



**Contract Year Ending 2022
Capitation Rate Notification – Hospital Enhanced
Access Leading to Health Improvements Initiative
AHCCCS Complete Care Program**

October 1, 2021 through September 30, 2022

**Prepared for:
The Centers for Medicare & Medicaid Services**

**Prepared by:
AHCCCS Division of Business and Finance**

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CYE 22 Capitation Rate Notification – HEALTHII, ACC Program

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CYE 22 Capitation Rate Notification – HEALTHII, ACC Program

Introduction and Limitations

The purpose of this capitation rate notification document is to provide documentation of the data, assumptions, and methodologies used to allocate a delivery system and provider payments initiative (i.e., state directed payment), the Arizona Health Care Cost Containment System (AHCCCS) Hospital Enhanced Access Leading to Health Improvements Initiative (HEALTHII), across the Contract Year Ending 2022 (CYE 22, October 1, 2021 through September 30, 2022) capitation rates for the AHCCCS Complete Care (ACC) Program.

The HEALTHII payments are payments under 42 CFR § 438.6(c)(1)(iii)(B), as codified in the 2016 Medicaid and Children’s Health Insurance Program (CHIP) Managed Care Final Rule. This capitation rate notification document was prepared for Centers for Medicare & Medicaid Services (CMS), or its actuaries, for review of the HEALTHII payments allocation methodology. This capitation rate notification document also provides the CYE 22 ACC Program capitation rates with and without the HEALTHII payments for CMS review. This capitation rate notification document may not be appropriate for any other purpose.

This capitation rate notification document may also be made available publicly on the AHCCCS website or distributed to other parties. If this capitation rate notification document is made available to third parties, then this capitation rate notification document and the original rate certification along with any amendments should be provided in their entirety. Any third party reviewing this capitation rate notification document and capitation rate certifications should be familiar with the AHCCCS Medicaid managed care program, the provisions of 42 CFR Part 438 applicable to this rate certification, the 2021-2022 Medicaid Managed Care Rate Development Guide (2022 Guide), Actuarial Standards of Practice and generally accepted actuarial principles and practices.

CMS has yet to release a rate development guide for capitation rate updates related to payments under 42 CFR § 438.6(c). In lieu of having an official guide to follow, AHCCCS will follow the 2022 Guide for organizing this capitation rate notification document. The 2022 Guide describes the rate development standards and appropriate documentation to be included within Medicaid managed care rate certifications. In particular, Section I.4.D. covers state directed payments and it is this section that will contain the capitation rate notification documentation. Sections of the 2022 Guide that do not apply will be marked as “Not Applicable” and will be included in this rate notification document for completeness.

Section I Medicaid Managed Care Rates

I.1. General Information

Not applicable to the HEALTHII for the CYE 22 ACC Program rate update.

I.2. Data

Not applicable to the HEALTHII for the CYE 22 ACC Program rate update.

I.3. Projected Benefit Costs and Trends

Not applicable to the HEALTHII for the CYE 22 ACC Program rate update.

I.4. Special Contract Provisions Related to Payment

I.4.A. Incentive Arrangements

Not applicable to the HEALTHII for the CYE 22 ACC Program rate update.

I.4.B. Withhold Arrangements

Not applicable to the HEALTHII for the CYE 22 ACC Program rate update.

I.4.C. Risk-Sharing Mechanisms

Not applicable to the HEALTHII for the CYE 22 ACC Program rate update.

I.4.D. State Directed Payments

I.4.D.i. Rate Development Standards

This section of the 2022 Guide provides information on delivery system and provider payment initiatives authorized under 42 CFR § 438.6(c).

I.4.D.ii. Appropriate Documentation

The following sections of the 2022 Guide, Section I.4.D.ii.(a)(i) through Section I.4.D.ii.(a)(iii), were provided in the CYE 22 ACC Program Capitation Rate Certification as signed by Windy Marks and Erica Johnson on August 11, 2021. These sections are being provided again to facilitate CMS' review, updated as necessary to provide additional information. There was one amendment to the CYE 22 rate certification which did not impact HEALTHII. The amendment was signed on January 6, 2023, relating to costs associated with the Targeted Investments Program and the American Rescue Plan Act Home and Community Based Services Behavioral Health Outpatient directed payments.

I.4.D.ii.(a) Description of State Directed Payments

I.4.D.ii.(a)(i) Type and Description of Directed Payment Arrangements

The HEALTHII delivers a uniform percentage increase to hospitals for acute inpatient and ambulatory outpatient contracted Medicaid Managed Care services. The HEALTHII uniform percentage increases are based on a fixed payment pool that is allocated to each hospital class based on the additional funding needed to achieve each class' aggregate targeted pay-to-cost ratio for Medicaid Managed Care services. The increase is intended to supplement, not supplant, payments to eligible providers.

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I.4.D.ii.(a)(ii) Directed Payments Incorporated in Capitation Rates

Not applicable to the HEALTHII for the CYE 22 ACC Program rate update.

I.4.D.ii.(a)(iii) Directed Payments Under Separate Payment Arrangement

The HEALTHII was not included in the ACC certified capitation rates and has been paid out via lump sum payments.

I.4.D.ii.(a)(iii)(A) Aggregate Amount

The original estimates of anticipated payments, including premium tax, for HEALTHII were approximately \$1.22 billion. AHCCCS distributed the total payment via four interim quarterly lump sum payments to the Contractors, and a final redistribution of the payment based on CYE 22 utilization after the completion of the contract year. The total payments paid through the ACC Contractors for the HEALTHII were \$1.23 billion, inclusive of premium tax.

I.4.D.ii.(a)(iii)(B) Actuarial Certification of the Amount of the Separate Payment Term

The actuaries certified to the aggregate directed payment estimates as actuarially sound according to 42 CFR § 438.4 in the original rate certification. The original estimates were based on projections of future events. This notification document incorporates the actual final aggregate payments by rate cell and the actuaries certify the final payment amounts by rate cell as actuarially sound according to 42 CFR § 438.4.

I.4.D.ii.(a)(iii)(C) Estimated Impact by Rate Cell

Appendix 1 shows the total HEALTHII dollars paid, including premium tax, by rate cell. Appendix 2 shows the HEALTHII payments by rate cell as if they had been incorporated into the capitation rates as PMPMs. Totals may not add up due to rounding.

I.4.D.ii.(a)(iii)(D) Preprint Acknowledgement

These payments were made under the HEALTHII 42 CFR § 438.6(c) payment arrangement in a manner consistent with the preprints approved by CMS (inclusive of any/all correspondence between the state and CMS regarding the preprint).

I.4.D.ii.(a)(iii)(E) Future Documentation Requirements

AHCCCS is submitting this notification document to CMS which incorporates the total amount of the HEALTHII payments into the rate certification's rate cells, consistent with the distribution methodology described in the preprint approved by CMS. The capitation rates with and without the HEALTHII payments can be found in Appendix 2.

I.4.E. Pass-Through Payments

Not applicable to the HEALTHII for the CYE 22 ACC Program rate update.

I.5. Projected Non-Benefit Costs

Not applicable to the HEALTHII for the CYE 22 ACC Program rate update.

I.6. Risk Adjustment and Acuity Adjustments

Not applicable to the HEALTHII for the CYE 22 ACC Program rate update.

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Section II Medicaid Managed Care Rates with Long-Term Services and Supports

Not applicable to the HEALTHII for the CYE 22 ACC Program rate update.

Section III New Adult Group Capitation Rates

Not applicable to the HEALTHII for the CYE 22 ACC Program rate update.

Appendix 1: CYE 22 HEALTHII Payments

CYE 22 Capitation Rate Notification – HEALTHII, ACC Program

		CYE 22 HEALTHII Dollars with Premium Tax								
GSA	MCO	Age < 1	AGE 1-20	Age 21+	Duals	SSIWO	Prop 204 Childless Adults	Expansion Adults	Delivery Supplemental Payments	Total
North	Care1st Health Plan Arizona, Inc.	\$4,048,470	\$7,381,713	\$13,887,075	\$1,624,139	\$5,447,732	\$23,193,284	\$5,032,176	\$0	\$60,614,591
North	Health Choice Arizona, Inc.	\$4,976,616	\$9,237,851	\$16,719,458	\$2,403,793	\$7,620,733	\$33,214,672	\$6,693,520	\$0	\$80,866,644
Central	Arizona Complete Health - Complete Care Plan	\$8,053,489	\$12,941,937	\$23,731,738	\$1,676,992	\$10,058,223	\$45,708,502	\$8,122,308	\$0	\$110,293,189
Central	Banner - University Family Care	\$4,658,347	\$7,503,008	\$13,849,355	\$968,492	\$5,517,684	\$30,497,675	\$5,513,517	\$0	\$68,508,079
Central	Molina Healthcare of Arizona, Inc.	\$1,800,165	\$2,733,637	\$5,844,450	\$627,967	\$2,451,564	\$15,446,992	\$2,479,533	\$0	\$31,384,308
Central	Mercy Care	\$22,454,221	\$30,996,212	\$69,745,561	\$6,260,277	\$24,007,882	\$93,421,197	\$19,473,884	\$0	\$266,359,234
Central	Health Choice Arizona, Inc.	\$7,889,078	\$11,168,683	\$18,866,680	\$2,378,231	\$9,014,825	\$27,891,077	\$5,726,530	\$0	\$82,935,103
Central	UnitedHealthcare Community Plan	\$15,249,717	\$22,175,454	\$45,376,897	\$3,567,461	\$20,992,870	\$71,044,095	\$13,859,482	\$0	\$192,265,977
South	Arizona Complete Health - Complete Care Plan	\$6,802,434	\$13,754,302	\$26,799,835	\$3,437,728	\$13,802,907	\$40,664,455	\$9,374,909	\$0	\$114,636,569
South	Banner - University Family Care	\$8,456,416	\$16,690,928	\$32,513,826	\$3,399,929	\$15,958,508	\$50,554,691	\$11,731,541	\$0	\$139,305,839
South	UnitedHealthcare Community Plan (Pima Only)	\$7,736,084	\$9,427,249	\$18,253,556	\$1,979,911	\$10,785,544	\$28,679,566	\$6,666,848	\$0	\$83,528,758
Total		\$92,125,036	\$144,010,974	\$285,588,432	\$28,324,921	\$125,658,473	\$460,316,206	\$94,674,249	\$0	\$1,230,698,292

Appendix 2: CYE 22 Certified and Adjusted Capitation Rates

CYE 22 Capitation Rate Notification – HEALTHII, ACC Program

AGE < 1

		Capitation Rates Effective 10/1/21 - 9/30/22		
GSA	MCO	Cap Rates without HEALTHII	HEALTHII PMPM	Cap Rates with HEALTHII
North	Care1st Health Plan Arizona, Inc.	\$641.41	\$238.49	\$879.90
North	Health Choice Arizona, Inc.	\$682.72	\$206.00	\$888.72
Central	Arizona Complete Health - Complete Care Plan	\$649.50	\$134.05	\$783.55
Central	Banner - University Family Care	\$643.86	\$156.50	\$800.36
Central	Molina Healthcare of Arizona, Inc.	\$708.67	\$93.32	\$801.99
Central	Mercy Care	\$674.46	\$198.34	\$872.81
Central	Health Choice Arizona, Inc.	\$673.70	\$252.95	\$926.66
Central	UnitedHealthcare Community Plan	\$664.31	\$186.16	\$850.47
South	Arizona Complete Health - Complete Care Plan	\$686.32	\$187.98	\$874.30
South	Banner - University Family Care	\$684.42	\$202.93	\$887.35
South	UnitedHealthcare Community Plan (Pima Only)	\$680.50	\$271.18	\$951.67

CYE 22 Capitation Rate Notification – HEALTHII, ACC Program

AGE 1-20

		Capitation Rates Effective 10/1/21 - 9/30/22		
GSA	MCO	Cap Rates without HEALTHII	HEALTHII PMPM	Cap Rates with HEALTHII
North	Care1st Health Plan Arizona, Inc.	\$218.81	\$21.22	\$240.03
North	Health Choice Arizona, Inc.	\$205.96	\$21.92	\$227.88
Central	Arizona Complete Health - Complete Care Plan	\$206.03	\$11.44	\$217.47
Central	Banner - University Family Care	\$211.19	\$17.59	\$228.78
Central	Molina Healthcare of Arizona, Inc.	\$236.00	\$14.79	\$250.79
Central	Mercy Care	\$210.05	\$14.76	\$224.81
Central	Health Choice Arizona, Inc.	\$207.67	\$16.23	\$223.90
Central	UnitedHealthcare Community Plan	\$211.81	\$14.10	\$225.91
South	Arizona Complete Health - Complete Care Plan	\$215.11	\$21.08	\$236.19
South	Banner - University Family Care	\$214.34	\$20.81	\$235.15
South	UnitedHealthcare Community Plan (Pima Only)	\$227.63	\$17.71	\$245.33

CYE 22 Capitation Rate Notification – HEALTHII, ACC Program

AGE 21+

GSA	MCO	Capitation Rates Effective 10/1/21 - 9/30/22		
		Cap Rates without HEALTHII	HEALTHII PMPM	Cap Rates with HEALTHII
North	Care1st Health Plan Arizona, Inc.	\$377.11	\$93.31	\$470.42
North	Health Choice Arizona, Inc.	\$362.88	\$85.59	\$448.47
Central	Arizona Complete Health - Complete Care Plan	\$408.97	\$58.56	\$467.53
Central	Banner - University Family Care	\$408.89	\$73.63	\$482.52
Central	Molina Healthcare of Arizona, Inc.	\$396.72	\$71.23	\$467.94
Central	Mercy Care	\$450.09	\$91.22	\$541.30
Central	Health Choice Arizona, Inc.	\$417.98	\$77.91	\$495.89
Central	UnitedHealthcare Community Plan	\$430.56	\$77.69	\$508.25
South	Arizona Complete Health - Complete Care Plan	\$376.73	\$90.01	\$466.74
South	Banner - University Family Care	\$378.56	\$90.21	\$468.77
South	UnitedHealthcare Community Plan (Pima Only)	\$405.35	\$76.80	\$482.15

CYE 22 Capitation Rate Notification – HEALTHII, ACC Program

Duals

GSA	MCO	Capitation Rates Effective 10/1/21 - 9/30/22		
		Cap Rates without HEALTHII	HEALTHII PMPM	Cap Rates with HEALTHII
North	Care1st Health Plan Arizona, Inc.	\$141.73	\$16.87	\$158.60
North	Health Choice Arizona, Inc.	\$132.81	\$26.11	\$158.92
Central	Arizona Complete Health - Complete Care Plan	\$153.30	\$11.47	\$164.77
Central	Banner - University Family Care	\$149.10	\$16.75	\$165.85
Central	Molina Healthcare of Arizona, Inc.	\$176.43	\$29.51	\$205.94
Central	Mercy Care	\$147.15	\$25.44	\$172.59
Central	Health Choice Arizona, Inc.	\$152.17	\$23.23	\$175.41
Central	UnitedHealthcare Community Plan	\$147.96	\$12.19	\$160.15
South	Arizona Complete Health - Complete Care Plan	\$149.53	\$20.79	\$170.32
South	Banner - University Family Care	\$145.74	\$17.97	\$163.71
South	UnitedHealthcare Community Plan (Pima Only)	\$143.85	\$14.16	\$158.01

CYE 22 Capitation Rate Notification – HEALTHII, ACC Program

SSIWO

GSA	MCO	Capitation Rates Effective 10/1/21 - 9/30/22		
		Cap Rates without HEALTHII	HEALTHII PMPM	Cap Rates with HEALTHII
North	Care1st Health Plan Arizona, Inc.	\$1,200.85	\$163.41	\$1,364.26
North	Health Choice Arizona, Inc.	\$1,184.87	\$197.16	\$1,382.03
Central	Arizona Complete Health - Complete Care Plan	\$1,224.72	\$129.39	\$1,354.11
Central	Banner - University Family Care	\$1,260.17	\$163.25	\$1,423.42
Central	Molina Healthcare of Arizona, Inc.	\$1,350.86	\$154.45	\$1,505.31
Central	Mercy Care	\$1,449.16	\$184.50	\$1,633.66
Central	Health Choice Arizona, Inc.	\$1,280.26	\$188.43	\$1,468.69
Central	UnitedHealthcare Community Plan	\$1,336.38	\$179.51	\$1,515.89
South	Arizona Complete Health - Complete Care Plan	\$1,284.67	\$240.42	\$1,525.09
South	Banner - University Family Care	\$1,286.49	\$218.96	\$1,505.45
South	UnitedHealthcare Community Plan (Pima Only)	\$1,373.10	\$222.67	\$1,595.77

CYE 22 Capitation Rate Notification – HEALTHII, ACC Program

Prop 204 Childless Adults

		Capitation Rates Effective 10/1/21 - 9/30/22		
GSA	MCO	Cap Rates without HEALTHII	HEALTHII PMPM	Cap Rates with HEALTHII
North	Care1st Health Plan Arizona, Inc.	\$631.92	\$110.71	\$742.63
North	Health Choice Arizona, Inc.	\$611.85	\$125.74	\$737.59
Central	Arizona Complete Health - Complete Care Plan	\$699.49	\$87.65	\$787.14
Central	Banner - University Family Care	\$690.71	\$105.73	\$796.45
Central	Molina Healthcare of Arizona, Inc.	\$756.92	\$100.48	\$857.40
Central	Mercy Care	\$772.95	\$117.65	\$890.60
Central	Health Choice Arizona, Inc.	\$701.09	\$104.47	\$805.56
Central	UnitedHealthcare Community Plan	\$711.68	\$100.15	\$811.83
South	Arizona Complete Health - Complete Care Plan	\$615.24	\$113.35	\$728.59
South	Banner - University Family Care	\$622.82	\$120.34	\$743.16
South	UnitedHealthcare Community Plan (Pima Only)	\$632.45	\$92.75	\$725.21

CYE 22 Capitation Rate Notification – HEALTHII, ACC Program

Expansion State Adults

GSA	MCO	Capitation Rates Effective 10/1/21 - 9/30/22		
		Cap Rates without HEALTHII	HEALTHII PMPM	Cap Rates with HEALTHII
North	Care1st Health Plan Arizona, Inc.	\$541.38	\$63.67	\$605.04
North	Health Choice Arizona, Inc.	\$509.30	\$68.48	\$577.78
Central	Arizona Complete Health - Complete Care Plan	\$500.05	\$39.11	\$539.16
Central	Banner - University Family Care	\$501.65	\$53.63	\$555.28
Central	Molina Healthcare of Arizona, Inc.	\$511.66	\$53.10	\$564.76
Central	Mercy Care	\$528.12	\$55.78	\$583.90
Central	Health Choice Arizona, Inc.	\$500.28	\$53.05	\$553.33
Central	UnitedHealthcare Community Plan	\$511.02	\$48.41	\$559.43
South	Arizona Complete Health - Complete Care Plan	\$440.87	\$62.23	\$503.10
South	Banner - University Family Care	\$455.10	\$64.45	\$519.55
South	UnitedHealthcare Community Plan (Pima Only)	\$462.60	\$50.87	\$513.48

CYE 22 Capitation Rate Notification – HEALTHII, ACC Program

Delivery Supplemental Payments

		Capitation Rates Effective 10/1/21 - 9/30/22		
GSA	MCO	Cap Rates without HEALTHII	HEALTHII PMPM	Cap Rates with HEALTHII
North	Care1st Health Plan Arizona, Inc.	\$6,612.14	\$0.00	\$6,612.14
North	Health Choice Arizona, Inc.	\$6,612.14	\$0.00	\$6,612.14
Central	Arizona Complete Health - Complete Care Plan	\$6,442.76	\$0.00	\$6,442.76
Central	Banner - University Family Care	\$6,442.76	\$0.00	\$6,442.76
Central	Molina Healthcare of Arizona, Inc.	\$6,442.76	\$0.00	\$6,442.76
Central	Mercy Care	\$6,442.76	\$0.00	\$6,442.76
Central	Health Choice Arizona, Inc.	\$6,442.76	\$0.00	\$6,442.76
Central	UnitedHealthcare Community Plan	\$6,442.76	\$0.00	\$6,442.76
South	Arizona Complete Health - Complete Care Plan	\$6,730.21	\$0.00	\$6,730.21
South	Banner - University Family Care	\$6,730.21	\$0.00	\$6,730.21
South	UnitedHealthcare Community Plan (Pima Only)	\$6,730.21	\$0.00	\$6,730.21