

**DATE:** November 07, 2014  
**TO:** Holders of AHCCCS Contractor Operations Manual  
**FROM:** Sandi Borys, Contracts & Policy Specialist  
Division of Health Care Management, AHCCCS  
**SUBJECT:** AHCCCS Contractor Operations Manual (ACOM),  
November 2014 Update

This memo describes revisions and/or additions to the [ACOM](#), Guides and Manuals for the month of November. *Please direct questions regarding policy updates to Sandi Borys at 602-417-4055 or by e-mail at: sandi.borys@azahcccs.gov.*

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**LOGO CHANGE AND ARIZONA DEPARTMENT OF CHILD SAFETY**

AHCCCS is recognized as one of the most modern and innovative Medicaid programs in the country. As we continue to demonstrate that through program improvements, we thought it was a good time to make the “look” of the agency match its reputation. Over the next several months we will be rolling out our new look and updating all of our Policies with our new logo. In addition, there was a State Agency change for Comprehensive Medical and Dental Program (CMDP) from Department of Economic Security (DES) to Arizona Department of Child Safety (DCS) that went into effect in May 2014, therefore, those Policies directly referencing DES/CMDP will be revised appropriately.

**CHAPTER 300, POLICY 320, HEALTH INSURER FEE**

Policy 320, Health Insurer Fee was implemented to define the input required from the Contractors and the process to fund the Health Insurer Fee including associated corporate income tax and state tax liability. It was determined that the corporate income tax liability associated with the HIF will be unknown at the time of funding because taxes are not filed until the following year. While the maximum federal plus state income tax rate is 39.53%, it is possible that a covered entity may not have income tax liability due to a net loss position. It was further determined that AHCCCS should not compensate the Contractors at the maximum income tax rate if, in fact, no tax is due or the actual tax rate is lower. In conclusion, the cap rate adjustment would have to occur in two steps approximately five to six months apart. Therefore, Policy 320 has been revised to request documentation necessary to determine actual income tax liability and describe the second cap rate adjustment step.

**ATTACHMENT A, HEALTH INSURER FEE LIABILITY REPORTING TEMPLATE**

Due to the revisions within the Policy 320, Attachment A, has also been revised removing the Income Tax rate that would apply to HIF Payment or N/A if a non-profit. This requirement was removed in both areas of the Attachment.

**To view the policies that are approved but not yet effective, please access the following link:**

**[Approved Policies Not Yet Effective](#)**