

**HEALTH PLAN
NEWLY ELIGIBLE ADULTS RECONCILIATION - EXAMPLE
FOR CONTRACT YEAR ENDED 09/30/XX
As of: xx/xx/xx**

	Prospective	PPC	Total
Capitation			
Capitation	\$ 500,000.00	\$ 500.00	\$ 500,500.00
Delivery Supplemental Payments	\$ 20,000.00	\$ -	\$ 20,000.00
Total Capitation	\$ 520,000.00	\$ 500.00	\$ 520,500.00
Less: Premium Tax Component	\$ 10,400.00	\$ 10.00	\$ 10,410.00
Less: Administrative Component	\$ 37,748.15	\$ 36.30	\$ 37,784.44
Net Capitation	\$ 471,851.85	\$ 453.70	\$ 493,125.56
Expense			
Medical Expense	\$ 500,000.00	\$ 500.00	\$ 500,500.00
Plus: Subcapitated Expenses from Financials	\$ 40,000.00	\$ -	\$ 40,000.00
Less: CN1 Code 05 Encounters	\$ 35,000.00	\$ -	\$ 35,000.00
Net Medical Expense	\$ 505,000.00	\$ 500.00	\$ 505,500.00
Reinsurance (RI) Payments	\$ 75,000.00	\$ -	\$ 75,000.00
Profit/(Loss) to be reconciled = (Net Cap - Net Exp + RI Pmt)	\$ 41,851.85	\$ (46.30)	\$ 62,625.56
% of Rev Net of Admin	8.87%	-10.20%	12.70%
Member Months	20,000	10	20,010
Net Capitation			\$ 493,125.56
Total Profit/(Loss)			\$ 62,625.56
Risk Band Corridor +/- 1%			\$ 4,931.26
Amount Due To (From) Health Plan			\$ (57,694.30)
Premium Tax			\$ (1,177.43)
Net Amount Due To (From) Health Plan			\$ (58,871.73)

Assumptions:

- 1) Total Capitation includes Prospective and PPC Capitation and Delivery Supplemental Payments for dates of service within the reconciliation time frame.
- 2) Prospective and PPC Medical Expenses include adjudicated encounters for dates of service within the reconciliation time frame.
- 3) Reinsurance Payments are based on actual reinsurance payments for dates of service within the reconciliation time frame.
- 4) Administrative component is the amount built into the capitation rates multiplied by the respective member months.
- 5) 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.
- 6) 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.
- 7) All encounters with CN 1 code of 05 have been excluded from this reconciliation, since these should either be included in the self reported subcapitated expenses or they represent the enhanced portion of a payment for PCP parity.