of service basis for CYE25 in the Contractor’s Sub-Capitated/Block Expenses Reports. Expenses were reviewed and include only the amounts subcontractors paid to the providers for Medicaid covered services to enrollees. Specifically, Sub-Capitated/Block Expenses align with contractual requirements. Payments were made in accordance with valid contracts to legitimate providers. Any expense allocation methodology between benefit and non-benefit expenses has been reviewed for accuracy and completeness.

[ ]  If any changes were made to the CYE24 Sub-Capitated/Block Expense Reports after the prior fiscal year audit was completed, then both the revised CYE24 and CYE25 reports were audited and attested to during the fiscal year audit (FY25 audit fiscal year end 9/30 and 12/31) or FY26 audit (fiscal year end 06/30).

[ ]  Any contractually required under-encountered amounts of a Provider forgiven by the Contractor have been removed from the Sub-Capitated/Block Expenses Reports and recorded as an administrative expense in Other Administrative Expenses A/C #83005-01 and disclosed in the Financial Reporting Template, Title XIX/XXI, Other Account tab.

[ ]  The categorization of claims and non-claims costs for the Sub-Capitated/Block Expenses Report follows CMS’ Medical Loss Ratio guidance described in the [CMS Informational Bulletin, dated May 15, 2019, “Medical Loss Ratio (MLR) Requirements Related to Third-Party Vendors](https://www.medicaid.gov/federal-policy-guidance/downloads/cib051519.pdf)”.

[ ]  Administrative functions performed by a subcontractor[[1]](#footnote-2) are reported as non-claims administration expense following CMS guidance [See 42 CFR 438.8 (e)(2)(v)(A)]. Incurred claims exclude these non-claims costs:

1. Amounts paid to third-party vendors for secondary network savings,
2. Amounts paid to third-party vendors for network development, administrative fees, claims processing, and utilization management.
3. Amounts paid, including amounts paid to a provider, for professional or administrative services that do not represent compensation or reimbursement for State Plan services or services meeting the definition for in-lieu of services in 42 CFR 438.3(e) and provided to an enrollee; and
4. Fines and penalties assessed by regulatory authorities.

Auditor Signature

Auditor Name Printed

Date Signed

1. An exception to this general approach applies when a subcontractor, through its own employees, provides Medicaid covered services directly to enrollees. In this circumstance, the entire portion of the amount the Contractor pays to the third-party vendor that is attributable to the third-party vendor’s direct provision of Medicaid covered services should be included in incurred claims, even if such amount includes reimbursement for the third-party vendor’s own administrative costs related to the direct provision of Medicaid covered services. [↑](#footnote-ref-2)