



302 - PRIOR PERIOD COVERAGE RECONCILIATION: ACUTE CARE CONTRACTORS

Effective Date: 10/01/10
Revision Date: 03/15/08, 12/09/09, 8/25/10, 4/17/12

Staff responsible for policy: DHCM Finance

I. Purpose

This policy applies to PPC reconciliations for CYE '11 and forward for all AHCCCS Acute Care Contractors.

Due to the uncertainty regarding actual utilization and medical cost experience during the PPC period, AHCCCS intends to limit the financial risk to its Contractors. For CYE '11 and forward, AHCCCS will reconcile the PPC period for all risk groups, except the Title XXI members, SOBRA Family Planning, and State Only Transplants. Effective 10/01/11 and forward, the Title XIX Waiver Group MED population will no longer be reconciled, as the program terminated 9/30/11.

II. Definitions

PPC Capitation: Capitation payment for the period of time from the 1st day of the month of application or the 1st eligible month, whichever is later, to the day a member is enrolled with the Contractor. Also, the period of time between the date a MED member was approved and the date the member met spenddown, or 1st day of the month the member reduced resources whichever is later.

PPC Period: The period from the effective date of eligibility to the day a member is enrolled with a Contractor.

PPC Medical Expense: Total expenses covered under the Acute Care Contract for services provided during the PPC time period.

Title XIX Waiver Group Member (TWG): All Medical Expense Deduction (MED) and Non-MED (AHCCCS Care) members who do not meet the requirements of a categorically linked Medicaid program. The Title XIX MED program terminated 9/30/11.



III. Policy

A. General

1. For CYE '11 the reconciliation shall relate solely to aggregate adjudicated PPC medical expenses for the following capitation risk groups: TANF, SOBRA, SSI w/Med, SSI w/o Med, and the Title XIX Waiver Group (MED and non-MED). For CYE 12 and forward the reconciliation shall relate solely to aggregate adjudicated PPC medical expenses for the following capitation risk groups: TANF, SOBRA, SSI w/Med, SSI w/o Med, and Title XIX Waiver Group Non-MED. The reconciliation will exclude Title XXI, SOBRA Family Planning, and State Only transplant members for all contract years.
2. For all contract years, administrative, premium tax and non-operating expenses shall be excluded.
3. The reconciliation will limit the Contractor's profits and losses to 2% of the Contractor's net PPC capitation for all covered risk groups combined (See Attachment A for calculation). Any losses in excess of 2% will be reimbursed to the Contractor, and likewise, profits in excess of 2% will be recouped. The full PPC period is eligible for this reconciliation.

B. AHCCCS Responsibilities

1. No less than six months after the contract year to be reconciled, AHCCCS shall perform an initial reconciliation.
2. AHCCCS will compare fully adjudicated encounter information to financial statements and other Contractor submitted files for reasonableness.
3. AHCCCS will provide to the Contractor the data used for the initial reconciliation and provide a set time period for review and comment by the Contractor. Upon completion of the review period, AHCCCS will evaluate Contractor comments and make any adjustments to the data or reconciliation as warranted. AHCCCS may then process partial distributions/recoups through a future monthly capitation payment.
4. A second and final reconciliation will be done no less than 12 months after the end of the contract year to be reconciled. This will allow for completion of the claims lag and encounter reporting. AHCCCS will provide to the Contractor the data used for the final reconciliation and provide a set time period for review and comment by the Contractor. Upon completion of the review period, AHCCCS will evaluate Contractor comments and make any adjustments to the data or reconciliation as warranted.
5. Any amount over or underpaid as a result of the final reconciliation will be paid or recouped with a future monthly capitation payment.



C. Contractor Responsibilities

1. Contractors shall submit encounters for PPC medical expenses and those encounters must reach fully adjudicated status by the required due dates. AHCCCS will only utilize fully adjudicated encounters reported by the Contractor to determine the medical expenses used in the reconciliation.
2. The Contractor shall maintain financial statements that separately identify all PPC transactions, and shall submit such statements as required by contract and in the format specified in the Reporting Guide.
3. The Contractor shall monitor the estimated PPC reconciliation receivable/payable and record appropriate accruals on financials statements submitted to AHCCCS on a quarterly basis.
4. It is the Contractor's responsibility to identify to AHCCCS any encounter data issues or necessary adjustments via the initial reconciliation by the due date provided. It is also the responsibility of the Contractor to correct (including adjudication of corrected encounters) any identified encounter data issues no later than 12 months after the end of the contract year being reconciled. Reconciliation data issues identified that are the result of an error by AHCCCS will be corrected prior to the final reconciliation.
5. Submit data as requested by AHCCCS for reconciliation purposes. (e.g. encounter detail file, etc.)
6. For all reconciliations, if the Contractor performs recoupments on the related claims, the related encounters must be corrected (voided or void/replaced) and adjudicated no later than 120 days after the date of the recoupment. AHCCCS reserves the right to adjust any previously issued reconciliation results for the impact of the revised encounters and recoup any amounts due AHCCCS. If the Contractor does not submit the revised encounters within the required timeframe, AHCCCS may recoup the estimated impact on the reconciliation and reserves the right to sanction the Contractor.



D. Reconciliation Calculation for All Covered Risk Groups

PPC Capitation – Administration% (See Section V) – Premium Tax %

Less: Total Medical Expense

Equals: Profit/Loss to be reconciled
See Attachment A for calculation

1. AHCCCS will utilize fully adjudicated encounters reported by the Contractor to determine the actual medical cost expense. AHCCCS may incorporate completion factors in the initial reconciliation based on internal data available at the time of the reconciliation.
2. PPC Capitation and Medical expense to be included in the reconciliation are based on the **DATE OF SERVICE** for the contract year being reconciled.

IV. References

Acute Care Request for Proposal, Section D

V. Note

Administration percentage by contract year:

- CYE '11 – 8.0%
- CYE '12 – 8.0%

Premium tax – 2%

Attachment A – Sample PPC Reconciliation