



AHCCCS CONTRACTOR OPERATIONS MANUAL -
POLICY 301 CYE 27 FWD - ATTACHMENT A -
ALTCS E/PD PROGRAM TIERED RECONCILIATION - EXAMPLE
FOR THE CONTRACT YEAR ENDED 09/30/xx
AS OF: xx/xx/xx
DRAFT

	DUAL	NON-DUAL	TOTAL
Medical Revenue Sources			
Prospective Capitation			\$ -
PPC Capitation			\$ -
Reinsurance			\$ -
Less: Administrative Component			\$ -
Less: Premium Tax Component			\$ -
Medical Revenue			\$ -
	\$ -	\$ -	\$ -
Medical Expense Sources			
Fully Adjudicated and Approved Encounters			\$ -
Encounter Completion			\$ -
Plus: Medical Sub-Capitated/Block Purchase Expense			\$ -
Less: CN1 Code 05 Encounters			\$ -
Medical Expense			\$ -
	\$ -	\$ -	\$ -
Provision for Health Care Quality Improvement (HCQI) Activities	\$ -	\$ -	\$ -
Profit/(Loss) to be Reconciled = (Medical Revenue-Medical Expense-Provision for HCQI Activities)			
	\$ -	\$ -	\$ -
Profit/(Loss) % of Medical Revenue	0.00%	0.00%	0.00%
Member Months			-

SETTLEMENT

Medical Revenue	\$ -
Total Profit/(Loss) to be Reconciled	\$ -
Profit/(Loss) % of Medical Revenue	0.00%
Amount Due to (from) Contractor:	\$ -
Other Adjustments:	
Premium Tax	\$ -
Net Amount Due to (from) Contractor:	\$ -

Recon Amount Due to/From Calculation	Excess Profit	Recoup. %	Profit		Recoupment	Calcs
			By Band			
	<= 2%	0%	\$ -	\$ -	\$ -	-
	2% < x <= 4%	25%	\$ -	\$ -	\$ -	-
	4% < x <= 7%	75%	\$ -	\$ -	\$ -	-
	x > 7%	100%	\$ -	\$ -	\$ -	-
Recon Amount Due to/From Calculation	Excess Loss	Recoup. %	Loss		Reimburse	Calcs
			By Band			
	<= 1%	0%	\$ -	\$ -	\$ -	-
	1% < x <= 2%	25%	\$ -	\$ -	\$ -	-
	2% < x <= 3%	50%	\$ -	\$ -	\$ -	-
	3% < x <= 4%	75%	\$ -	\$ -	\$ -	-
	> 4%	100%	\$ -	\$ -	\$ -	-

- Assumptions:
- 1) Medical Revenue includes Prospective and Prior Period Coverage (PPC) Capitation and Reinsurance Payments for dates of service within the reconciliation time frame.
 - 2) Medical Expenses include all Prospective and PPC fully adjudicated and approved physical and mental health encounters for dates of service within the reconciliation time frame.
 - 3) The Administrative and Case Management Per Member Per Month (PMPM) component will be the amount built into the cap rates multiplied by actual member months.
 - 4) Medical Sub-Capitated/Block Purchase Expenses are self reported medical amounts from Quarterly Financial statements or final audits.
 - 5) All encounters with CN 1 code of 05 with an amount greater than \$0 have been excluded from this reconciliation.



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	DUAL	NON-DUAL	TOTAL
Medical Revenue Sources			
Prospective Capitation	\$ 302,296,500.00	\$ 162,162,000.00	\$ 464,458,500.00
PPC Capitation	\$ 3,053,500.00	\$ 1,638,000.00	\$ 4,691,500.00
Reinsurance	\$ 3,940,000.00	\$ 9,100,000.00	\$ 13,040,000.00
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: Premium Tax Component	\$ 6,107,000.00	\$ 3,276,000.00	\$ 9,383,000.00
Medical Revenue	\$ 277,080,500.00	\$ 159,172,000.00	\$ 436,252,500.00
Medical Expense Sources			
Fully Adjudicated and Approved Encounters	\$ 251,175,000.00	\$ 140,400,000.00	\$ 391,575,000.00
Encounter 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
Provision for Health Care Quality Improvement (HCQI) Activities	\$ 2,561,735.00	\$ 1,468,975.00	\$ 4,030,710.00
Profit/(Loss) to be Reconciled = (Medical Revenue - Medical Expense - Provision for HCQI Activities)	\$ 18,345,265.00	\$ 10,805,525.00	\$ 29,150,790.00
Profit/(Loss) % of Medical Revenue	6.62%	6.79%	6.68%
Member Months	98,500	26,000	124,500

SETTLEMENT

Medical Revenue	\$ 436,252,500.00
Total Profit/(Loss) to be Reconciled	\$ 29,150,790.00
Profit/(Loss) % of Medical Revenue	6.68%

Amount Due to (from) Contractor: \$ (10,956,780.00)

Other Adjustments:

Premium Tax	\$ (223,607.76)
Net Amount Due to (from) Contractor:	<u>\$ (11,180,387.76)</u>

Recon Amount Due to/From Calculation	Excess Profit	Recoup. %	Profit		Calcs
			By Band	Recoupment	
<=2%	0%	\$	8,725,050	\$ -	\$ 29,150,790
2% < x <= 4%	25%	\$	8,725,050	\$ 2,181,263	\$ 20,425,740
4 < x <= 7%	75%	\$	11,700,690	\$ 8,775,518	\$ 11,700,690
x >7%	100%	\$	-	\$ -	\$ -

Recon Amount Due to/From Calculation	Excess Loss	Recoup. %	Loss		Calcs
			By Band	Reimburse	
<=1%	0%	\$	-	\$ -	\$ -
1% < x <= 2%	25%	\$	-	\$ -	\$ -
2% < x <= 3%	50%	\$	-	\$ -	\$ -
3% < x <= 4%	75%	\$	-	\$ -	\$ -
> 4%	100%	\$	-	\$ -	\$ -

- Assumptions:**
- 1) Medical Revenue includes Prospective and Prior Period Coverage (PPC) Capitation and Reinsurance Payments for dates of service within the reconciliation time frame.
 - 2) Medical Expenses include all Prospective and PPC fully adjudicated and approved physical and mental health encounters for dates of service within the reconciliation time frame.
 - 3) The Administrative and Case Management Per Member Per Month (PMPM) component will be the amount built into the cap rates multiplied by actual member months.
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 - 5) All encounters with CN 1 code of 05 with an amount greater than \$0 have been excluded from this reconciliation.



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	DUAL	NON-DUAL	TOTAL
Medical Revenue Sources			
Prospective Capitation	\$ 302,296,500.00	\$ 162,162,000.00	\$ 464,458,500.00
PPC Capitation	\$ 3,053,500.00	\$ 1,638,000.00	\$ 4,691,500.00
Reinsurance	\$ 3,940,000.00	\$ 9,100,000.00	\$ 13,040,000.00
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: Premium Tax Component	\$ 6,107,000.00	\$ 3,276,000.00	\$ 9,383,000.00
Medical Revenue	\$ 277,080,500.00	\$ 159,172,000.00	\$ 436,252,500.00
Medical Expense Sources			
Fully Adjudicated and Approved Encounters	\$ 259,175,000.00	\$ 175,400,000.00	\$ 434,575,000.00
Encounter 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
Medical Expense	\$ 264,173,500.00	\$ 181,897,500.00	\$ 446,071,000.00
Provision for Health Care Quality Improvement (HCQI) Activities	\$ 2,641,735.00	\$ 1,818,975.00	\$ 4,460,710.00

Profit/(Loss) to be Reconciled =(Medical Revenue - Medical Expense - Provision for HCQI Activities)	\$ 10,265,265.00	\$ (24,544,475.00)	\$ (14,279,210.00)
Profit/(Loss) % of Medical Revenue	3.70%	-15.42%	-3.27%
Member Months	98,500	26,000	124,500

SETTLEMENT

Medical Revenue	\$ 436,252,500.00
Total Profit/(Loss) to be Reconciled	\$ (14,279,210.00)
Profit/(Loss) % of Medical Revenue	-3.27%
Amount Due to (from) Contractor:	\$ 4,165,620.00
Other Adjustments:	
Premium Tax	\$ 85,012.65
Net Amount Due to (from) Contractor:	\$ 4,250,632.65

Recon Amount Due to/From Calculation	Excess Profit	Recoup. %	Profit		Recoupment	Calcs			
			By Band						
	<=2%	0%	\$ -	\$ -	\$ -	\$ -			
	2% < x <=4%	25%	\$ -	\$ -	\$ -	\$ -			
	4% < x <= 7%	75%	\$ -	\$ -	\$ -	\$ -			
	x >7%	100%	\$ -	\$ -	\$ -	\$ -			
Recon Amount Due to/From Calculation	Excess Loss	Recoup. %	Loss		Reimburse	Calcs			
			By Band						
			1%	0%			\$ (4,362,525)	\$ -	\$ (14,279,210)
			1% < x <= 2%	25%			\$ (4,362,525)	\$ (1,090,631)	\$ (9,916,685)
			2% < x <= 3%	50%			\$ (4,362,525)	\$ (2,181,263)	\$ (5,554,160)
			3% < x <= 4%	75%			\$ (1,191,635)	\$ (893,726)	\$ (1,191,635)
	> 4%	100%	\$ -	\$ -	\$ -				