327 – Pediatric Services Initiative

Effective Date: 10/01/19

Approval Date: 02/06/20

I. Purpose

This Policy applies to ACC, ALTCS E/PD, DES/DDD (DDD), and RBHA Contractors. The Contractor is responsible for adhering to all requirements as specified in Contract, Policy, 42 CFR Part 457, and 42 CFR Part 438. This Policy establishes requirements for Contractors regarding the Pediatric Services Initiative (PSI).

II. Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Pediatric Services Initiative (PSI)</td>
<td>Fully adjudicated and approved Prospective and Prior Period Coverage (PPC) expenses incurred by the Contractor that are subject to the rate increase to Qualified Children’s Hospitals for inpatient and outpatient services incurred at these facilities. PSI Eligible Encounters are limited to those billed by Qualified Children’s Hospitals on Form Types I (Inpatient) and O (Outpatient) for Provider Type 02 (Hospital).</td>
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<tr>
<td>Eligible Encounters</td>
<td>A health care facility that has a contract with the Contractor, is licensed in Arizona as a hospital, is registered with AHCCCS as a participating provider, and is also a freestanding children’s hospital with more than 100 licensed pediatric beds.</td>
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<tr>
<td>Qualifized Children’s Hospital</td>
<td>A health care facility that has a contract with the Contractor, is licensed in Arizona as a hospital, is registered with AHCCCS as a participating provider, and is also a freestanding children’s hospital with more than 100 licensed pediatric beds.</td>
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<tr>
<td>Premium Tax</td>
<td>The tax imposed pursuant to A.R.S. §36-2905 and §36-2944.01 for all payments made to Contractors for the Contract year.</td>
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III. Policy

AHCCCS seeks to provide enhanced support through a uniform percentage increase to otherwise negotiated managed care contracted rates for inpatient and outpatient hospital services provided by Qualified Children’s Hospitals that are contracted with AHCCCS in order to preserve and enhance access to these facilities where essential services to AHCCCS members are received.

A. General

The amount due from or due to the Contractors as a result of this payment methodology is determined on an annual basis and is based on a rate increase of 19% over the contracted rates.
B. CONTRACTOR RESPONSIBILITIES

1. Contractors are responsible for making payments to Qualified Children’s Hospitals as directed by AHCCCS. By the end of the second month of the first three quarters of the Contract year (November, February, May), AHCCCS will make estimated payments for PSI to each of the Contractors who contract with the Qualified Children’s Hospitals (e.g. for the quarter that runs from October 1, 2019 to December 31, 2019, payments will be made to Contractors by November 30, 2019).

2. The fourth payment will be based on actual encounters for the Contract year as specified in the Section on AHCCCS Responsibilities.

3. Contractors have 15 business days from receipt of funds to pay the Qualified Children’s Hospitals, less Premium Tax, as directed by AHCCCS.

4. PSI Eligible Encounters shall indicate if the encounter is eligible to have PSI applied. Technical guidance has and will continue to be provided on how to transmit this information. Contractors reimburse Qualified Children’s Hospitals for the PSI increase by making quarterly payments based on aggregate PSI Eligible Encounters for the quarter.

5. It is the responsibility of the Contractor to have any identified encounter data issues corrected and adjudicated no later than nine months from the end of the Contract year. AHCCCS will not consider any data for final payments submitted by the Contractor after these timeframes. Any encounter data issues identified that are the result of an error by AHCCCS will be corrected prior to the final payment.

6. If the Contractor performs recoupments/refunds/recoveries on any PSI claims, the related encounters shall be adjusted (voided or void/replaced) as specified in ACOM Policy 412. If the Contractor does not submit the revised encounters within the required timeframe, AHCCCS may recoup the estimated impact on the final payment and reserves the right to impose Administrative Action on the Contractor. AHCCCS reserves the right to adjust any previously issued PSI final payment results for the impact of the revised encounters and recoup any amounts due to AHCCCS.

7. The Contractor shall submit any additional data as requested by AHCCCS for final payment calculation purposes (e.g. encounter data file).

C. AHCCCS RESPONSIBILITIES

1. AHCCCS will communicate the Tax Identification Numbers (TIN)s to Contractors prior to the beginning of the Contract year.

2. AHCCCS will estimate the total dollar amount to be paid to Qualified Children’s Hospitals by TIN prior to the beginning of the Contract year, based on adjudicated and approved encounters from a prior Contract year as specified in Contract. For the first three quarters of the Contract year, 20% of the estimated total owed will be paid to Contractors prior to the end of the second month of the quarter (November,
February, May) (e.g. for the quarter that runs from October 1, 2019 to December 31, 2019, 20% of the estimated total that was based on encounters from a prior Contract year, will be paid before November 30, 2019).

3. The final payment will be calculated with PSI Eligible Encounters for the Contract year being reconciled, less the first three estimated payments that were made during the Contract year. Data for the final payment will be extracted from the AHCCCS data warehouse no sooner than nine months following the end of the Contract year (e.g. for CYE 20, AHCCCS will pull PSI Eligible Encounters no sooner than the beginning of July 2021, calculate the percentage increase, and subtract off the first three estimated payments that were previously made). Refer to Attachment A for an example of the final payment calculation.

4. The final payment will be made to Contractors no sooner than eleven months following the end of the Contract year. This will allow for completion of the claims lag and encounter reporting. AHCCCS will provide to the Contractor the data used for the final payment 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 final payment as warranted.

5. Prior to the payment deadlines for all quarters, AHCCCS will provide a list by TIN reflecting how payments should be made.

6. AHCCCS will make quarterly payments to Contractors once all funds are received via Intergovernmental Transfers (IGTs).

7. All payments made to the Contractors will include Premium Tax.