

**Contract Year Ending 2022**  
**Capitation Rate Notification –**  
**American Rescue Plan Act Home and**  
**Community Based Services**  
**Behavioral Health Outpatient Services**  
**Comprehensive Health Plan Program**

**October 1, 2021 through September 30, 2022**

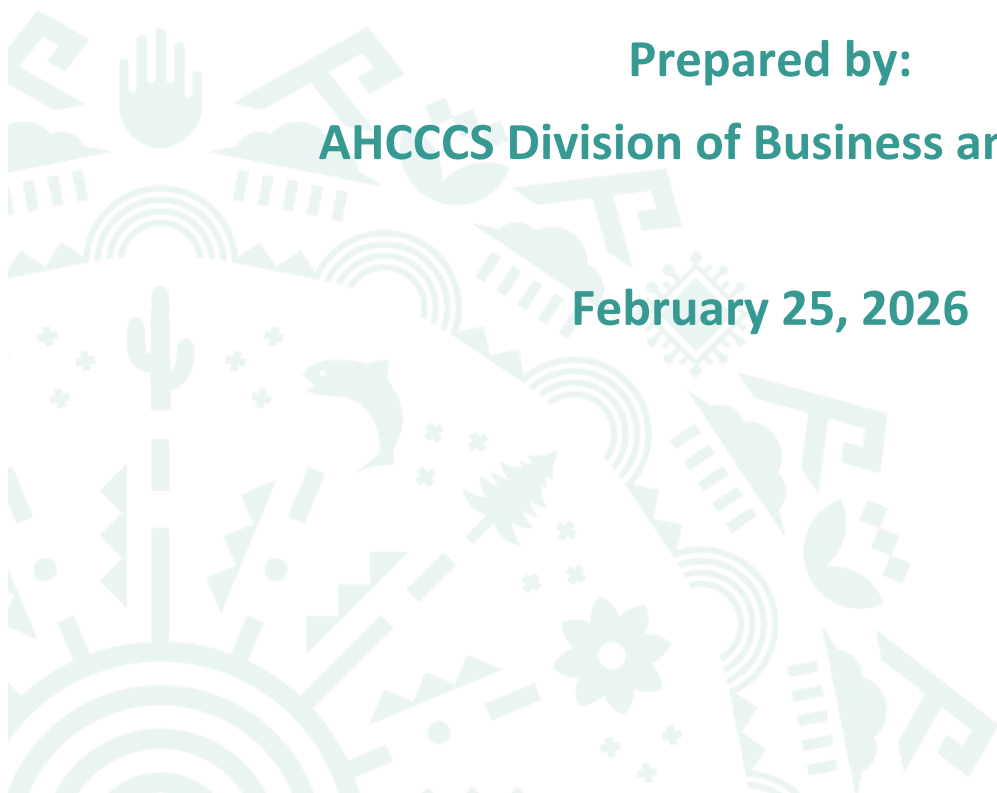
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**The Centers for Medicare & Medicaid Services**

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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 2022 (CYE 22, October 1, 2021, through September 30, 2022) capitation rate for the Comprehensive Health Plan (CHP) Program. This capitation rate notification document is based on CMS' approval of the amended ARPA HCBS BHOP Preprint (AZ\_Fee\_HCBS.BHO1\_Renewal\_20211001-20220930).

The ARPA HCBS BHOP enhanced funding payments are payments under 42 CFR § 438.6(c)(1)(iii)(B), as codified in the 2016 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 22 CHP Program capitation rate 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 2021-2022 Medicaid Managed Care Rate Development Guide (2022 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 2022 Guide for organizing this capitation rate notification document. The 2022 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 2022 Guide that do not apply will be marked as "Not Applicable" and will be included in this rate notification document for completeness.

## Section I Medicaid Managed Care Rates

### I.1. General Information

Not applicable to the ARPA HCBS BHOP payments for the CYE 22 CHP Program rate update.

### I.2. Data

Not applicable to the ARPA HCBS BHOP payments for the CYE 22 CHP Program rate update.

### I.3. Projected Benefit Costs and Trends

Not applicable to the ARPA HCBS BHOP payments for the CYE 22 CHP 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 22 CHP Program rate update.

#### I.4.B. Withhold Arrangements

Not applicable to the ARPA HCBS BHOP payments for the CYE 22 CHP Program rate update.

#### I.4.C. Risk-Sharing Mechanisms

Not applicable to the ARPA HCBS BHOP payments for the CYE 22 CHP Program rate update.

#### I.4.D. Delivery System and Provider Payment Initiatives

##### I.4.D.i. Rate Development Standards

This section of the 2022 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 2022 Guide, Section I.4.D.ii.(a)(i) through Section I.4.D.ii.(a)(iii), were provided in an amendment to the CYE 22 CHP Program capitation rate certification, which was signed by Colby Schaeffer on January 6, 2023. These sections are being provided again to facilitate CMS' review, updated as necessary to provide additional information. The original CYE 22 CHP Program capitation rate certification was signed on August 11, 2021.

## CYE 22 CHP Program Capitation Rate Notification – ARPA HCBS BHOP

### 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 22 CHP 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 CHP Program certified capitation rate 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 CHP Program for ARPA HCBS BHOP were approximately \$9.5 million. After completion of the contract year, the total payments paid through the CHP Contractor for the ARPA HCBS BHOP totaled \$5.6 million, inclusive of premium tax.

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

The actuaries 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 rate as PMPMs. Totals may not add up due to rounding.

#### I.4.D.ii.(a)(iii)(D) Pre-Print 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 pre-prints approved by CMS (inclusive of any/all correspondence between the state and CMS regarding the pre-print).

#### 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 cell, consistent with the distribution

## CYE 22 CHP Program Capitation Rate Notification – ARPA HCBS BHOP

methodology described in the preprint approved by CMS. The capitation rate 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 22 CHP Program rate update.

### **I.5. Projected Non-Benefit Costs**

Not applicable to the ARPA HCBS BHOP payments for the CYE 22 CHP Program rate update.

### **I.6. Risk Adjustment and Acuity Adjustments**

Not applicable to the ARPA HCBS BHOP payments for the CYE 22 CHP 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 22 CHP Program rate update.

## **Section III New Adult Group Capitation Rates**

Not applicable to the ARPA HCBS BHOP payments for the CYE 22 CHP Program rate update.

## Appendix 1: CYE 22 ARPA HCBS BHOP Payment

Rate Cell	CYE 22 ARPA HCBS BHOP Dollars with Premium Tax
CHP	\$ 5,610,299

## Appendix 2: CYE 22 Certified and Adjusted Capitation Rate

Rate Cell	Capitation Rates Effective 10/1/21 - 9/30/22		
	Cap Rates without ARPA HCBS BHOP	ARPA HCBS BHOP PMPM	Cap Rates with ARPA HCBS BHOP
CHP	\$1,322.22	\$34.67	\$1,356.89