418 - PROVIDER AND AFFILIATE ADVANCES, EQUITY DISTRIBUTIONS, LOANS, PROFIT-SHARING AGREEMENTS, AND INVESTMENTS

EFFECTIVE DATES: 10/01/08, 10/01/12, 10/01/13, 07/01/16, 10/01/18, 04/01/21, 10/01/26

APPROVAL DATES: 01/31/08, 05/01/12, 08/15/13, 05/11/16, 11/15/18, 03/02/21, 09/01/26

I. PURPOSE

This Policy applies to ACC, ACC-RBHA, ALTCS E/PD, DCS CHP (CHP), and DES DDD (DDD) Contractors. This Policy establishes requirements for Contractors regarding advances, equity distributions, loans, loan guarantees, profit-sharing agreements, and investments, including but not limited to, those to providers and related parties or affiliates including another fund or Line Of Business (LOB) within the Contractor's organization.

II. DEFINITIONS

Refer to the AHCCCS ACOM and AMPM Dictionary for common terms found in this Policy.

III. POLICY

AHCCCS reserves the right to evaluate and present all proposed advances, equity distributions, loans, loan guarantees, profit-sharing agreements, and investments to the affected Providers(s), related parties, or Affiliates as part of the approval and/or notification process.

All requests shall be submitted as specified in Contract. AHCCCS will evaluate all requests for appropriateness and to resolve any future occurrences with accurate and timely claims payment. AHCCCS will provide a written determination to the Contractor upon review of all required information from the Contractor.

Provider Advances, loans, and loan guarantees under $100,000 do not require prior AHCCCS approval but shall be tracked and made available to AHCCCS upon request. AHCCCS reserves the right to request tracking logs, collection policies, and any pertinent information.

A. INDIVIDUAL AND CUMULATIVE PROVIDER ADVANCES, LOANS, LOAN GUARANTEES, AND INVESTMENTS

1. The Contractor shall submit a written request for approval to AHCCCS for any individual or cumulative Provider Advances, Loans, Loan Guarantees, or Investments (including if routine/scheduled) equal to or in excess of $100,000 from an individual Provider Tax Identification Number (TIN) within a contract year. All requests for prior approval are to be submitted as specified in Contract Section F, Attachment F3, Contractor Chart of Deliverables, and include a detailed letter of explanation that describes:
   a. The Provider(s) name(s), AHCCCS Identification Number(s), and Provider TIN,
   b. The date the Provider and Contractor initiated discussions relating to the need for the advance, loan, loan guarantee, or investment,

c. The systemic organizational causes resulting in the need for an advance, loan, loan guarantee, or investment including any mitigation strategies implemented prior to the request,
d. The process that will be utilized for repayment including the timeline,
e. The contingency plan for repayment should the Provider default on repayment,
f. The corrective action(s) that will be implemented to avoid future occurrences,
g. The total advance, loan, loan guarantee, or investment amount, and if applicable, the total of estimated claims and range of dates (month/year) that should have been paid that aligns with the percentage of the advance, loan, loan guarantee, or investment amount being requested, and
h. A copy of the written communication that will serve as notification to the affected Provider(s).

2. The Contractor shall submit information regarding Repayment of Advances, Loans, Loan Guarantees, and Investments as specified in Contract Section F, Attachment F3, Contractor Chart of Deliverables and include a detailed letter of explanation that describes:
   a. Provider Name,
   b. AHCCCS Provider ID,
   c. Provider TIN,
   d. Date of Payment,
   e. Amount Paid,
   f. Amount advanced, loaned, loan guaranteed, or invested, and
   g. Balance Due to/from the Provider.

Additional required documentation for provider advances, loans, loan guarantees, and investments will be determined on an individual basis and communicated to the Contractor as part of the approval review process.

B. ADVANCES, LOANS, LOAN GUARANTEES, INVESTMENTS, PROFIT-SHARING AGREEMENTS, AND EQUITY DISTRIBUTIONS TO RELATED PARTIES OR AFFILIATES

1. The Contractor shall submit a written request for prior approval to AHCCCS for any advances, equity distributions, loans, loan guarantees, profit sharing agreements or investments in/to related parties or affiliates, including to another fund or line of business within its organization, within a contract year (including if routine/scheduled). Prior approval requests for Advances, Loans, Loan Guarantees, Investments, Profit Sharing Agreements, or Equity Distributions for Related Parties or Affiliates shall be submitted to AHCCCS as specified in Contract, Section F, Attachment F3, Contractor Chart of Deliverables and include a detailed letter of explanation that describes:
   a. The Related Party or Affiliate Name and relationship to Contractor,
   b. The Amount,
   c. The Type of Request,
   d. The Purpose or Reason for Request, and
   e. The Expected Date of Investment or Distribution.

Additional required documentation for advances, loans, loan guarantees, investments, and profit-sharing agreements to related parties or affiliates will be determined on an individual basis and communicated to the Contractor as part of the approval review process.

2. The Contractor shall also submit information regarding repayment of advances, loans, loans guaranteed, and investments as specified in Contract Section F, Attachment F3, Contractor Chart of Deliverables and include a detailed letter of explanation that describes:
   a. Related Party of Affiliate Name and relationship to Contractor,
   b. Date of Payment,
   c. Amount Paid,
   d. Remaining Balance of Loan Amount, and
   e. Remaining Balance Due to/from the Related Party or Affiliate, as applicable.