



AHCCCS CONTRACTOR OPERATIONS MANUAL -  
 POLICY 301 - ATTACHMENT A -  
 ALTCS E/PD PROGRAM TIERED RECONCILIATION - EXAMPLE  
 FOR THE CONTRACT YEAR ENDED 09/30/xx  
 AS OF: xx/xx/xx  
**EPD RFP #YH24-0001**

	DUAL	NON-DUAL	TOTAL
<b>Capitation Medical Revenue Sources</b>			
Prospective Capitation	\$ 302,296,500.00	\$ 162,162,000.00	\$ 464,458,500.00
PPC Capitation	\$ 3,053,500.00	\$ 1,638,000.00	\$ 4,691,500.00
<b>Reinsurance</b>	<b>\$ 3,940,000.00</b>	<b>\$ 9,100,000.00</b>	<b>\$ 13,040,000.00</b>
Less: Administrative Component	\$ 11,327,500.00	\$ 6,500,000.00	\$ 17,827,500.00
Less: Case Management Component	\$ 14,775,000.00	\$ 3,952,000.00	\$ 18,727,000.00
Less: Pharmacy Benefit Manager Component (CYE 20 Only)	\$ 50,255.00	\$ 30,627.00	\$ 80,882.00
Less: Alternative Payment Model Withhold	\$ 3,022,965.00	\$ 1,621,620.00	\$ 4,644,585.00
Less: Health Insurance Provider Fee (HIPF) Capitation Adjustment (CYE 20 and Prior)	\$ -	\$ -	\$ -
Less: Premium Tax Component	\$ 6,107,000.00	\$ 3,276,000.00	\$ 9,383,000.00
<b>Net Capitation Medical Revenue</b>	<b>\$ 277,080,500.00</b>	<b>\$ 159,172,000.00</b>	<b>\$ 436,252,500.00</b>
<b>Expense Medical Expense Sources</b>			
Medical Expense Fully Adjudicated and Approved Encounters	\$ 251,175,000.00	\$ 140,400,000.00	\$ 391,575,000.00
Medical Expense Encounter Completion	\$ -	\$ -	\$ -
Plus: Subcapitated/Block Purchase Expense	\$ 5,000,000.00	\$ 6,500,000.00	\$ 11,500,000.00
Less: CN1 Code 05 Encounters	\$ 1,500.00	\$ 2,500.00	\$ 4,000.00
<b>Net Medical Expense</b>	<b>\$ 256,173,500.00</b>	<b>\$ 146,897,500.00</b>	<b>\$ 403,071,000.00</b>
<b>Reinsurance (RI) Payments Provision for HCQI Activities</b>	<b>\$ 2,561,735.00</b>	<b>\$ 1,468,975.00</b>	<b>\$ 4,030,710.00</b>
<b>Profit/(Loss) to be Reconciled = (Net Cap - Net Exp + RI Pmt) / (Medical revenue - Medical Expense - Provision for HCQI Activities)</b>			
	<b>\$ 18,345,265.00</b>	<b>\$ 10,805,525.00</b>	<b>\$ 29,150,790.00</b>
<b>Profit/(Loss) % of Net Capitation Medical Revenue</b>	6.62%	6.79%	6.68%
Member Months	98,500	26,000	124,500

**Settlement**

Net Capitation (Net of Administrative Component, Case Management Component, PBM Component, Alternative Payment Model Withhold, HIPF Capitation Adjustment, and Premium Tax Component) Medical Revenue	\$ 436,252,500.00
Total Profit/(Loss) to be Reconciled	\$ 29,150,790.00
Profit/(Loss) % of Net Capitation Medical Revenue	6.68%

<b>Amount Due to (from) Contractor:</b>	\$ (11,700,690.00)
<b>Other Adjustments:</b>	\$ 1,000,000.00
<b>Premium Tax</b>	\$ (218,381.43)
<b>Net Amount Due to (from) Contractor:</b>	<u>\$ (10,919,071.43)</u>

Recon Amount Due to/From Calculation	Excess Profit	Recoup. %	Amount Profit		Recoupment	Calcs
			Overpaid By Band			
<=2%		0%	\$ 8,725,050	\$ -	\$ -	\$ 29,150,790
2% < x <= 6%		50%	\$ 17,450,100	\$ 8,725,050	\$ 8,725,050	\$ 20,425,740
x > 6%		100%	\$ 2,975,640	\$ 2,975,640	\$ 2,975,640	\$ 2,975,640

Recon Amount Due to/From Calculation	Excess Loss	Recoup. %	Amount Loss		Reimburse	Calcs
			Underpaid By Band			
<=2%		0%	\$ -	\$ -	\$ -	\$ -
> 2%		100%	\$ -	\$ -	\$ -	\$ -

- Assumptions:**
- 1) Total Capitation includes PPC and Prospective Capitation paid for dates of service within the reconciliation time frame.
  - 2) Medical Expenses include all PPC and Prospective fully adjudicated and approved encounters for dates of service within the reconciliation time frame.
  - ~~All COVID-19 vaccine and vaccine administration amounts for CYE 22, CYE 23, and CYE 24 will be removed since these will be cost settled in accordance with ACOM Policy 302.~~
  - 3) Reinsurance Payments are based on actual reinsurance payments for dates of service within the reconciliation time frame.
  - 4) The Administrative and Case Management PMPM component will be the amount built into the cap rates.
  - 5) Subcapitated/Block Purchase expenses are self reported from Quarterly Financial statements or final audits.
  - 6) All encounters with CN 1 code of 05 > \$0 have been excluded from this reconciliation.