



AHCCCS CONTRACTOR OPERATIONS MANUAL -
POLICY 301 CYE 18 - CYE 26 - ATTACHMENT A -
ALTCS E/PPD PROGRAM TIERED RECONCILIATION - EXAMPLE
FOR THE CONTRACT YEAR ENDED 09/30/xx
 AS OF: xx/xx/xx
DRAFT

	DUAL	NON-DUAL	TOTAL
DRAFT			
Capitation			
Prospective Capitation	\$ 302,296,500.00	\$ 162,162,000.00	\$ 464,458,500.00
Prior Period Coverage (PPC) Capitation	\$ 3,053,500.00	\$ 1,638,000.00	\$ 4,691,500.00
Less: Administrative Component	\$ 11,327,500.00	\$ 6,500,000.00	\$ 17,827,500.00
Less: Case Management Component	\$ 14,775,000.00	\$ 3,952,000.00	\$ 18,727,000.00
Less: Pharmacy Benefit Manager Component (CYE 20 Only)	\$ 50,255.00	\$ 30,627.00	\$ 80,882.00
Less: Alternative Payment Model Withhold	\$ 3,022,965.00	\$ 1,621,620.00	\$ 4,644,585.00
Less: Health Insurance Provider Fee (HIPF) Capitation Adjustment (CYE 20 and Prior)	\$ -	\$ -	\$ -
Less: Premium Tax Component	\$ 6,107,000.00	\$ 3,276,000.00	\$ 9,383,000.00
Net Capitation	\$ 270,067,280.00	\$ 148,419,753.00	\$ 418,487,033.00
Expense			
Medical Expense	\$ 251,175,000.00	\$ 140,400,000.00	\$ 391,575,000.00
Medical Expense Completion	\$ -	\$ -	\$ -
Plus: Medical Sub-Capitated/Block Purchase Expense	\$ 5,000,000.00	\$ 6,500,000.00	\$ 11,500,000.00
Less: CN1 Code 05 Encounters	\$ 1,500.00	\$ 2,500.00	\$ 4,000.00
Net Medical Expense	\$ 256,173,500.00	\$ 146,897,500.00	\$ 403,071,000.00
Reinsurance (RI) Payments	\$ 3,940,000.00	\$ 9,100,000.00	\$ 13,040,000.00
Profit/(Loss) to be Reconciled = (Net Cap - Net Exp + RI Pmt)	\$ 17,833,780.00	\$ 10,622,253.00	\$ 28,456,033.00
Profit/(Loss) % of Net Capitation	6.60%	7.16%	6.80%
Member Months	98,500	26,000	124,500

Settlement

Net Capitation (Net of Administrative Component, Case Management Component, PBM Component, Alternative Payment Model Withhold, HIPF Capitation Adjustment, and Premium Tax Component)	\$ 418,487,033.00
Total Profit/(Loss) to be Reconciled	\$ 28,456,033.00
Profit/(Loss) % of Net Capitation	6.80%

Amount Due to (from) Contractor: \$ (11,716,551.68)

Other Adjustments: \$ 1,000,000.00

Premium Tax \$ (218,705.14)
Net Amount Due to (from) Contractor: \$ (10,935,256.82)

Recon Amount Due to/From Calculation	Excess Profit	Recoup. %	Amount Overpaid	Recoupment	Calcs
<=2%		0%	\$ 8,369,741	\$ -	\$ 28,456,033
2% < x <= 6%		50%	\$ 16,739,481	\$ 8,369,741	\$ 20,086,292
x > 6%		100%	\$ 3,346,811	\$ 3,346,811	\$ 3,346,811

Recon Amount Due to/From Calculation	Excess Loss	Recoup. %	Amount Underpaid	Reimburse	Calcs
<=2%		0%	\$ -	\$ -	\$ -
> 2%		100%	\$ -	\$ -	\$ -

Assumptions:

- 1) Total Capitation includes PPC and Prospective Capitation paid for dates of service within the reconciliation time frame.
- 2) Medical Expenses include all PPC and Prospective fully adjudicated and approved encounters for dates of service within the reconciliation time frame.
 All COVID-19 vaccine and vaccine administration amounts for CYE 22, CYE 23, and CYE 24 will be removed since these will be cost settled in accordance with ACOM Policy 302.
- 3) Reinsurance Payments are based on actual reinsurance payments for dates of service within the reconciliation time frame.
- 4) The administrative and Case Management PMPM component will be the amount built into the cap rates.
- 5) Medical Sub-Capitated/Block Purchase expenses are self reported from Quarterly Financial statements or final audits.
- 6) All encounters with CN 1 code of 05 > \$0 have been excluded from this reconciliation.