

323 – AHCCCS COMPLETE CARE - REGIONAL BEHAVIORAL HEALTH AGREEMENT ~~AND~~¹ NON-TITLE XIX/XXI PROFIT LIMIT

EFFECTIVE DATES: 10/01/15, 10/01/17, 10/01/19, 10/01/21, 10/01/22, [10/01/24](#)²

APPROVAL DATES: 09/07/17, 10/18/18, 08/05/20, 08/19/21, 05/19/22, [03/28/24](#)³

I. PURPOSE

This Policy applies to ACC-RBHA Contractors. The Non-Title XIX/XXI profit limit is based on financial information as reported for the State Fiscal Year (SFY) ended June 30 on the Year-To-Date Non-Title XIX/XXI Income Statement or, if there is an audit adjustment, is based on the Contractor’s final adjusted year-to-date June Financial Statements and final Non-Title XIX/XXI profit limit template. The analysis is performed after the Contractor’s annual audit is finalized and any audit adjustments applying to Non-Title XIX/XXI for the SFY ended June 30 have been incorporated. ~~This reconciliation is performed annually on a SFY basis.~~⁴

II. DEFINITIONS

[Refer to the AHCCCS Contract and Policy Dictionary for common terms found in this Policy including:](#)⁵

CONTRACTOR	MEMBER	SERIOUS MENTAL ILLNESS
----------------------------	------------------------	--

For purposes of this Policy, [the following terms are defined as:](#)⁶

ADMINISTRATIVE COMPONENT	An amount equal to the contracted administrative percentage for Non-Title XIX/XXI.
AHCCCS COMPLETE CARE-REGIONAL BEHAVIORAL HEALTH AGREEMENT (ACC-RBHA) OR (RBHA) CONTRACTOR	An AHCCCS Complete Care (ACC) Contractor with expanded contractual responsibilities, as specified in CCE No. YH20-0002, for the provision of Non-Title XIX/XXI services for Title XIX/XXI and Non-Title XIX/XXI members and comprehensive Title XIX/XXI physical health and behavioral health services to eligible individuals with a Serious Mental Illness (SMI) ⁷ designation.

¹ Revised to clarify title, deleting “and” as it does not apply there.

² Date policy is effective.

³ Date policy is approved.

⁴ Sentence removed as reconciliation no longer applies.

⁵ Adding an identification table of terms used in this Policy that can be found in the AHCCCS Contract and Policy Dictionary.

⁶ Revised per policy standard formatting.

⁷ Adding acronym per policy standards.

MEDICAL EXPENSE For Non-Title XIX/XXI, expenses incurred by the Contractor for covered behavioral health services with dates of service during the state fiscal year.

MEDICAL REVENUE For Non-Title XIX/XXI, an amount equal to 92% of funds paid by AHCCCS in the state fiscal year.

NON-TITLE XIX/XXI FUNDING⁸ Fixed, non-capitated funds, including but not limited to funds from Mental Health Block Grant (MHBG), Substance Use Block Grant (SUBG), County, other funds, and State appropriations (excluding State appropriations for State match to support Title XIX and Title XXI programs), which are used to fund services to Non-Title XIX/XXI Individuals and for medically necessary services not covered by Title XIX or Title XXI programs.

STATE FISCAL YEAR (SFY) The budget year-State fiscal year: July 1 through June 30.

III. POLICY

A. GENERAL

The reconciliation shall be performed as specified below. The amount due from the Contractor as the result of this reconciliation shall be based on aggregated profits in excess of the established limits across the Non-Title XIX/XXI funding sources, as specified below. The reconciliation shall limit the Contractor’s Profit percentage as shown in the AHCCCS Responsibilities section.

B. AHCCCS RESPONSIBILITIES

1. In accordance with ACC-RBHA Non-Title XIX/XXI Contract, AHCCCS shall, on a ~~State Fiscal Year (SFY)~~SFY basis, not allow the Contractor to earn a profit from allocated funds for General Fund Crisis and General Fund Non-Title XIX/XXI Serious Mental Illness (SMI).

AHCCCS shall, on a SFY basis, allow the Contractor to earn a profit from allocated funds for ~~Substance Abuse Block Grant (SABG)~~Substance Use Block Grant (SUBG)⁹, Mental Health Block Grant (MHBG), and County Funds. Various funding sources are combined and reported as “Non-Title XIX/XXI Other.” Some of these ~~Non-Title XIX/XXI Other funding~~¹⁰ sources are eligible for profit, ~~and others~~ sources are not ~~eligible for profit~~. The Contractor shall be notified via an Allocation Letter as to which funding sources shall earn a profit and the profit percentage shall be specified accordingly. Profits earned in the aforementioned funding sources are limited to ~~4% four percent~~¹¹ of Medical Revenue as follows:

⁸ Added definition.

⁹ Substance Use Block Grant (SUBG) revised to align with updated grant name, throughout the policy.

¹⁰ Revised to include Non-title XIX/XXI Other funding.

¹¹ Changed percent to % throughout the policy to align with policy standards.

Profit to be Limited = Medical Revenue - Medical Expense

Profits in excess of the established limit shall be returned to AHCCCS. There is no maximum loss for Non-Title XIX/XXI funding sources. ~~as~~ Losses are not reimbursable.

Profit/Loss ~~%percent~~ = Profit to be Limited divided by Medical Revenue

Profit/Loss shall be assessed as follows:

- a. Profit/Loss associated with the SUBG funding source shall be assessed separately from the MHBG funding source,
- b. Profit/Loss associated with the MHBG funding source shall be assessed separately as:
 - i. MHBG Serious Emotional Disturbance (SED),
 - ii. MHBG SMI, and
 - iii. MHBG Early SMI¹²/First Episode Psychosis (ESMI/FEP) funding sources.
- c. Profit/Loss associated with ~~Other~~ Non-Title XIX/XXI Other and County¹³ shall be assessed:
 - i. Non-Title XIX/XXI Other - ~~if~~ applicable, as identified in the AHCCCS Allocation Schedule and/or allocation letters.
 - 1) In instances where the revenue reported in Non-Title XIX/XXI Other is not subject to any profit, the revenue and expenses paid on a reimbursement basis shall be excluded from the profit limit calculation accordingly.
 - ii. County - ~~if~~ applicable, County funding sources combined.

Attachment A to this Policy provides an example of the Non-Title XIX/XXI profit limit Template.

2. AHCCCS shall calculate profit limits for other federal grant funds, if applicable ~~as and identified~~ identify the profit limit for these funds¹⁴ in the AHCCCS Allocation Schedule and/or allocation letters.
3. AHCCCS shall exclude imposed sanctions and taxes as expenses for the purpose of calculating profit or loss.
4. AHCCCS shall ~~calculate the determination of~~ the accuracy of the Contractor's profit limit calculation¹⁵ based on the information provided by the Contractor in the Contractor Responsibilities Section. Upon completion of the review period, AHCCCS shall ~~calculate the Contractor's profit limit and~~¹⁶ issue a determination letter for review and comment.
5. AHCCCS shall review the Contractor's estimated profit limit payable and reported accruals for Non-Title XIX/XXI funding sources on the financial statements submitted to AHCCCS on a quarterly basis as specified in the AHCCCS Financial Reporting Guide.

¹² Added to align with Substance Abuse and Mental Health Services Administration (SAMHSA) identified population, revised throughout the policy.

¹³ Section revised to clarify what funds are being assessed.

¹⁴ Clarified language.

¹⁵ Revised to clarify what is being done.

¹⁶ Deleted due to duplication above.

6. If the Contractor fails to meet the required encounter percentage of Non-Title XIX/XXI revenue as calculated in the final Encounter Evaluation Report for the applicable period (refer to the AHCCCS Financial Reporting Guide for additional information), AHCCCS shall adjust the profit limit calculation to account for the under-reported expenses.
7. AHCCCS reserves the right to calculate¹⁷~~compute~~ the profit limit prior to the receipt of the final audit using the most current financial reporting and process partial profit limit recoupments. Any amount due to or from the Contractor as a result of ~~computing~~calculating the profit limit after receipt of the final audit shall be paid or recouped through future Non-Title XIX/XXI payments.

C. CONTRACTOR RESPONSIBILITIES

1. The Contractor shall submit financial information as reported for the SFY ended June 30 on the Year-to-Date Non-Title XIX/XXI SFY Income Statement and Schedule A Disclosure by Funding Source or, if there is an audit adjustment, the Contractor's final adjusted year-to-date June Financial Statements for the SFY ended June 30. The submission shall also include the Final Non-Title XIX/XXI profit limit template and be submitted to AHCCCS/Division of Business Finance (DBF)~~DHCM~~, Health Care¹⁸ Finance as specified in Contract. AHCCCS shall request additional revised financial statements, as needed.
2. The Contractor shall not earn a profit from allocated funds for General Fund Crisis and Non-Title XIX/XXI SMI. Unexpended funds in these funding sources shall be returned to AHCCCS upon request. Losses in these funding sources shall not be reimbursed. The Contractor is under no obligation to deliver or pay for services beyond the amount funded by AHCCCS. The Contractor shall manage these allocated funds for services to eligible persons in a manner to enable the Contractor to deliver services throughout the SFY.
3. The Contractor shall expend a minimum of 92% ~~92 percent~~ of Non-Title XIX/XXI funds on Medical Expenses and is limited to 8% ~~eight percent~~ on administrative expenses for General Fund Crisis and Non-Title XIX/XXI SMI. Non-Title XIX/XXI funds not expended on medical and administration, including amounts under the required 92% ~~92 percent~~ for medical and the 8% ~~eight percent~~ limit on administration, shall be returned to AHCCCS. There is no maximum loss for Non-Title XIX/XXI funding sources. The Contractor shall accrue a payable to AHCCCS on a quarterly basis as specified in the AHCCCS Financial Reporting Guide and return unspent medical or administration funds as specified below.
4. The Contractor shall not exceed the 4% ~~four percent~~ profit limit as established by AHCCCS for SUBG~~SABG~~, MHBG SED, MHBG SMI, MHBG ESMI/FEP, County, and Non-Title XIX/XXI Other Funds, when appropriate, and shall return excess profits to AHCCCS as specified below. There is no maximum loss for Non-Title XIX/XXI funding sources. The Contractor shall accrue a payable to AHCCCS on a quarterly basis as specified in the AHCCCS Financial Reporting Guide.

¹⁷ Revised for alignment throughout policy.

¹⁸ Updated to current agency, Health Care Finance used for clarity.

5. The Contractor shall not exceed the profit limit for other federal grant funds, ~~when appropriate,~~ as identified in the AHCCCS Allocation Schedule and/or allocation letters, ~~and shall return excess profits to AHCCCS as specified below.~~¹⁹ The Contractor shall accrue a payable to AHCCCS for profits in excess of the established limit for other federal grant funds.
6. The Contractor shall return excess profits to AHCCCS in the manner specified in the [AHCCCS²⁰](#) final determination letter or as otherwise directed by AHCCCS.

DRAFT

¹⁹ Clarified and removed redundant language that is already included in #6.

²⁰ Revised to clarify who the letter comes from.