

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

Steward Health Choice Arizona  
(A Division of Steward Health Choice Arizona, Inc.)  
Regional Behavioral Health Authority Program  
Year Ended September 30, 2019  
With Report of Independent Auditors

Ernst & Young LLP



Steward Health Choice Arizona  
(A Division of Steward Health Choice Arizona, Inc.)  
Regional Behavioral Health Authority Program

Financial Statements and  
Supplementary Information

Year Ended September 30, 2019

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## Report of Independent Auditors

The Board of Directors  
Steward Health Choice Arizona  
(A Division of Steward Health Choice Arizona, Inc.)  
Regional Behavioral Health Authority Program

We have audited the accompanying financial statements of Steward Health Choice Arizona Regional Behavioral Health Authority Program, a plan of Steward Health Choice Arizona, Inc., which comprise the balance sheet as of September 30, 2019, and the related statements of operations, changes in equity of the plan, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management’s Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

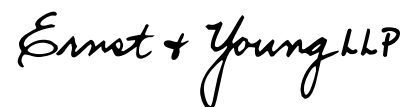
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Steward Health Choice Arizona Regional Behavioral Health Authority Program as of September 30, 2019, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Supplemental Schedule of Statement of Activities, Supplemental Schedule of Activities – Disclosures, Sub-Capitated Expense and Block Expense Reports are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated February 14, 2020 on our consideration of Steward Health Choice Arizona Regional Behavioral Health Authority Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Steward Health Choice Arizona Regional Behavioral Health Authority Program's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Steward Health Choice Arizona Regional Behavioral Health Authority Program's internal control over financial reporting and compliance.



February 14, 2020

Steward Health Choice Arizona  
(A Division of Steward Health Choice Arizona, Inc.)  
Regional Behavioral Health Authority Program

Balance Sheet

September 30, 2019

**Assets**

Current assets:

Due from affiliates, net	\$ 18,330,098
Due from AHCCCS	300,356
Other grants and contracts receivable	<u>728,358</u>
Total current assets	<u>\$ 19,358,812</u>

**Liabilities and equity of the Plan**

Current liabilities:

Accounts payable and accrued expenses	\$ 605,879
Medical claims payable	4,462,497
Payable to providers	8,667,454
Deferred revenue	<u>250,000</u>
Total liabilities	13,985,830

Equity of the Plan:

Retained earnings	<u>5,372,982</u>
Total equity of the Plan	<u>5,372,982</u>
Total liabilities and equity of the Plan	<u>\$ 19,358,812</u>

*See accompanying notes.*

Steward Health Choice Arizona  
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Statement of Operations

Year Ended September 30, 2019

Revenue:	
Capitation premiums	\$ 142,526,957
Other grants and contracts revenue	<u>23,124,262</u>
Total revenue	<u>165,651,219</u>
Expenses:	
Medical expense	145,211,292
Administrative expense	11,888,017
Premium tax expense	<u>2,835,972</u>
Total expenses	<u>159,935,281</u>
Operating income	5,715,938
Community reinvestment expense	<u>(342,956)</u>
Net income	<u><u>\$ 5,372,982</u></u>

*See accompanying notes.*

Steward Health Choice Arizona  
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Statement of Changes in Equity of the Plan

Year Ended September 30, 2019

	<b>Retained Earnings</b>	<b>Total</b>
Balance, beginning of year	\$ -	\$ -
Net income	<u>5,372,982</u>	<u>5,372,982</u>
Balance, end of year	<u>\$ 5,372,982</u>	<u>\$ 5,372,982</u>

*See accompanying notes.*





Steward Health Choice Arizona  
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Notes to Financial Statements

September 30, 2019

**1. Plan**

Steward Health Choice Arizona (the Division or Health Choice) is a division of Steward Health Choice Arizona, Inc. (Parent), which is a wholly owned subsidiary of IASIS Healthcare LLC (IASIS). Effective September 29, 2017, Steward Health Care System LLC (Steward) acquired IASIS and its subsidiaries. As a result of the acquisition, Steward Health Choice Arizona, Inc. and IASIS are wholly owned subsidiaries of Steward.

The Parent is a provider-owned, managed care organization and insurer that delivers healthcare services to members through multiple health plans, accountable care networks and managed care solutions. Health Choice provides high-quality physical and behavioral healthcare services to Medicaid eligible adults with serious mental illness in Northern Arizona under a Regional Behavioral Health Authority (RBHA) (the Contract or the Plan). The Contract was originally awarded to Health Choice Integrated Care, LLC (HCIC) on December 18, 2014. The Contract between HCIC and the Arizona Department of Health Services (ADHS) was effective October 1, 2015 and had an initial three-year term with two two-year renewal options for the potential maximum length of seven years. Effective July 1, 2016, the contract with ADHS was transferred to the Arizona Health Care Cost Containment System (AHCCCS). Effective October 1, 2018, HCIC's contract with AHCCCS was extended and assigned to the Parent, and governance over the Contract was subcontracted to HCIC. Under the governance agreement, all permissible profit attributed to lives covered under the Contract are distributable to the members of HCIC along with their relative ownership interests. The distribution of the profit to the HCIC members is not reflected in the accompanying financial statements of the Plan. Relative interests of the members of HCIC are as follows:

Health Choice of Northern Arizona	52%
Northern Arizona Behavioral Health Institute (NARBHA)	48%

On October 31, 2019, Steward and Blue Cross Blue Shield of Arizona (Blue Cross) reached a definitive agreement for Blue Cross to acquire the Plan from Steward. On December 20, 2019, Blue Cross assigned their rights under the purchase agreement with Steward to their wholly owned subsidiary, Veritage LLC (Veritage). On December 30, 2019, AHCCCS approved the proposed change in ownership and Veritage completed the acquisition of the Plan.

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Notes to Financial Statements (continued)

## 2. Summary of Significant Accounting Policies

### Basis of Presentation and Use of Estimates

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and are accounted for in the period identified.

### Cash

The Plan's cash receipts and cash disbursements are managed under the centralized cash management program of Steward. The Plan did not hold any cash as of September 30, 2019.

### Due from Affiliates

Due from affiliates, net of amounts due to affiliates, primarily represents the net excess of funds transferred to Steward over funds transferred to or paid on behalf of the Plan. Due from affiliates balances are available to the Plan for settlement of the Plan's current liabilities as they become due. Generally, this balance is decreased by automatic cash transfers from Steward's bank accounts to the Plan's bank accounts to pay certain expenses, and it is increased through transfers of daily cash deposits from the Plan's bank accounts to the centralized cash management account of Steward. Due from affiliates was \$18.3 million as of September 30, 2019.

### Revenue Recognition

Capitation premiums are recognized as revenue in the month that members of the Plan are entitled to healthcare services. The Plan is required to provide all covered healthcare services to their members, regardless of the cost of care. If there are funds remaining, the Plan retains the funds as profit; if the costs are higher than the amount of capitation payments, the Plan absorbs the loss. Capitation premiums are subject to an episodic/diagnostic risk factor adjustment. The Plan estimates and records premium settlement amounts and adjusts to actual amounts when the adjustment settlements are either received or the Plan receives notification of such settlement amounts.

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Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

As a result of the variability of factors that determine such estimations, the actual amount of the retroactive premium settlement adjustments could be materially more or less than the Plan's estimates. The Plan's adjustment payments are subject to review and audit and any adjustment to premium revenue as a result of such review and audit is recorded when estimable. There can be no assurance that any retroactive adjustment to previously recorded revenue will not have a material effect on future results of operations.

AHCCCS contract revenue is also limited by the terms of the RBHA contract to a maximum profit percentage of 4%. Capitation revenue of \$142.5 million was recognized during the year ended September 30, 2019.

**Other Grants and Contracts Revenue**

Revenue from grants and contracts with funding agencies other than AHCCCS is recognized as revenue when contracted services are provided or when eligible costs are incurred. A receivable is recognized to the extent that grant and contract revenue earned exceeds cash advances. Funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Plan with the terms of the contracts. Other grants and contracts revenue was \$23.1 million during the year ended September 30, 2019.

Other grants and contracts receivable consist primarily of amounts due from other state and federal agencies for the provision of integrated health services. Other grants and contracts receivable are stated at the amount management expects to collect. The Plan establishes an allowance for doubtful accounts, if necessary, based upon factors including credit risk, historical trends, and other information. As of September 30, 2019, other grants and contracts receivable are considered by management to be fully collectible and, accordingly, an allowance for doubtful accounts has not been provided.

**Medical Expenses**

Monthly capitation payments to primary care physicians and other healthcare providers are expensed in the month services are contracted to be performed. Claims expense for non-capitated arrangements is accrued as services are rendered by hospitals, physicians, and other healthcare providers during the year. Claims payable includes claims received but not paid and an estimate

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Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

of claims incurred but not reported. Incurred but not reported claims are estimated using a combination of historical claims experience (including severity and payment lag time) and other actuarial analysis including number of enrollees and certain enrollee health indicators, to predict the cost of healthcare services provided to enrollees during any given period. While management believes that its estimation methodology effectively captures trends in medical claims costs, actual payments could differ significantly from estimates, given changes in the healthcare cost structure or adverse experience.

Activity in the liability for claims payable for the year ended September 30, 2019 is as follows:

Balance, beginning of year	\$	–
Incurred related to:		
Current year		<u>32,577,373</u>
Total incurred		<u>32,577,373</u>
Paid related to:		
Current year		<u>(28,114,876)</u>
Total paid		<u>(28,114,876)</u>
Balance, end of year	\$	<u>4,462,497</u>

The change in medical expense is the result of ongoing analysis of loss development trends. Such adjustments are included in medical expenses in the accompanying statement of operations. Original estimates increased or decreased as additional information became known regarding individual claims.

**Administrative Expenses**

The primary components of administrative expenses are management fees.

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Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Income and Premium Taxes**

The Plan's operating income or loss, as applicable, is allocated based on the ownership interests of the members of HCIC and included in the federal and state income tax returns, as applicable, of the members of HCIC. Accordingly, no provision for income taxes is included in the accompanying financial statements.

The Plan is subject to a 2% premium tax on Title XIX and Title XXI payments received from AHCCCS. Total premium tax expense for the year ended September 30, 2019 was approximately \$2.8 million.

**Fair Value of Financial Instruments**

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity including quoted market prices in active markets for identical assets (Level 1), or significant other observable inputs (Level 2) and the reporting entity's own assumptions about market participant assumptions (Level 3). The Plan does not have any fair value measurements using significant unobservable inputs (Level 3) and does not have any assets or liabilities that are measured at fair value on a non-recurring basis as of September 30, 2019.

The carrying value of financial assets and liabilities approximates their fair market value due to the short-term nature of these instruments.

The Plan's nonfinancial assets are not required to be measured at fair value on a recurring basis. However, if certain triggering events occur or if an annual impairment test is required and the Plan is required to evaluate the nonfinancial instrument for impairment, a resulting asset impairment would require that the nonfinancial asset be recorded at the fair value. During the year ended September 30, 2019, no remeasurements of the nonfinancial assets or liabilities were deemed

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Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

necessary by management. It is not practicable to estimate the fair value of the due from Parent amount due to the uncertainty of the timing of future payments. Accordingly, no amounts were recognized in earnings on the statement of operations relating to changes in fair value for nonfinancial assets or liabilities during the year ended September 30, 2019.

**New Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods and services. An entity also should disclose sufficient quantitative and qualitative information to enable users of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The new standard is effective for the Plan for annual periods beginning after December 15, 2018 (as amended in August 2015 by ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*). The Plan is evaluating the effects that the adoption of this standard will have on its financial statements and disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes FASB Accounting Standards Codification (ASC) *Topic 840, Leases*, and makes other conforming amendments to U.S. GAAP. ASU 2016-02 requires, among other changes to the lease accounting guidance, lessees to recognize most leases on-balance sheet via a right-of-use asset and lease liability, and additional qualitative and quantitative disclosures. ASU 2016-02 is effective for the Plan for annual periods beginning after December 15, 2019. The Plan is evaluating the effects the adoption of this standard will have on its financial statements and disclosures.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which will change how entities account for credit losses for most financial assets, trade receivables, and reinsurance receivables. The standard will replace the existing incurred loss impairment model with a new “current expected credit loss model” that generally will result in earlier recognition of credit losses. The standard will apply to financial assets subject to credit losses, including loans measured at amortized cost,

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Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

reinsurance receivables, and certain off-balance sheet credit exposures. ASU 2016-13 is effective for the Plan for annual periods beginning after December 15, 2020, with early adoption permitted for annual periods beginning after December 15, 2018. The Plan is evaluating the effects the adoption of this standard will have on its financial statements and disclosures.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 amends the guidance in ASC Topic 230, which often requires judgment to determine the appropriate classification of cash flows as operating, investing, or financing activities, and has resulted in diversity in practice in how certain cash receipts and cash payments are classified. ASU 2016-15 is effective for the Plan for annual reporting periods beginning after December 15, 2018 and should be applied on a retrospective basis. The Plan is evaluating the effects the adoption of this standard will have on its statement of cash flows and disclosures.

**Subsequent Events Consideration**

The Plan evaluated events and transactions occurring subsequent to September 30, 2019, through February 14, 2020, the date these financial statements were available for issuance. During this period, there were no subsequent events that required recognition in the financial statements, except as disclosed in Note 1.

**3. Transactions with Affiliates**

The Plan is party to a management agreement with Health Choice Management Company (the Management Company or HCMC), an indirect wholly owned subsidiary of Steward, which manages the general and administrative functions related to the Plan, inclusive of payroll, advertising and related expenses.

The fee is charged based on 7.3% of capitation revenue and grant revenue. During the year ended September 30, 2019, the Plan recorded expenses of approximately \$11.8 million for services provided by the Management Company, which are included in administrative expense in the accompanying statement of operations.

Steward Health Choice Arizona  
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Notes to Financial Statements (continued)

**3. Transactions with Affiliates (continued)**

The Plan remitted fee-for-service medical expense payments totaling approximately \$142 thousand during the year ended September 30, 2019, to facilities which are owned and operated by Steward.

**4. Leases**

As a result of the Plan's management agreement with the Management Company, the Management Company assumes all facility and equipment leases. The related rent expenses are included within the management fee charged by the Management Company, which is included in administrative expenses in the accompanying statement of operations.

**5. Commitments and Contingencies**

**Professional, General and Other Liability Insurance**

The Plan is subject to claims, lawsuits, regulatory audits, and other legal matters arising, for the most part, in the ordinary course of managing a health services business.

The Plan's contract with AHCCCS requires the Plan to maintain professional liability insurance, comprehensive general insurance, and automobile liability insurance coverage of at least \$1.0 million for each occurrence. During the year ended September 30, 2019, the Plan was covered under Steward's umbrella policy. Steward, on behalf of the Plan, carries professional and general liability insurance in excess of self-insured retentions through an unrelated commercial insurance carrier in amounts that Steward believes to be sufficient for the Plan, although some claims may exceed the scope of coverage in effect. Steward maintains reserves for professional and general liability claims. Accordingly, no reserves for liability risks are recorded in the accompanying balance sheet of the Plan. Professional and general liability insurance expense is included in the management fee charged by the Management Company for the year ended September 30, 2019, which is included in administrative expenses in the accompanying statement of operations.



Steward Health Choice Arizona  
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Notes to Financial Statements (continued)

**5. Commitments and Contingencies (continued)**

**Performance Guarantee**

If the Plan fails to effectively manage healthcare costs, these costs may exceed the premiums received by the Plan. The Plan believes the capitated premiums are sufficient to pay for the services the Plan is obligated to deliver. Pursuant to its certification with AHCCCS, the Plan is required annually to provide a performance bond, in an acceptable form, to guarantee performance of the Plan's obligations under its contract to provide and pay for the healthcare services. The amount of the performance guarantee that AHCCCS requires is generally based upon the membership in the Plan and the related capitation paid to the Plan. As of September 30, 2019, the Plan provided a performance guarantee in the form of a \$21.3 million surety bond.

**Community Reinvestment Program**

The Plan has approved a Community Reinvestment program as described in its contract with AHCCCS. Under the program, the Plan will place 6% of its total net income for the purposes of community reinvestment. The program funds community projects that enhance the lives of people in the communities in Northern Arizona. These funds are for projects and services not eligible for service or prevention dollars from the Plan.

For the year ended September 30, 2019, the Plan spent \$0.3 million of the funds appropriated under the Community Reinvestment program. At September 30, 2019, the Plan has a liability for unspent Community Reinvestment program funds of \$0.3 million, which is included in accounts payable and accrued expenses in the accompanying balance sheet.

**State and Federal Laws and Regulations**

The Plan is subject to state and federal laws and regulations. CMS and AHCCCS have the right to audit the Plan to determine the Plan's compliance with such standards. The Plan is required to file periodic reports with AHCCCS and to meet certain financial viability standards. The Plan must also provide its enrollees with certain mandated benefits and must meet certain quality assurance and improvement requirements. The Plan believes it is in compliance with these AHCCCS requirements. The Plan must also comply with the electronic transactions regulations and privacy standards of the Health Insurance Portability and Accountability Act (HIPAA). The Plan believes it is in compliance with the HIPAA security standards as set forth in 45 CFR Part 164. The Plan has also complied with the requirements for health plans defined in 45 CFR Part 162.

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Notes to Financial Statements (continued)

**6. Concentration of Credit Risk**

The Plan currently holds a contract with AHCCCS to provide services through September 30, 2021.

# Supplementary Information

Steward Health Choice Arizona  
(A Division of Steward Health Choice Arizona, Inc.)  
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Sub-Capitated Expense Report

Quarter Ended September 30, 2019

Account	Account Description	TXIX Amount	YTD Amount
<b>Behavioral health</b>			
60199-01	Total treatment services	\$ -	\$ -
60299-01	Total rehabilitation services	-	-
60399-01	Total medical services	-	-
60499-01	Total support services	-	-
60599-01	Total crisis intervention services	-	-
60699-01	Total inpatient services	-	-
60799-01	Total residential services	-	-
60899-01	Total behavioral health day program	-	-
60999-01	Total prevention services	-	-
61099-01	Total pharmacy expense	-	-
61100-01	PPC BH title XIX	-	-
61105-01	Other service expenses not reported above	-	-
61205-01	BH FQHC/RHC services	-	-
	Total sub-capitated behavioral health expenses	<u>\$ -</u>	<u>\$ -</u>

Account	Account Description	TXIX Amount	YTD Amount
<b>Physical health</b>			
<b>Hospitalization expenses</b>			
50105-01	Hospital inpatient	\$ -	\$ -
50110-01	Behavioral health hospital inpatient	-	-
	Total hospitalization expenses	<u>-</u>	<u>-</u>
<b>Medical compensation expenses</b>			
50205-01	Primary care physician services	-	-
50210-01	Behavioral health physician services	-	-
50215-01	Referral physician services	-	-
50220-01	PH FQHC/RHC services	-	-
50225-01	Other professional services	-	-
	Total medical compensation expenses	<u>-</u>	<u>-</u>
<b>Other medical expenses</b>			
50305-01	Emergency facility services	-	-
50310-01	PH pharmacy	18,181	73,726
50310-05	Less: PH pharmacy rebates	-	-
50315-01	Laboratory, radiology and medical imaging	-	-
50320-01	Outpatient facility	-	-
50325-01	Durable medical equipment	100,540	407,696
50330-01	Dental	-	-
50335-01	Transportation	51,894	210,431
50340-00	Nursing facility, home health care	-	-
50345-01	Therapies	-	-
50350-01	Alternative payment model performance based payments to providers	-	-
50370-01	Other medical expenses	-	-
	Total other medical expenses	<u>170,615</u>	<u>691,853</u>
	Total sub-capitated physical health expenses	<u>\$ 170,615</u>	<u>\$ 691,853</u>

# Steward Health Choice Arizona

## Block Expense Report

Quarter Ended September 30, 2019

Account	Account Description	TXIX Amount	YTD Amount
<b>Behavioral health</b>			
60199-01	Total treatment services	\$ 1,791,838	\$ 7,634,213
60299-01	Total rehabilitation services	2,317,867	9,369,301
60399-01	Total medical services	421,180	1,975,393
60499-01	Total support services	4,656,379	19,545,226
60599-01	Total crisis intervention services	789,132	6,196,638
60699-01	Total inpatient services	1,377,169	5,444,410
60799-01	Total residential services	1,202,803	4,287,643
60899-01	Total behavioral health day program	192	356
60999-01	Total prevention services	-	-
61099-01	Total pharmacy expense	-	-
61100-01	PPC BH title XIX	-	-
61105-01	Other service expenses not reported above	-	-
61205-01	BH FQHC/RHC services	-	-
	Total sub-capitated behavioral health expenses	\$ 12,556,560	\$ 54,453,180

Account	Account Description	TXIX Amount	YTD Amount
<b>Physical health</b>			
<b>Hospitalization expenses</b>			
50105-01	Hospital inpatient	\$ -	\$ -
50110-01	Behavioral health hospital inpatient	-	-
	Total hospitalization expenses	-	-
<b>Medical compensation expenses</b>			
50205-01	Primary care physician services	-	-
50210-01	Behavioral health physician services	-	-
50215-01	Referral physician services	-	-
50220-01	PH FQHC/RHC services	-	-
50225-01	Other professional services	-	-
	Total medical compensation expenses	-	-
<b>Other medical expenses</b>			
50305-01	Emergency facility services	-	-
50310-01	PH pharmacy	-	-
50310-05	Less: PH pharmacy rebates	-	-
50315-01	Laboratory, radiology and medical imaging	-	-
50320-01	Outpatient facility	-	-
50325-01	Durable medical equipment	-	-
50330-01	Dental	-	-
50335-01	Transportation	-	-
50340-01	Nursing facility, home health care	-	-
50345-01	Therapies	-	-
50350-01	Alternative payment model performance based payments to providers	-	-
50370-01	Other medical expenses	-	-
	Total other medical expenses	-	-
	Total sub-capitated physical health expenses	\$ -	\$ -

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Schedule 1 – Statement of Activities

Year Ended September 30, 2019

		TXIX/XXI CNDP Child	TXIX/XXI DD Child	TXIX/XXI DD Adult	TXIX/XXI SMI	TXIX/XXI Other Child (Crisis)	TXIX/XXI Other Adult (Crisis)	Total TXIX/XXI	NTXIX/ XXI Crisis	NTXIX/ XXI SMI	NTXIX/ XXI Other	Supported Housing	Housing Trust Fund	MHBG SED	MHBG SMI	SABG	Other Federal	County	PASRR	Total NTXIX/ XXI	Total TXIX/XXI and NTXIX/XXI	Mgmt & Gen	Total
<b>Revenue</b>																							
40105-01	Capitation	\$ 20,000,507	\$ 4,280,726	\$ 5,509,830	\$ 104,521,903	\$ 1,200,195	\$ 6,285,438	\$ 141,798,599	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,798,599	\$ -	\$ 141,798,599
40135-01	Title XIX/XXI Reconciliation Settlements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
40145-01	Other Reconciliation Settlements*	36,840	-	-	691,518	-	-	728,358	-	-	-	-	-	-	-	-	-	-	-	-	-	728,358	
40160-01	Health Insurance Provider Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
40205-01	Non-Title XIX/XXI Revenue	-	-	-	-	-	-	-	2,329,840	7,060,172	893,012	761,653	117,742	1,848,932	1,059,087	4,502,811	2,146,807	1,950,000	4,500	22,674,556	22,674,556	449,706	22,674,556
40210-01	Specialty and Other Grants*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
40215-01	Non-Title XIX/XXI Profit Limit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
40305-01	Investment Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
40310-01	Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
49999	Total Revenue	\$ 20,037,347	\$ 4,280,726	\$ 5,509,830	\$ 105,213,421	\$ 1,200,195	\$ 6,285,438	\$ 142,526,957	\$ 2,329,840	\$ 7,060,172	\$ 893,012	\$ 761,653	\$ 117,742	\$ 1,848,932	\$ 1,059,087	\$ 4,502,811	\$ 2,146,807	\$ 1,950,000	\$ 4,500	\$ 22,674,556	\$ 165,201,513	\$ 449,706	\$ 165,651,219
<b>Expenses</b>																							
<b>Behavioral Health Medical Expenses:</b>																							
<b>60105-01 Treatment Services</b>																							
<b>Counseling</b>																							
a	Counseling, Individual	\$ 1,151,700	\$ 90,778	\$ 192,117	\$ 2,651,788	\$ 1,051	\$ -	\$ 4,087,434	\$ 15,891	\$ 518,964	\$ 79,484	\$ -	\$ -	\$ 174,133	\$ -	\$ 390,259	\$ -	\$ -	\$ -	\$ 1,178,731	\$ 5,266,165	\$ -	\$ 5,266,165
b	Counseling, Family	354,883	39,247	11,461	32,491	-	-	438,082	1,046	4,343	1,262	-	-	27,864	-	11,992	-	-	-	46,507	484,589	-	484,589
c	Counseling, Group	53,614	12,657	17,487	853,512	-	-	937,270	16,246	70,200	103,705	-	-	5,513	-	398,192	-	-	-	593,856	1,531,126	-	1,531,126
60105-05	Assessment, Evaluation and Screening	812,274	180,629	264,809	1,671,262	3,534	4,115	2,936,623	31,921	416,192	87,417	-	-	96,141	62,295	44,583	-	132,024	-	870,573	3,807,196	-	3,807,196
60105-10	Other Professional	-	-	-	7,942	-	-	7,942	-	4,971	4,971	-	-	-	-	-	-	-	-	4,971	12,913	-	12,913
60,199	Total Treatment Services	2,372,471	323,311	485,874	5,216,995	4,585	4,115	8,407,351	65,104	1,009,699	276,839	-	-	303,651	62,295	845,026	-	132,024	-	2,694,638	11,101,989	-	11,101,989
<b>Rehabilitation Services</b>																							
60205-01	Living Skills Training	1,704,147	1,134,170	729,329	4,572,156	-	-	8,139,802	4,120	400,187	34,501	-	-	346,235	59,900	231,899	-	-	-	1,076,842	9,216,644	-	9,216,644
60205-05	Cognitive Rehabilitation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60205-10	Health Promotion	15,399	669	5,510	38,183	-	-	59,761	-	5,393	-	-	-	807	76,234	-	-	-	-	82,434	142,195	-	142,195
60205-15	Supported Employment Services	2,322	-	76,769	1,390,115	-	-	1,469,206	-	142,903	2,212	-	-	21,391	12,259	-	-	-	-	178,765	1,647,971	-	1,647,971
60,299	Total Rehabilitation Services	1,721,868	1,134,839	811,608	6,000,454	-	-	9,668,769	4,120	548,483	36,713	-	-	346,235	82,098	320,392	-	-	-	1,338,041	11,006,810	-	11,006,810
<b>Medical Services</b>																							
60305-01	Medical Services	-	-	281	114,693	-	28	115,002	-	8,797	10,601	-	-	-	1,316	257,816	-	-	-	278,530	393,532	-	393,532
60305-05	Medical Management	135,025	93,319	135,377	1,689,314	-	-	2,053,035	2,920	257,154	96,761	-	-	50,315	38,491	123,605	-	148	-	569,394	2,622,429	-	2,622,429
60305-10	Laboratory, Radiology & Medical Imaging	-	-	30	30,340	-	-	30,370	-	-	-	-	-	-	-	7,020	-	-	-	7,020	37,390	-	37,390
60305-15	Electro-Convulsive Therapy	-	-	1,536	14,314	-	-	15,850	-	-	-	-	-	-	-	-	-	-	-	-	15,850	-	15,850
60,399	Total Medical Services	135,025	93,319	137,224	1,848,661	-	28	2,214,257	2,920	265,951	107,362	-	-	50,315	39,807	388,441	-	148	-	854,944	3,069,201	-	3,069,201
<b>Support Services</b>																							
60405-01	Case Management	3,029,800	557,510	495,956	6,422,207	91,658	46,881	10,644,012	189,054	807,441	137,883	-	-	214,499	120,859	341,111	-	10,442	-	1,821,289	12,465,301	-	12,465,301
60405-05	Personal Care Services	3,028	2,321	12,263	355,521	-	1,325	374,458	86,255	27,538	10,408	-	-	-	4,122	14,370	-	-	-	142,693	517,151	-	517,151
60405-10	Family Support	930,442	127,371	3,505	5,283	-	-	1,066,601	-	88	-	-	-	-	13	2,686	-	-	-	35,868	1,102,469	-	1,102,469
60405-15	Peer Support	7,040	4,168	34,078	2,973,432	-	379	3,019,097	24,991	313,153	14,717	-	-	-	46,874	58,718	-	-	-	458,453	3,477,550	-	3,477,550
60405-20	Home Care Training to Home Care Client	3,260,198	6,732	-	40,478	-	-	3,307,408	-	-	-	-	-	-	-	-	-	-	-	-	3,307,408	-	3,307,408
60405-25	Unskilled Respite Care	1,136,097	286,611	40,183	63,772	-	-	1,526,663	-	-	-	-	-	-	-	-	-	-	-	9,369	1,536,032	-	1,536,032
60405-30	Supported Housing*	-	-	-	-	-	-	-	-	1,181,003	-	700,721	108,323	-	-	-	-	-	-	1,990,047	1,990,047	-	1,990,047
60405-35	Reserved for Future Use	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60405-40	Transportation	651,453	172,554	132,927	4,092,755	-	23,515	5,073,204	62,141	265,127	77,435	-	-	45,103	39,685	142,535	-	-	-	632,026	5,705,230	-	5,705,230
60,499	Total Support Services	9,018,058	1,157,267	718,912	13,953,448	91,658	72,100	25,011,443	362,648	2,594,350	240,443	700,721	108,323	298,682	211,553	562,583	-	10,442	-	5,089,745	30,101,188	-	30,101,188
<b>Crisis Intervention Services</b>																							
60505-01	Crisis Intervention - Mobile	45,881	8,075	57,862	1,761,685	378,769	2,196,148	4,448,420	509,199	117,417	16,544	-	-	-	6,262	114,382	-	45,078	-	808,882	5,257,302	-	5,257,302
60505-05	Crisis Intervention - Stabilization	556	-	19,366	797,622	16,793	2,763,506	3,597,843	128,312	56,631	80,574	-	-	-	8,476	536,044	-	60,178	-	870,215	4,468,058	-	4,468,058
60505-10	Crisis Intervention - Telephonic	22,080	11,137	11,555	453,629	114,668	294,801	907,870	351,276	19,734	890	-	-	-	2,955	21,512	-	-	-	396,367	1,304,237	-	1,304,237
60,599	Total Crisis Intervention Services	68,517	19,212	88,783	3,012,936	510,230	5,254,455	8,954,133	988,787	193,782	98,008	-	-	-	17,693	671,938	-	105,256	-	2,075,464	11,029,597	-	11,029,597
<b>Inpatient Services</b>																							
<b>60605-01 Hospital</b>																							
a	Psychiatric (Provider Types 02 & 71)	3,179,920	164,092	168,479	5,506,730	-	-	9,019,221	167,275	-	7,267	-	-	-	-	-	-	1,323,715	-	1,498,257	10,517,478	-	10,517,478
b	Detoxification (Provider Types 02 & 71)	6,221	-	-	245,739	-	-	251,960	45,868	-	16,389	-	-	-	-	-	-	-	-	62,257	314,217	-	314,217
60605-05	Sub acute Facility	60,399	-	12,263	1,821,822	-	-	1,894,484	412,164	-	18,768	-	-	-	-	-	-	-	-	430,932	2,325,416	-	2,325,416
60605-10	Residential Treatment Center (RTC)	-	-	-	87,131	-	-	87,131	43,534	-	11,725	-	-	-	-	1,261	-	-	-	56,520	143,651	-	143,651
a	Psychiatric - Secure & Non-Secure Provider Types 78,B1,B2,B3	1,742	-	-	-	-	-	1,742	-	-	(2,448)	-	-	-	-	-	-	-	-	(2,448)	(706)	-	(706)
b	Detoxification - Secure & Non-Secure (Provider Types 78,B1,B2,B3)	294	-	-	-	-	-	294	-	-	2,812	-	-	-	-	-	-	-	-	2,812	3,106	-	3,106
60605-15	Inpatient Services, Professional	31,289	2,951	13,349	534,768	-	521	582,878	51,033	-	5,700	-	-	3,508	-	-	-	229,915	-	290,156	873,034	-	873,034
60,699	Total Inpatient Services	3,279,865	167,043	194,091	8,196,190	-	521	11,837,710	719,874	-	60,213	-	-	3,508	-	1,261	-	1,553,630	-	2,338,486	14,176,196	-	14,176,196
<b>Residential Services</b>																							
60705-01	Behavioral Health Residential Facilities Reserved for Future Use	749,438	107,062	472,368	11,855,452	-	552	13,184,872	-	121,978	7,284	-	-	3,249	18,259	409,475	-	-	-	560,245	13,745,117	-	13,745,117
60705-05																							

Steward Health Choice Arizona  
Schedule 1 – Statement of Activities (Continued)

\*Disclosed on Schedule A

	TXIX/XXI CNDP Child	TXIX/XXI DD Child	TXIX/XXI DD Adult	TXIX/XXI SMI	TXIX/XXI Other Child (Crisis)	TXIX/XXI Other Adult (Crisis)	Total TXIX/XXI	NTXIX/ XXI Crisis	NTXIX/ XXI SMI	NTXIX/ XXI Other	Supported Housing	Housing Trust Fund	MHBG SED	MHBG SMI	SABG	Other Federal	County	PASRR	Total NTXIX/ XXI	Total TXIX/XXI and NTXIX/XXI	Mgmt & Gen	Total
<b>Expenses (Continued)</b>																						
<b>Pharmacy Expenses</b>																						
61005-01	\$ 298,784	\$ 171,556	\$ 436,492	\$ 10,992,635	\$ -	\$ -	\$ 11,899,467	\$ -	\$ 1,777,365	\$ -	\$ -	\$ -	\$ 2,237	\$ (52)	\$ 105,171	\$ -	\$ -	\$ -	\$ 1,884,721	\$ 13,784,188	\$ -	\$ 13,784,188
61005-05	(3,053)	(2,052)	(4,821)	(109,401)	-	-	(119,327)	-	(16,251)	-	-	-	(1)	(991)	(1,172)	-	-	-	(18,415)	(137,742)	-	(137,742)
61099	295,731	169,504	431,671	10,883,234	-	-	11,780,140	-	1,761,114	-	-	-	2,236	(1,043)	103,999	-	-	-	1,866,306	13,646,446	-	13,646,446
61100-01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
61105-01	36,840	-	-	406,629	-	-	443,469	-	-	-	-	-	546,922	504,724	43,219	1,975,062	-	4,500	3,074,427	3,517,896	-	3,517,896
61205-01	5,672	2,573	3,332	101,626	-	-	113,203	-	-	-	-	-	-	-	-	-	-	-	-	113,203	-	113,203
61299	17,684,226	3,174,130	3,343,863	61,476,039	606,473	5,331,771	91,616,502	2,143,453	6,495,357	826,862	700,721	108,323	1,632,976	935,386	3,976,882	1,975,062	1,801,500	4,500	20,601,022	112,217,524	-	112,217,524
61305-01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	416,395	416,395
69998	17,684,226	3,174,130	3,343,863	61,476,039	606,473	5,331,771	91,616,502	2,143,453	6,495,357	826,862	700,721	108,323	1,632,976	935,386	3,976,882	1,975,062	1,801,500	4,500	20,601,022	112,217,524	416,395	112,633,919
59999	-	-	-	32,577,373	-	-	32,577,373	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32,577,373
69999	17,684,226	3,174,130	3,343,863	94,053,412	606,473	5,331,771	124,193,875	2,143,453	6,495,357	826,862	700,721	108,323	1,632,976	935,386	3,976,882	1,975,062	1,801,500	4,500	20,601,022	144,794,897	416,395	145,211,292
70105-01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70205-01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70305-01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
85999	17,684,226	3,174,130	3,343,863	94,053,412	606,473	5,331,771	124,193,875	2,143,453	6,495,357	826,862	700,721	108,323	1,632,976	935,386	3,976,882	1,975,062	1,801,500	4,500	20,601,022	144,794,897	416,395	145,211,292
<b>Physical Health (PH) Medical Expenses</b>																						
<b>Hospitalization</b>																						
50105-01	-	-	-	4,101,996	-	-	4,101,996	-	-	-	-	-	-	-	-	-	-	-	-	-	4,101,996	4,101,996
50110-01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50199	-	-	-	4,101,996	-	-	4,101,996	-	-	-	-	-	-	-	-	-	-	-	-	-	4,101,996	4,101,996
<b>Medical Compensation</b>																						
50205-01	-	-	-	2,315,954	-	-	2,315,954	-	-	-	-	-	-	-	-	-	-	-	-	-	2,315,954	2,315,954
50210-01	-	-	-	25,859	-	-	25,859	-	-	-	-	-	-	-	-	-	-	-	-	-	25,859	25,859
50215-01	-	-	-	1,041,283	-	-	1,041,283	-	-	-	-	-	-	-	-	-	-	-	-	-	1,041,283	1,041,283
50220-01	-	-	-	1,034,422	-	-	1,034,422	-	-	-	-	-	-	-	-	-	-	-	-	-	1,034,422	1,034,422
50225-01	-	-	-	1,701,905	-	-	1,701,905	-	-	-	-	-	-	-	-	-	-	-	-	-	1,701,905	1,701,905
50299	-	-	-	6,119,423	-	-	6,119,423	-	-	-	-	-	-	-	-	-	-	-	-	-	6,119,423	6,119,423
<b>Other Medical Expenses</b>																						
50305-01	-	-	-	3,943,730	-	-	3,943,730	-	-	-	-	-	-	-	-	-	-	-	-	-	3,943,730	3,943,730
50310-01	-	-	-	8,718,575	-	-	8,718,575	-	-	-	-	-	-	-	-	-	-	-	-	-	8,718,575	8,718,575
50310-05	-	-	-	(85,255)	-	-	(85,255)	-	-	-	-	-	-	-	-	-	-	-	-	-	(85,255)	(85,255)
50315-01	-	-	-	571,172	-	-	571,172	-	-	-	-	-	-	-	-	-	-	-	-	-	571,172	571,172
50320-01	-	-	-	3,582,856	-	-	3,582,856	-	-	-	-	-	-	-	-	-	-	-	-	-	3,582,856	3,582,856
50325-01	-	-	-	1,175,804	-	-	1,175,804	-	-	-	-	-	-	-	-	-	-	-	-	-	1,175,804	1,175,804
50330-01	-	-	-	151,355	-	-	151,355	-	-	-	-	-	-	-	-	-	-	-	-	-	151,355	151,355
50335-01	-	-	-	3,695,720	-	-	3,695,720	-	-	-	-	-	-	-	-	-	-	-	-	-	3,695,720	3,695,720
50340-00	-	-	-	316,928	-	-	316,928	-	-	-	-	-	-	-	-	-	-	-	-	-	316,928	316,928
50345-01	-	-	-	180	-	-	180	-	-	-	-	-	-	-	-	-	-	-	-	-	180	180
50350-01	-	-	-	284,889	-	-	284,889	-	-	-	-	-	-	-	-	-	-	-	-	-	284,889	284,889
50370-01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50399	-	-	-	22,355,954	-	-	22,355,954	-	-	-	-	-	-	-	-	-	-	-	-	-	22,355,954	22,355,954
59999	-	-	-	32,577,373	-	-	32,577,373	-	-	-	-	-	-	-	-	-	-	-	-	-	32,577,373	32,577,373
<b>Administrative Expenses</b>																						
80105-01	849,485	152,865	160,965	3,004,821	29,198	256,671	4,454,005	83,162	251,610	31,876	27,184	4,203	65,635	34,632	159,380	76,630	69,605	81	803,998	5,258,003	-	5,258,003
80205-01	132,472	23,839	25,102	468,584	4,553	40,026	694,576	12,969	39,237	4,971	4,240	655	10,235	5,401	24,854	11,950	10,854	13	125,379	819,955	-	819,955
80305-01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
80405-01	339,206	61,041	64,274	1,199,846	11,659	102,490	1,778,516	33,207	100,469	12,728	10,856	1,678	26,209	13,829	63,641	30,598	27,793	33	321,041	2,099,557	-	2,099,557
80505-01	174,465	31,395	33,059	617,122	5,996	52,714	914,751	17,080	51,675	6,546	5,584	863	13,480	7,112	32,733	15,738	14,295	17	165,123	1,079,874	-	1,079,874
80605-01	88,070	15,848	16,688	311,521	3,027	26,610	461,764	8,622	26,085	3,305	2,819	436	6,805	3,590	16,523	7,944	7,216	8	83,353	545,117	-	545,117
80705-01	32,921	5,924	6,238	116,448	1,132	9,947	172,610	3,223	9,751	1,235	1,054	163	2,544	1,342	6,177	2,970	2,697	3	31,159	203,769	-	203,769
80805-01	10,247	1,844	1,942	36,245	352	3,096	53,726	1,003	3,035	384	328	51	792	418	1,922	924	840	1	9,698	63,424	-	63,424
80905-01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
81005-01	28,114	5,059	5,327	99,445	966	8,495	147,406	2,752	8,327	1,055	900	139	2,172	1,146	5,275	2,536	2,304	3	26,609	174,015	-	174,015
81105-01	(723)	(130)	(137)	(2,559)	(25)	(219)	(3,793)	(71)	(214)	(27)	(23)	(4)	(56)	(29)	(136)	(65)	(59)	-	(684)	(4,477)	-	(4,477)
81205-01	-	-	-	41,914	-	-	41,914	-	-	-	-	-	-	-	-	-	-	-	-	41,914	-	41,914
81305-01	161	108	251	10,074	-	-	10,594	-	894	-	-	-	-	-	62	-	-	-	956	11,550	-	11,550
81405-01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
81505-01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
81605-01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
81705-01	163,381	29,401	30,958	577,914	5,616	49,365	856,635	15,994	48,392	6,131	5,229	808	12,624	6,661	30,653	14,738	13,387	16	154,633	1,011,268	-	1,011,268
83005-01	86,640	17,131	16,469	305,422	3,057	26,528	455,247	8,446	25,554	3,237	2,761	427	6,726	3,517	16,187	7,782	7,068	8	81,713	536,960	-	536,960
83999																						

Steward Health Choice Arizona  
(A Division of Steward Health Choice Arizona, Inc.)  
Regional Behavioral Health Authority Program

Schedule 2 – Statement of Activities-Disclosures

Year Ended September 30, 2019

	TXIX/XXI CMDP Child	TXIX/XXI DD Child	TXIX/XXI DD Adult	TXIX/XXI SMI	TXIX/XXI Other Child (Crisis)	TXIX/XXI Other Adult (Crisis)	NTXIX/ XXI Crisis	NTXIX/ XXI SMI	NTXIX/ XXI Other	Supported Housing	Housing Trust Fund	MHBG SED	MHBG SMI	SABG	Other Federal	County	PASRR	Sub-Total	Mgmt & Gen	Total	
<b>Disclosure of NTXIX/XXI Other and Other Federal AHCCCS Revenue on line 40205-01</b>																					
SUDS	\$	\$	\$	\$	\$	\$	\$	\$	\$	893,012	\$	\$	\$	\$	\$	\$	\$	893,012	\$	893,012	
SOR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	281,759	-	-	281,759	-	281,759	
STR Opioid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,817,821	-	-	1,817,821	-	1,817,821	
MATPDOA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,227	-	-	47,227	-	47,227	
Total - NTXIX/XXI Other and Other Federal Column	\$	\$	\$	\$	\$	\$	\$	\$	\$	893,012	\$	\$	\$	\$	2,146,807	\$	\$	3,039,819	\$	3,039,819	
<b>Disclosure of Other Reconciliation Settlements On Line 40145-01</b>																					
Receivable for Incentives Reimbursement	\$	36,840	\$	-	691,518	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	728,358	\$	728,358	
Total - Other Reconciliations	\$	36,840	\$	-	691,518	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	728,358	\$	728,358	
<b>Disclosure of Specialty and Other Grants Reported On Line 40210-01</b>																					
STR Opioid	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	449,706	\$	449,706
Total Specialty and Other Grants Revenue	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	449,706	\$	449,706
<b>Disclosure of Supported Housing on Reported On Line 60405-30</b>																					
Rent Subsidy	\$	-	\$	-	\$	-	\$	-	\$	1,155,271	\$	-	\$	-	\$	-	\$	-	1,609,526	\$	1,609,526
Management Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Utility Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other/Repairs & Maintenance	-	-	-	-	-	-	-	-	-	2,059	-	-	-	-	-	-	-	2,059	-	2,059	
Damages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property Acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Eviction Prevention	-	-	-	-	-	-	-	-	25,732	78,618	-	-	-	-	-	-	-	104,350	-	104,350	
Construction/Improvements	-	-	-	-	-	-	-	-	-	165,789	-	-	-	-	-	-	-	165,789	-	165,789	
Housing Trust Fund - Construction/Improvements	-	-	-	-	-	-	-	-	-	-	108,323	-	-	-	-	-	-	108,323	-	108,323	
Total Supported Housing	\$	-	\$	-	\$	-	\$	-	\$	1,181,003	\$	-	\$	-	\$	-	\$	-	1,990,047	\$	1,990,047
<b>Disclosure of Other Services On Line 61105-01</b>																					
First Episode of Psychosis (FEP)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	504,724	\$	-	504,724	\$	504,724	
Alternative Payment Model	36,840	-	-	406,629	-	-	-	-	-	-	-	-	-	-	-	-	-	443,469	-	443,469	
SABG Oxford House	-	-	-	-	-	-	-	-	-	-	-	-	-	43,219	-	-	-	43,219	-	43,219	
STR Opioid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,672,395	-	-	1,672,395	-	1,672,395	
SOR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	259,218	-	-	259,218	-	259,218	
MATPDOA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	43,449	-	-	43,449	-	43,449	
MHBG SED One-Time	-	-	-	-	-	-	-	-	-	-	546,922	-	-	-	-	-	-	546,922	-	546,922	
PASRR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,500	-	4,500	-	4,500	
Total Other Services	\$	36,840	\$	-	406,629	\$	-	\$	-	\$	-	\$	-	\$	546,922	\$	504,724	43,219	1,975,062	\$	3,517,896
<b>Disclosure of Specialty and Other Grants On Line 61305-01</b>																					
STR Opioid	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	416,395	\$	416,395
Total Specialty and Other Grants Expenses	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	416,395	\$	416,395
<b>Disclosure of Other Admin Expenses On Line 83005-01</b>																					
Interpreter/Translation Services	\$	363	\$	1,605	\$	122	\$	244	\$	92	\$	459	\$	-	\$	61	\$	-	2,946	\$	2,946
Operating Expenses-Storage	614	111	116	2,173	21	186	60	182	23	20	3	47	25	115	55	50	-	3,801	-	3,801	
Operating Expenses-Dues & Subscriptions	11,170	2,010	2,116	39,509	384	3,375	1,093	3,308	419	357	55	863	455	2,096	1,008	915	1	69,134	-	69,134	
Operating Expenses-Training	2,541	457	481	8,987	87	768	249	753	95	81	13	196	104	477	229	208	-	15,726	-	15,726	
Operating Expenses-Licenses & Fees	71,952	12,948	13,634	254,509	2,473	21,740	7,044	21,311	2,700	2,303	356	5,559	2,933	13,499	6,490	5,895	7	445,353	-	445,353	
Total Other Admin Expenses	\$	86,640	\$	17,131	\$	16,469	\$	305,422	\$	3,057	\$	26,528	\$	8,446	\$	25,554	\$	3,237	\$	2,761	
<b>Disclosure of Encounter Evaluation Sanctions On Line 83105-01</b>																					
Total Encounter Evaluation Sanctions	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	-	\$	-
<b>Disclosure of Administrative Expenses from Specialty and Other Grants On Line 83205-01</b>																					
STR Opioid	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	47,088	\$	47,088
Total ADM Expenses from Specialty and Other Grants	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	47,088	\$	47,088
<b>Disclosure OF Non-Operating Line 88999-01</b>																					
Community Reinvestment	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	(342,956)	\$	(342,956)
Total Non-Operating	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	(342,956)	\$	(342,956)





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## Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Board of Directors  
Steward Health Choice Arizona  
(A Division of Steward Health Choice Arizona, Inc.)  
Regional Behavioral Health Authority Program

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Steward Health Choice Arizona Regional Behavioral Health Authority Program (the Plan), which comprise the balance sheet as of September 30, 2019, and the related statements of operations, changes in equity of the Plan, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 14, 2020.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Plan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ernst + Young LLP*

February 14, 2020

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