

ACOM POLICY 301A, ATTACHMENT A

Health Plan
Prospective Title XIX Waiver Group non-MED Reconciliation - EXAMPLE
For Contract Year Ended 9/30/XX

non-MED	
TWG non-MED Risk Adjusted Capitation Revenue ⁽¹⁾	\$ 30,000,000.00
Premium Tax ⁷	\$ (600,000.00)
Admin %	\$ (2,049,933.60)
TWG non-MED Revenue Net of Admin and Premium Tax*	\$ 27,350,066.40
HP Paid Encounters ⁽²⁾	\$ (26,800,000.00)
HP Reported Subcapitated Expenditures ⁽³⁾	\$ (105,000.00)
Exclusion of Subcap Code 01 Encounters ⁽⁶⁾	\$ 548,000.00
Reinsurance Paid ⁽⁴⁾	\$ 3,225,000.00
Net Profit/(Loss)	\$ 4,218,066.40
% of Rev Net of Admin	15.42%
MM ⁽⁵⁾	60,000
Net Capitation	\$ 27,350,066.40
Total Profit/(Loss)	\$ 4,218,066.40
Risk Band Corridor - 2% or (2%)	\$ 547,001.33
TWG Non-MED Amount Due To (From) Health Plan	\$ (3,671,065.07)
Premium Tax	\$ (74,889.73)
Net TWG Non-MED Amount Due To (From) Health Plan	\$ (3,745,954.80)

Assumptions:

(1) TWG non-MED revenue includes prospective risk adjusted capitation and delivery supplement paid for the period being reconciled.

(2) Health Plan Encounters includes all prospective TWG non-MED adjudicated encounters for the period being reconciled.

(3) Subcapitated expenses are self reported from Quarterly Financial statements. These should not contain the enhanced portion of a payment for PCP Parity that is subject to AHCCCS cost settlement.

(4) Reinsurance Paid includes all payments to the Health Plan for the period being reconciled.

(5) Member Months are actual TWG non-MED prospective member months paid for the period being reconciled.

(6) CN1 Code 05 Encounters have been excluded from the data because the health plans are required to self report sub-capitated expenses as noted in #3 above.

7) The Health Plan is responsible for a premium tax to the Department of Insurance of 2% on all payments received by the HP from AHCCCS.

8.) The enhanced portion of a payment for PCP Parity that is subject to AHCCCS cost settlement will not be included in the reconciliation; the non-enhanced portion of the payment will be included in the reconciliation.

* Building the Gross Capitation Rate	
Cap Rate before Admin and Prem Tax	\$100.00
Add CYE09 Bid Admin PMPM less 5.88%	+\$100+8.75-(8.75*.0588) <u>\$8.24</u>
Subtotal	\$108.24
Add Premium Tax (PT) of 2.0% ⁷	+\$108.24/.98-\$108.24 <u>\$2.21</u>
Gross Capitation Rate	\$110.44
* Calculating the Net Revenue	
Gross Capitation Rate	\$110.44
Deduct Premium Tax (Gross x 2.0%) ⁷	\$2.21
Deduct Admin	\$8.24
Net Capitation Revenue (Gross-PT-Admin)	\$100.00