I. PURPOSE

This Policy applies to RBHA Contractors and establishes requirements for the reconciliation of behavioral health Prior Period Coverage (PPC) expenses for select behavioral health populations. The reconciliation is based upon PPC Medical Expense associated with Non-CMDP Child and General Mental Health/Substance Use (GMH/SU) members who are initially eligible as Non-Title XIX members assigned to a RBHA who received Title XIX covered services under the Substance Abuse Block Grant (SABG), Mental Health Block Grant (MHBG) and Maricopa County funding, if applicable, and who then transition to Title XIX eligibility. PPC Medical Expense is based on adjudicated encounter data and subcapitated/block purchase expense reports. This reconciliation will be performed annually on a contract year basis.

II. DEFINITIONS

**Administrative Component**

For purposes of this policy: The administrative component is equal to the Contractor specific weighted average administrative component percentage built into the specific Contractor’s capitation rates for all Title XIX/XXI risk groups multiplied by the Contractor’s PPC Medical Expenses for Non-CMDP Child and GMH/SU risk groups for the contract year being reconciled.

**Prior Period Coverage (PPC)**

The timeframe is from the effective date of Title XIX eligibility to the day a member is enrolled with an ACC Contractor. Refer to 9 A.A.C. 22 Article 1. If a member made eligible via the Hospital Presumptive Eligibility (HPE) program is subsequently determined eligible for AHCCCS via the full application process, prior period coverage for the member will be covered by AHCCCS fee for service and the member will be enrolled with an ACC Contractor only on a prospective basis.
PPC Medical Expense

Total expenses covered under the RBHA contract for behavioral health services provided for PPC Reconciliation Risk Groups during the PPC time period as reported through fully adjudicated encounters and subcapitated/block purchase expense incurred by the Contractor for Title XIX covered services with dates of service during the contract year being reconciled.

PPC Reconciliation Risk Groups

Populations subject to this reconciliation include children who are not enrolled with CMDP and GMH/SU members who are: (1) initially assigned to the RBHA as not eligible under Title XIX; (2) are later determined to be eligible for Title XIX; and who (3) received services during the PPC time period under the SABG and MHBG block grants and Maricopa County funding, if applicable, that are also Title XIX covered services.

Premium Tax

The premium tax is equal to the tax imposed pursuant to A.R.S. §36-2905 and A.R.S. §36-2944.01 for all payments made to Contractors for the Contract Year.

III. Policy

A. General

1. The reconciliation shall relate solely to fully adjudicated behavioral health PPC Medical Expense and subcapitated/block purchase expense for all PPC Reconciliation Risk Groups.

2. The reconciliation shall limit Contractor’s profits and losses to 0% of the Amount to be paid to Contractor for behavioral health PPC for all PPC Reconciliation Risk Groups combined. The full PPC period is eligible for this reconciliation.

B. AHCCCS Responsibilities

1. No less than 12 months after the end of the contract year to be reconciled, AHCCCS shall perform reconciliation. The reconciliation will be calculated as follows:

   Behavioral Health PPC Medical Expense
   Plus: Administrative Component
   Plus: Premium Tax
   Equals: Amount to be paid to Contractor
2. AHCCCS will utilize only medical expense supported by fully adjudicated encounters and subcapitated/block purchase expense reported by the Contractor to determine the expenses subject to reconciliation.

3. AHCCCS will compare fully adjudicated encounters and self-reported subcapitated/block purchase expense information to financial statements and other Contractor submitted files for reasonableness.

4. AHCCCS will provide the Contractor with the data used for the 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 will then process distributions through a future monthly capitation payment. AHCCCS will make reconciliation payments and adjustments to reconciliation payments no later than two years after the end of the contract year being reconciled. In no instance, will AHCCCS make payments or adjusted payments more than two years after the end of the contract year being reconciled.

C. CONTRACTOR RESPONSIBILITIES

1. The Contractor shall submit encounters for PPC Medical Expense and, to be included in the reconciliation, those encounters must reach a fully adjudicated status by the date established by AHCCCS and communicated to the Contractor in writing. AHCCCS will only utilize fully adjudicated encounters and subcapitated/block purchase expense in the format requested below 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 AHCCCS Financial Reporting Guide for RBHA Contractors.

3. The Contractor shall monitor the estimated PPC reconciliation receivable and record appropriate accruals on financial 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 by the date established by AHCCCS and communicated to the Contractor in writing. 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. The Contractor shall submit any additional data as requested by AHCCCS for reconciliation purposes (e.g. encounter detail file).

6. The Contractor shall report all subcapitated/block purchase expense in a format requested by AHCCCS. See the AHCCCS Financial Reporting Guide for RBHA Contractors for more information. Subcapitated/block purchase encounters should have a CN 1 code of 05 and a paid amount of $0 for all encounters. All subcapitated/block purchase encounters that have a health plan paid amount greater than $0 will be excluded from the reconciliation expenditures.

7. If the Contractor performs recoupments/refunds/recoveries on claims for PPC Medical Expenses, the related encounters shall be adjusted (voided or replaced) pursuant to ACOM Policy 412. AHCCCS reserves the right to adjust and recoup, at any time, any previously issued PPC Reconciliation payments based on the revised encounters that result in a lower PPC Reconciliation payment. 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 impose an administrative action on the Contractor.