

Contract Year Ending 2023

**Capitation Rate Notification – American
Rescue Plan Act Home and Community
Based Services Behavioral Health
Outpatient Services**

**Arizona Long Term Care System – Elderly
and Physical Disability Program**

October 1, 2022 through September 30, 2023

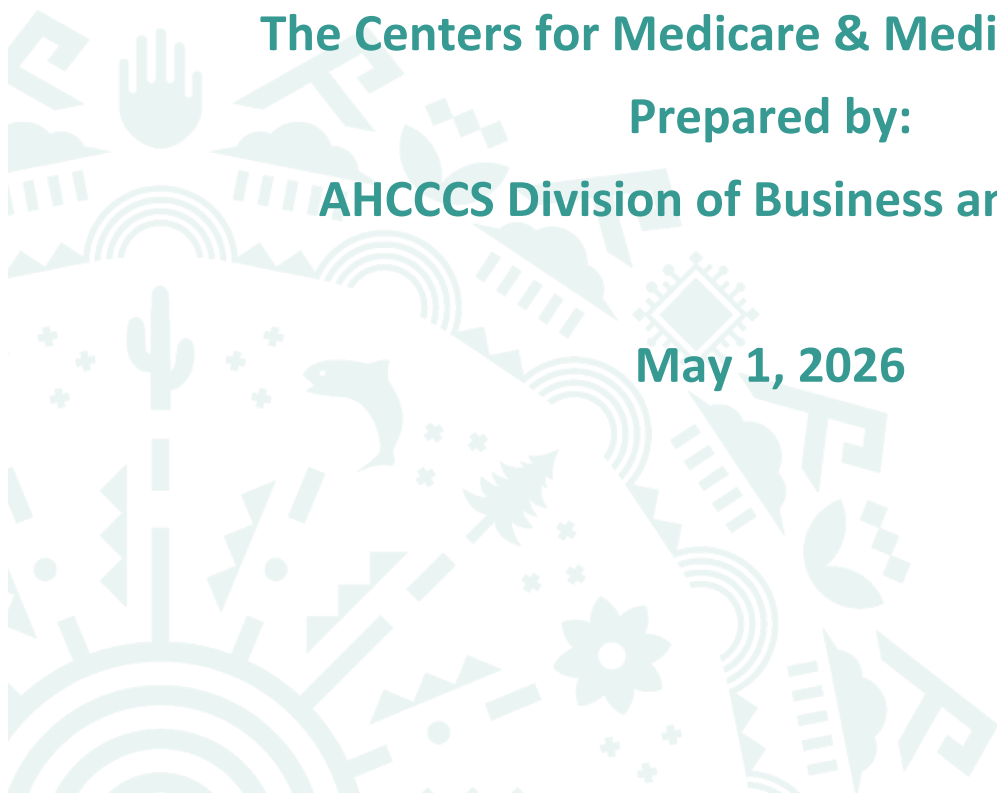
Prepared for:

The Centers for Medicare & Medicaid Services

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CYE 23 Capitation Rate Notification – ARPA HCBS BHOP ALTCS-EPD Program

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Introduction and Limitations

The purpose of this capitation rate notification document is to provide documentation of the data, assumptions, and methodologies used to allocate a delivery system and provider payment initiative (i.e., State directed payment), the Arizona Health Care Cost Containment System (AHCCCS) American Rescue Plan Act (ARPA) Home and Community Based Services (HCBS) and Behavioral Health Outpatient (BHOP) enhanced funding, across the Contract Year Ending 2023 (CYE 23, October 1, 2022, through September 30, 2023) capitation rates for the Arizona Long Term Care System (ALTCS) Elderly and Physical Disability (ALTCS-EPD) Program. This capitation rate notification document is based on CMS' approval of the amended ARPA HCBS BHOP Preprint (AZ_Fee_HCBS.BHO1_Renewal_20221001-20230930).

The ARPA HCBS BHOP enhanced funding payments are payments under 42 CFR § 438.6(c)(1)(iii)(C), as codified in the 2020 Medicaid and Children's Health Insurance Program (CHIP) Managed Care Final Rule. This capitation rate notification document was prepared for Centers for Medicare & Medicaid Services (CMS), or its actuaries, for review of the ARPA HCBS BHOP payments allocation methodology. This capitation rate notification document also provides the CYE 23 ALTCS-EPD Program capitation rates with and without the ARPA HCBS BHOP payments for CMS review. This capitation rate notification document may not be appropriate for any other purpose.

This capitation rate notification document may also be made available publicly on the AHCCCS website or distributed to other parties. If this capitation rate notification document is made available to third parties, then this capitation rate notification document and the original rate certification along with any amendments should be provided in their entirety. Any third party reviewing this capitation rate notification document and capitation rate certifications should be familiar with the AHCCCS Medicaid managed care program, the provisions of 42 CFR Part 438 applicable to this rate certification, the 2022-2023 Medicaid Managed Care Rate Development Guide (2023 Guide), Actuarial Standards of Practice and generally accepted actuarial principles and practices.

CMS has yet to release a rate development guide for capitation rate updates related to payments under 42 CFR § 438.6(c). In lieu of having an official guide to follow, AHCCCS will follow the 2023 Guide for organizing this capitation rate notification document. The 2023 Guide describes the rate development standards and appropriate documentation to be included within Medicaid managed care rate certifications. In particular, Section I.4.D. covers State directed payments and it is this section that will contain the capitation rate notification documentation. Sections of the 2023 Guide that do not apply will be marked as "Not Applicable" and will be included in this rate notification document for completeness.

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Section I Medicaid Managed Care Rates

I.1. General Information

Not applicable to the ARPA HCBS BHOP payments for the CYE 23 ALTCS-EPD Program rate update.

I.2. Data

Not applicable to the ARPA HCBS BHOP payments for the CYE 23 ALTCS-EPD Program rate update.

I.3. Projected Benefit Costs and Trends

Not applicable to the ARPA HCBS BHOP payments for the CYE 23 ALTCS-EPD Program rate update.

I.4. Special Contract Provisions Related to Payment

I.4.A. Incentive Arrangements

Not applicable to the ARPA HCBS BHOP payments for the CYE 23 ALTCS-EPD Program rate update.

I.4.B. Withhold Arrangements

Not applicable to the ARPA HCBS BHOP payments for the CYE 23 ALTCS-EPD Program rate update.

I.4.C. Risk-Sharing Mechanisms

Not applicable to the ARPA HCBS BHOP payments for the CYE 23 ALTCS-EPD Program rate update.

I.4.D. State Directed Payments

I.4.D.i. Rate Development Standards

This section of the 2023 Guide provides information on delivery system and provider payment initiatives authorized under 42 CFR § 438.6(c).

I.4.D.ii. Appropriate Documentation

The following sections of the 2023 Guide, Section I.4.D.ii.(a)(i) through Section I.4.D.ii.(a)(iii), were provided in an amendment to the CYE 23 ALTCS-EPD Program capitation rate certification, which was signed by Matthew C. Varitek on October 31, 2023. These sections are being provided again to facilitate CMS' review, updated as necessary to provide additional information. The original CYE 23 ALTCS-EPD Program capitation rate certification was signed on August 12, 2022.

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I.4.D.ii.(a) Description of State Directed Payments

I.4.D.ii.(a)(i) Type and Description of Directed Payment Arrangements

The ARPA HCBS BHOP directed payment is designed to provide a uniform percentage increase to eligible AHCCCS providers who provide qualifying HCBS and BHOP services (Rehabilitative and Case Management services) to enhance, expand, and strengthen HCBS providers and services. The ARPA HCBS BHOP directed payment is intended to focus on providing additional funding to support the provider network and staffing capacity.

I.4.D.ii.(a)(ii) Directed Payments Incorporated in Capitation Rates

Not applicable to the ARPA HCBS BHOP payments for the CYE 23 ALTCS-EPD Program rate update.

I.4.D.ii.(a)(iii) Directed Payments Under Separate Payment Arrangement

The ARPA HCBS BHOP payments were not included in the CYE 23 ALTCS-EPD Program certified capitation rates and have been paid out via lump sum payments.

I.4.D.ii.(a)(iii)(A) Aggregate Amount

The original estimates of anticipated payments, including premium tax, for the ALTCS-EPD Program for ARPA HCBS BHOP were approximately \$90.2 million. After completion of the contract year, the total payments paid through the ALTCS-EPD Contractors for the ARPA HCBS BHOP totaled approximately \$80.2 million, inclusive of premium tax.

I.4.D.ii.(a)(iii)(B) Actuarial Certification of the Amount of the Separate Payment Term

The actuary certified the aggregate directed payment estimates as actuarially sound according to 42 CFR § 438.4 in the amended rate certification. The original estimates were based on projections of future events. This notification document incorporates the actual final aggregate payments by rate cell and the AHCCCS actuaries certify the final payment amounts by rate cell as actuarially sound according to 42 CFR § 438.4.

I.4.D.ii.(a)(iii)(C) Estimated Impact by Rate Cell

Appendix 1 shows the total ARPA HCBS BHOP dollars paid, including premium tax, by rate cell. Appendix 2 shows the ARPA HCBS BHOP payments by rate cell incorporated into the capitation rates as PMPMs. Totals may not add up due to rounding.

I.4.D.ii.(a)(iii)(D) Preprint Acknowledgement

These payments are being made under the approved ARPA HCBS BHOP 42 CFR § 438.6(c) payment arrangement in a manner consistent with the preprints approved by CMS (inclusive of any/all correspondence between the state and CMS regarding the preprints).

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I.4.D.ii.(a)(iii)(E) Future Documentation Requirements

AHCCCS is submitting this notification document to CMS which incorporates the total amount of the ARPA HCBS BHOP payments into the rate certification's rate cells, consistent with the distribution methodology described in the preprint approved by CMS. The capitation rates with and without the ARPA HCBS BHOP payments can be found in Appendix 2.

I.4.E. Pass-Through Payments

Not applicable to the ARPA HCBS BHOP payments for the CYE 23 ALTCS-EPD Program rate update.

I.5. Projected Non-Benefit Costs

Not applicable to the ARPA HCBS BHOP payments for the CYE 23 ALTCS-EPD Program rate update.

I.6. Risk Adjustment and Acuity Adjustments

Not applicable to the ARPA HCBS BHOP payments for the CYE 23 ALTCS-EPD Program rate update.

Section II Medicaid Managed Care Rates with Long-Term Services and Supports

Not applicable to the ARPA HCBS BHOP payments for the CYE 23 ALTCS-EPD Program rate update.

Section III New Adult Group Capitation Rates

Not applicable to the ARPA HCBS BHOP payments for the CYE 23 ALTCS-EPD Program rate update.

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Appendix 1: CYE 23 ARPA HCBS BHOP Payment

Rate Cell	Contractor	GSA	CYE 23 ARPA HCBS BHOP Dollars with Premium Tax
Dual	UnitedHealthcare	North	\$ 3,187,015
Dual	UnitedHealthcare	Central	\$ 13,657,701
Dual	Banner - University Family Care	Central	\$ 6,627,431
Dual	Mercy Care	Central	\$ 25,126,910
Dual	Banner - University Family Care	South	\$ 11,547,167
Dual	Mercy Care	South	\$ 5,558,509
Non-Dual	UnitedHealthcare	North	\$ 612,614
Non-Dual	UnitedHealthcare	Central	\$ 2,330,497
Non-Dual	Banner - University Family Care	Central	\$ 1,195,965
Non-Dual	Mercy Care	Central	\$ 7,214,408
Non-Dual	Banner - University Family Care	South	\$ 1,887,090
Non-Dual	Mercy Care	South	\$ 1,265,849
Total			\$ 80,211,156

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Appendix 2: CYE 23 Certified and Adjusted Capitation Rates

Rate Cell	Contractor	GSA	Capitation Rates Effective 10/1/22 - 9/30/23		
			Cap Rates without ARPA HCBS BHOP	ARPA HCBS BHOP PMPM	Cap Rates with ARPA HCBS BHOP
Dual	UnitedHealthcare	North	\$3,739.84	\$125.24	\$3,865.08
Dual	UnitedHealthcare	Central	\$3,668.48	\$211.75	\$3,880.23
Dual	Banner - University Family Care	Central	\$4,820.91	\$282.80	\$5,103.71
Dual	Mercy Care	Central	\$4,894.91	\$295.74	\$5,190.65
Dual	Banner - University Family Care	South	\$4,615.57	\$285.34	\$4,900.91
Dual	Mercy Care	South	\$4,483.34	\$251.88	\$4,735.22
Non-Dual	UnitedHealthcare	North	\$8,303.46	\$156.43	\$8,459.89
Non-Dual	UnitedHealthcare	Central	\$8,569.16	\$212.93	\$8,782.09
Non-Dual	Banner - University Family Care	Central	\$10,486.45	\$231.12	\$10,717.57
Non-Dual	Mercy Care	Central	\$10,049.40	\$301.36	\$10,350.76
Non-Dual	Banner - University Family Care	South	\$8,698.31	\$282.95	\$8,981.26
Non-Dual	Mercy Care	South	\$8,615.91	\$323.44	\$8,939.35