



**Contract Year Ending 2018
Regional Behavioral Health Authority
Program
Capitation Rate Notification –
Targeted Investments Payments**

**Prepared for:
The Centers for Medicare & Medicaid
Services**

**Prepared by:
AHCCCS Division of Health Care
Management**

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Table of Contents

| | |
|---|---|
| Introduction and Limitations | 1 |
| Section I Medicaid Managed Care Rates | 3 |
| I.1. General Information | 3 |
| I.2. Data | 3 |
| I.3. Projected Benefit Costs and Trends | 3 |
| I.4. Special Contract Provisions Related to Payment | 3 |
| I.4.A. Incentive Arrangements | 3 |
| I.4.B. Withhold Arrangements | 3 |
| I.4.C. Risk-Sharing Mechanisms | 3 |
| I.4.D. Delivery System and Provider Payment Initiatives | 3 |
| I.4.D.i. Rate Development Standards | 3 |
| I.4.D.ii. Appropriate Documentation | 3 |
| I.4.D.ii.(a) Description of Delivery System and Provider Payment Initiatives | 3 |
| I.4.D.ii.(a)(i) Description | 3 |
| I.4.D.ii.(a)(ii) Amount | 4 |
| I.4.D.ii.(a)(ii) Providers Receiving Payment | 4 |
| I.4.D.ii.(a)(iv) Effect on Capitation Rate Development | 4 |
| I.4.D.ii.(b) Allocation Methodology | 4 |
| I.4.E. Pass-Through Payments | 4 |
| I.5. Projected Non-Benefit Costs | 4 |
| I.6. Risk Adjustment and Acuity Adjustments | 4 |
| Section II Medicaid Managed Care Rates with Long-Term Services and Supports | 5 |
| Section III New Adult Group Capitation Rates | 5 |
| Appendix I: CYE 18 Targeted Investments Payments | 6 |
| Appendix II: CYE 18 Capitation Rates With and Without Targeted Investments Payments | 8 |
| Appendix III: CYE 18 Targeted Investments PMPM by Targeted Investments Providers | 9 |

Introduction and Limitations

The purpose of this capitation rate notification document is to provide documentation, including the data, assumptions, and methodologies used to allocate the delivery system and provider payments initiatives (AHCCCS Targeted Investments Program) across the October 1, 2017 through September 30, 2018 (Contract Year Ending 2018 or CYE 18) capitation rates for the Arizona's Regional Behavioral Health Authority (RBHA) Program. This capitation rate notification document for the AHCCCS Targeted Investments Program replaces the capitation rate notification document for the AHCCCS Targeted Investments Program submitted to CMS on June 6, 2019. This is a full replacement as the first notification referenced a final payment amount which included a subsequently identified error in twenty participants' payments. As a result of the subsequent identification of errors in payment amounts to these participants, an additional reconciliation was performed on all targeted investments participants. That reconciliation identified that data impacting the payment calculation for these select program participants had not been received by AHCCCS at the time that the incentive payments were originally calculated. This additional data only impacted TI BH and TI PCP payments. The TI Hospital and TI Justice payments were not impacted and are the same as the June 6 submission.

The targeted investments payments are payments under 42 CFR § 438.6(c)(1)(ii). This capitation rate notification document was prepared for Centers for Medicare & Medicaid Services (CMS), or its actuaries, for review of the targeted investments payments allocation methodology. This capitation rate notification document also provides the CYE 18 RBHA Program capitation rates with and without the targeted investments 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 Arizona Health Care Cost Containment System (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 should be provided in its entirety. Any third party reviewing this capitation rate notification document should be familiar with the AHCCCS Medicaid managed care program, the provisions of 42 CFR Part 438 of 81 FR 27497 applicable to this capitation rate notification document, the 2018 Medicaid Managed Care Rate Development 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 § 438.6(c). However, AHCCCS has had several meetings with CMS regarding § 438.6(c) payment arrangements. From these meetings, CMS has provided guidance that a capitation rate certification is not required for § 438.6(c) payment allocations across rate cells. Rather, a capitation rate notification document can be provided to CMS that documents the data, assumptions, and methodologies used to allocate § 438.6(c) payments, along with the capitation rates with and without the § 438.6(c) payments.

In light of not having an official guide to follow, AHCCCS will follow the rate development guide for capitation rate certifications that was used in the original CYE 18 capitation rate setting, which is the

2018 Medicaid Managed Care Rate Development Guide (2018 Guide). The 2018 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 delivery system and provider payment initiatives and it is this section that will contain the rate update documentation. Since an official guide with respect to § 438.6(c) payment capitation rate updates is not yet available from CMS, the following section, Section I.4.D.ii.(b) was added by AHCCCS to the 2018 Guide to capture the data, assumptions, and methodology used to allocate the targeted investments payments by rate cell. Sections of the 2018 Guide that do not apply will be marked as “Not Applicable” and will be included in this rate update document for completeness.

Section I Medicaid Managed Care Rates

I.1. General Information

Not Applicable to the targeted investments payments for the CYE 18 RBHA Program rate update.

I.2. Data

Not Applicable to the targeted investments payments for the CYE 18 RBHA Program rate update.

I.3. Projected Benefit Costs and Trends

Not Applicable to the targeted investments payments for the CYE 18 RBHA Program rate update.

I.4. Special Contract Provisions Related to Payment

I.4.A. Incentive Arrangements

Not Applicable to the targeted investments payments for the CYE 18 RBHA Program rate update.

I.4.B. Withhold Arrangements

Not Applicable to the targeted investments payments for the CYE 18 RBHA Program rate update.

I.4.C. Risk-Sharing Mechanisms

Not Applicable to the targeted investments payments for the CYE 18 RBHA Program rate update.

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

I.4.D.i. Rate Development Standards

This section of the 2018 Guide provides information on delivery system and provider payment initiatives.

I.4.D.ii. Appropriate Documentation

The following sections of the 2018 Guide, Section I.4.D.ii.(a)(i) through Section I.4.D.ii.(a)(iv), were provided in the Contract Year Ending 2018 RBHA Program Capitation Rate Certification as signed by Stewart N. Campbell on October 1, 2017. These sections are being provided again to facilitate CMS' review. Additionally, as stated in the Introduction and Limitations, AHCCCS has added a new section, Section I.4.D.ii.(b), titled "Allocation Methodology" to describe the data, assumptions, and methodology to allocate the targeted investment payments by rate cell.

I.4.D.ii.(a) Description of Delivery System and Provider Payment Initiatives

I.4.D.ii.(a)(i) Description

The Targeted Investments Program is designed to provide a uniform dollar increase to eligible AHCCCS providers to develop systems for integrated care and support ongoing efforts to improve care coordination, increase efficiencies in service delivery, and reduce fragmentation between behavioral health and physical health care.

I.4.D.ii.(a)(ii) Amount

The original estimates of anticipated payments for Targeted Investments were approximately \$32 million. AHCCCS will adjust capitation rates in the form of an annual lump sum payment to the RBHAs after the completion of the contract year.

I.4.D.ii.(a)(ii) Providers Receiving Payment

The providers receiving the payments include primary care physicians, Integrated Clinic providers, Behavioral Health Outpatient Clinics, and hospitals which qualify for the Targeted Investments Program and who demonstrate performance improvement by meeting certain benchmarks for integrating and coordinating physical and behavioral health care.

I.4.D.ii.(a)(iv) Effect on Capitation Rate Development

Funding for Targeted Investments is not included in the certified capitation rates. AHCCCS describes the methodology, data and assumptions related the Targeted Investment Program within the 438.6(c) pre-print.

I.4.D.ii.(b) Allocation Methodology

The AHCCCS Division of Health Care Management (DHCM) Actuarial Team used FFY 18 (October 1, 2017 through September 30, 2018) adjudicated and approved encounter data to allocate the TI payments by capitation rate cell. The encounter data used for this allocation included: billing provider tax IDs (TINs) that were eligible and received payments for the TI program, relevant claim health plan information, relevant rate cell information, and health plan paid (HPP) information. The encounter HPP data for these TINs and claim health plans could exceed the amount that each TIN received in TI payments. The FFY 18 encounter data was therefore only used for allocation purposes to calculate the allocation percentage at the capitation rate cell level per TIN and claim health plan. This allocation percentage was then applied to the actual TI amounts by TIN and claim health plan to derive the amount per capitation rate cell level. FFY 18 member month data was also utilized to develop the PMPMs for TI payments associated with each rate cell. The actual payments for the TI Program plus non-benefit costs are approximately \$42.6 million.

I.4.E. Pass-Through Payments

Not Applicable to the targeted investments payments for the CYE 18 RBHA Program rate update.

I.5. Projected Non-Benefit Costs

See prior certifications for the non-benefit costs not related to the TI program. The TI program non-benefit costs include a 2% premium tax, 0% contingency and an additional administrative amount of \$15,000 per Contractor.

I.6. Risk Adjustment and Acuity Adjustments

Not Applicable to the targeted investments payments for the CYE 18 RBHA Program rate update.

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

Not Applicable to the targeted investments payments for the CYE 18 RBHA Program rate update.

Section III New Adult Group Capitation Rates

Not Applicable to the targeted investments payments for the CYE 18 RBHA Program rate update.

Appendix I: CYE 18 Targeted Investments Payments

| CYE 18 | Total TI Payments | | | |
|---------------------------------|-----------------------|------------------------|-----------------------|------------------------|
| | North (HCIC) | Maricopa (MMIC) | South (CIC) | Statewide |
| T19 + T21 Non-CMDP Children | \$1,084,138.50 | \$5,219,037.38 | \$1,488,427.71 | \$7,791,603.58 |
| CMDP Children | \$242,170.36 | \$2,522,588.29 | \$659,005.48 | \$3,423,764.13 |
| Integrated SMI | \$2,192,046.65 | \$12,043,407.66 | \$3,284,987.42 | \$17,520,441.74 |
| Non-Integrated SMI | \$120,945.01 | \$364,883.16 | \$112,414.88 | \$598,243.05 |
| GMH/SA and T21 Adult - non-dual | \$2,100,749.89 | \$6,466,206.46 | \$3,120,797.87 | \$11,687,754.22 |
| DDD Child | \$121,283.09 | \$667,306.72 | \$95,235.71 | \$883,825.53 |
| DDD Adult | \$129,071.58 | \$429,871.45 | \$149,976.17 | \$708,919.21 |
| Total | \$5,990,405.08 | \$27,713,301.13 | \$8,910,845.25 | \$42,614,551.46 |

| CYE 18 | Hospital TI Payments | | | |
|---------------------------------|----------------------|-----------------------|---------------------|-----------------------|
| | North (HCIC) | Maricopa (MMIC) | South (CIC) | Statewide |
| T19 + T21 Non-CMDP Children | \$42,340.90 | \$95,712.42 | \$9,375.55 | \$147,428.87 |
| CMDP Children | \$9,535.41 | \$23,641.49 | \$2,672.40 | \$35,849.30 |
| Integrated SMI | \$58,531.63 | \$1,246,836.33 | \$257,109.72 | \$1,562,477.68 |
| Non-Integrated SMI | \$2,297.05 | \$45,043.56 | \$3,088.45 | \$50,429.06 |
| GMH/SA and T21 Adult - non-dual | \$65,258.92 | \$628,647.52 | \$86,813.35 | \$780,719.79 |
| DDD Child | \$3,964.64 | \$17,005.65 | \$2,315.19 | \$23,285.48 |
| DDD Adult | \$2,708.39 | \$29,743.93 | \$4,459.88 | \$36,912.20 |
| Total | \$184,636.95 | \$2,086,630.90 | \$365,834.54 | \$2,637,102.38 |

| CYE 18 | Physician (PCP) TI Payments | | | |
|---------------------------------|-----------------------------|---------------------|---------------------|-----------------------|
| | North (HCIC) | Maricopa (MMIC) | South (CIC) | Statewide |
| T19 + T21 Non-CMDP Children | \$21,435.15 | \$24,795.63 | \$71,180.13 | \$117,410.91 |
| CMDP Children | \$4,624.33 | \$4,167.03 | \$15,750.77 | \$24,542.13 |
| Integrated SMI | \$49,860.49 | \$345,432.69 | \$217,152.50 | \$612,445.68 |
| Non-Integrated SMI | \$2,827.31 | \$11,504.04 | \$8,083.77 | \$22,415.11 |
| GMH/SA and T21 Adult - non-dual | \$45,352.22 | \$85,019.22 | \$251,499.41 | \$381,870.85 |
| DDD Child | \$2,487.94 | \$2,222.21 | \$4,182.65 | \$8,892.80 |
| DDD Adult | \$2,950.43 | \$8,408.68 | \$9,973.29 | \$21,332.40 |
| Total | \$129,537.86 | \$481,549.51 | \$577,822.53 | \$1,188,909.89 |

| CYE 18 | Behavioral Health (BH) TI Payments | | | |
|---------------------------------|------------------------------------|------------------------|-----------------------|------------------------|
| | North (HCIC) | Maricopa (MMIC) | South (CIC) | Statewide |
| T19 + T21 Non-CMDP Children | \$698,332.86 | \$4,934,655.25 | \$1,258,393.71 | \$6,891,381.82 |
| CMDP Children | \$162,464.57 | \$2,431,216.39 | \$601,705.65 | \$3,195,386.62 |
| Integrated SMI | \$1,306,364.69 | \$8,867,285.45 | \$2,635,684.41 | \$12,809,334.55 |
| Non-Integrated SMI | \$73,219.32 | \$255,507.61 | \$93,427.71 | \$422,154.64 |
| GMH/SA and T21 Adult - non-dual | \$1,273,863.06 | \$4,861,323.82 | \$2,462,549.04 | \$8,597,735.93 |
| DDD Child | \$74,519.41 | \$633,099.87 | \$79,994.45 | \$787,613.73 |
| DDD Adult | \$78,792.84 | \$340,409.96 | \$122,856.33 | \$542,059.12 |
| Total | \$3,667,556.76 | \$22,323,498.35 | \$7,254,611.31 | \$33,245,666.41 |

| CYE 18 | Criminal Justice TI Payments | | | |
|---------------------------------|------------------------------|-----------------------|---------------------|-----------------------|
| | North (HCIC) | Maricopa (MMIC) | South (CIC) | Statewide |
| T19 + T21 Non-CMDP Children | \$322,029.59 | \$163,874.08 | \$149,478.31 | \$635,381.98 |
| CMDP Children | \$65,546.05 | \$63,563.38 | \$38,876.65 | \$167,986.08 |
| Integrated SMI | \$777,289.84 | \$1,583,853.19 | \$175,040.79 | \$2,536,183.83 |
| Non-Integrated SMI | \$42,601.32 | \$52,827.96 | \$7,814.96 | \$103,244.24 |
| GMH/SA and T21 Adult - non-dual | \$716,275.68 | \$891,215.90 | \$319,936.07 | \$1,927,427.65 |
| DDD Child | \$40,311.10 | \$14,978.98 | \$8,743.43 | \$64,033.51 |
| DDD Adult | \$44,619.93 | \$51,308.89 | \$12,686.66 | \$108,615.48 |
| Total | \$2,008,673.52 | \$2,821,622.38 | \$712,576.87 | \$5,542,872.77 |

Appendix II: CYE 18 Capitation Rates With and Without Targeted Investments Payments

| Rates Effective 10/1/17 - 09/30/18 | Capitation Rates without TI | | | TI PMPM | | | Capitation Rates with TI | | |
|------------------------------------|-----------------------------|-----------------|-------------|--------------|-----------------|-------------|--------------------------|-----------------|-------------|
| | North (HCIC) | Maricopa (MMIC) | South (CIC) | North (HCIC) | Maricopa (MMIC) | South (CIC) | North (HCIC) | Maricopa (MMIC) | South (CIC) |
| T19 + T21 Non-CMDP Children | \$63.68 | \$33.83 | \$54.99 | \$1.45 | \$0.98 | \$0.66 | \$65.13 | \$34.81 | \$55.65 |
| CMDP Children | \$1,172.40 | \$627.43 | \$919.94 | \$16.09 | \$23.99 | \$14.18 | \$1,188.49 | \$651.42 | \$934.12 |
| Integrated SMI | \$1,433.21 | \$2,363.74 | \$1,618.67 | \$31.21 | \$45.73 | \$20.04 | \$1,464.42 | \$2,409.47 | \$1,638.71 |
| Non-Integrated SMI | \$1,321.09 | \$2,819.33 | \$1,356.24 | \$55.23 | \$75.99 | \$35.93 | \$1,376.32 | \$2,895.32 | \$1,392.17 |
| GMH/SA and T21 Adult - non-dual | \$70.96 | \$70.53 | \$79.72 | \$2.05 | \$1.30 | \$1.16 | \$73.01 | \$71.83 | \$80.88 |
| DDD Child | \$583.15 | \$245.78 | \$374.30 | \$16.44 | \$6.55 | \$3.42 | \$599.59 | \$252.33 | \$377.72 |
| DDD Adult | \$243.30 | \$159.97 | \$234.79 | \$7.25 | \$4.42 | \$3.30 | \$250.55 | \$164.39 | \$238.09 |

Appendix III: CYE 18 Targeted Investments PMPM by Targeted Investments Providers

| Rate Cell | GSA | CYE 18 TI PMPM | | | | |
|---------------------------------|-----------------|----------------|------------------|------------|-----------------|---------------|
| | | TI PCP PMPM | TI Hospital PMPM | TI BH PMPM | TI Justice PMPM | Total TI PMPM |
| T19 + T21 Non-CMDP Children | North (HCIC) | \$0.03 | \$0.06 | \$0.93 | \$0.43 | \$1.45 |
| CMDP Children | North (HCIC) | \$0.31 | \$0.63 | \$10.79 | \$4.36 | \$16.09 |
| Integrated SMI | North (HCIC) | \$0.71 | \$0.83 | \$18.60 | \$11.07 | \$31.21 |
| Non-Integrated SMI | North (HCIC) | \$1.29 | \$1.05 | \$33.44 | \$19.46 | \$55.23 |
| GMH/SA and T21 Adult - non-dual | North (HCIC) | \$0.04 | \$0.06 | \$1.25 | \$0.70 | \$2.05 |
| DDD Child | North (HCIC) | \$0.34 | \$0.54 | \$10.10 | \$5.46 | \$16.44 |
| DDD Adult | North (HCIC) | \$0.17 | \$0.15 | \$4.43 | \$2.51 | \$7.25 |
| T19 + T21 Non-CMDP Children | Maricopa (MMIC) | \$0.00 | \$0.02 | \$0.93 | \$0.03 | \$0.98 |
| CMDP Children | Maricopa (MMIC) | \$0.04 | \$0.22 | \$23.12 | \$0.60 | \$23.99 |
| Integrated SMI | Maricopa (MMIC) | \$1.31 | \$4.73 | \$33.67 | \$6.01 | \$45.73 |
| Non-Integrated SMI | Maricopa (MMIC) | \$2.40 | \$9.38 | \$53.22 | \$11.00 | \$75.99 |
| GMH/SA and T21 Adult - non-dual | Maricopa (MMIC) | \$0.02 | \$0.13 | \$0.98 | \$0.18 | \$1.30 |
| DDD Child | Maricopa (MMIC) | \$0.02 | \$0.17 | \$6.21 | \$0.15 | \$6.55 |
| DDD Adult | Maricopa (MMIC) | \$0.09 | \$0.31 | \$3.50 | \$0.53 | \$4.42 |
| T19 + T21 Non-CMDP Children | South (CIC) | \$0.03 | \$0.00 | \$0.55 | \$0.07 | \$0.66 |
| CMDP Children | South (CIC) | \$0.34 | \$0.06 | \$12.95 | \$0.84 | \$14.18 |
| Integrated SMI | South (CIC) | \$1.32 | \$1.57 | \$16.08 | \$1.07 | \$20.04 |
| Non-Integrated SMI | South (CIC) | \$2.58 | \$0.99 | \$29.86 | \$2.50 | \$35.93 |
| GMH/SA and T21 Adult - non-dual | South (CIC) | \$0.09 | \$0.03 | \$0.91 | \$0.12 | \$1.16 |
| DDD Child | South (CIC) | \$0.15 | \$0.08 | \$2.87 | \$0.31 | \$3.42 |
| DDD Adult | South (CIC) | \$0.22 | \$0.10 | \$2.70 | \$0.28 | \$3.30 |