



**Contract Year Ending 2020
Arizona Long Term Care System/ Elderly and
Physical Disability Capitation Rate Notification –
Home and Community Based Services COVID-19**

October 1, 2019 through September 30, 2020

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

**Prepared by:
AHCCCS Division of Health Care Management**

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CYE 20 ALTCS/EPD Program Capitation Rate Notification Document – HCBS COVID-19

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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) Home and Community Based Services (HCBS) COVID-19 directed payments, across the October 1, 2019 through September 30, 2020 (Contract Year Ending 2020 or CYE 20, or alternatively, Federal Fiscal Year 2020 (FFY 20)) capitation rates for the Arizona Long Term Care System/Elderly and Physical Disability (ALTCS/EPD) Program. The HCBS COVID-19 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 HCBS COVID-19 payments allocation methodology. This capitation rate notification document also provides the CYE 20 ALTCS/EPD Program capitation rates with and without the HCBS COVID-19 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 of 81 FR 27497 applicable to this rate certification, the 2020 Medicaid Managed Care Rate Development Guide (2020 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 § 438.6(c). However, the 2020 Guide, the rate development guide used in the original CYE 20 capitation rate setting, included new sections under Section I.4.D. which AHCCCS addressed in the original certifications and is including again in this capitation rate notification document to address the incorporation of the directed payment into the rate certification’s rate cells consistent with the distribution methodology described in the original capitation rate certification.

In lieu of having an official guide to follow, AHCCCS will follow the 2020 Guide for organizing this capitation rate notification document. Sections of the 2020 Guide that do not apply will be marked as “Not Applicable” and will be included in this rate update document for completeness.

Section I Medicaid Managed Care Rates

I.1. General Information

Not applicable to the HCBS COVID-19 for the CYE 20 ALTCS/EPD Program rate update.

I.2. Data

Not applicable to the HCBS COVID-19 for the CYE 20 ALTCS/EPD Program rate update.

I.3. Projected Benefit Costs and Trends

Not applicable to the HCBS COVID-19 for the CYE 20 ALTCS/EPD Program rate update.

I.4. Special Contract Provisions Related to Payment

I.4.A. Incentive Arrangements

Not applicable to the HCBS COVID-19 for the CYE 20 ALTCS/EPD Program rate update.

I.4.B. Withhold Arrangements

Not applicable to the HCBS COVID-19 for the CYE 20 ALTCS/EPD Program rate update.

I.4.C. Risk-Sharing Mechanisms

Not applicable to the HCBS COVID-19 for the CYE 20 ALTCS/EPD Program rate update.

I.4.D. Delivery System and Provider Payment Initiatives

I.4.D.i. Rate Development Standards

This section of the 2020 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 2020 Guide, Section I.4.D.ii.(a)(i) through Section I.4.D.ii.(a)(iii), were provided in the CYE 20 ALTCS/EPD Program Capitation Rate Certification as signed by Wenzhang Du on January 20, 2021, per a revision of COVID-19 directed payments from the originally signed rate certification signed by Matthew C. Varitek on August 15, 2019. These sections are being provided again to facilitate CMS' review, updated as necessary to provide relevant information.

I.4.D.ii.(a) Description of Delivery System and Provider Payment Initiatives

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

The HCBS COVID-19 initiative delivers a uniform dollar increase to registered network providers who provide attendant care, personal care, and respite services. The funding is intended to provide enhanced support to HCBS providers in order to preserve access to these providers who deliver essential services to Medicaid recipients in Arizona and address impacts related to the COVID-19 emergency. The uniform dollar increase amounts have been multiplied by October 1, 2019 through December 31, 2019 utilization

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data as reported in AHCCCS encounter data. The increase is intended to supplement, not supplant, payments to eligible providers.

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

Not applicable to the HCBS COVID-19 for the CYE 20 ALTCS/EPD Program rate update.

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

The HCBS COVID-19 were not included in the ALTCS/EPD certified capitation rates and will be 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 HCBS COVID-19 were approximately \$18.5 million. AHCCCS implemented an \$1.15 per unit increase for Attendant Care, Personal Care, and Respite services, as well as a \$55.04 per diem increase for Personal Care and Respite services for HCBS providers. For this payment, AHCCCS multiplied the uniform dollar increase amount by the utilization data for each qualified provider for the period October 1, 2019 through December 31, 2019 as reported in AHCCCS encounter data. The total payments paid through the ALTCS/EPD Contractors for the HCBS COVID-19 were \$18.5 million, inclusive of premium tax.

I.4.D.ii.(a)(iii)(B) Providers Receiving Payment

The qualifying providers receiving the payments include registered network providers who provide attendant care, personal care, and respite services.

I.4.D.ii.(a)(iii)(C) Distribution Methodology

The distribution methodology for CYE 20 HCBS COVID-19 is unchanged from the capitation rate certification signed January 20, 2021. The distribution methodology for the CYE 20 HCBS COVID-19 program is based on the utilization of services by members with qualifying providers under the HCBS COVID-19 program. Adjudicated and approved encounter data for dates of service October 1, 2019 through December 31, 2019 have been used to calculate and allocate the CYE 20 HCBS COVID-19 payments by capitation rate cell.

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

Appendix 1 shows the total dollars paid including premium tax by rate cell. Appendix 2 shows the payments by rate cell incorporated into the capitation rates as PMPMs.

I.4.D.ii.(a)(iii)(E) Pre-Print Acknowledgement

AHCCCS submitted an HCBS COVID-19 § 438.6(c) pre-print to CMS and received approval. The payment arrangement is accounted for in a manner consistent with the pre-print.

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

AHCCCS is submitting this notification documentation to CMS which incorporates the total amount of the HCBS COVID-19 payments into the rate certification's rate cells, consistent with the distribution methodology described in Section I.4.D.ii.(a)(iii)(C). The capitation rates with and without the HCBS COVID-19 can be found in Appendix 2.

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I.4.E. Pass-Through Payments

Not applicable to the HCBS COVID-19 for the CYE 20 ALTCS/EPD Program rate update.

I.5. Projected Non-Benefit Costs

Not applicable to the HCBS COVID-19 for the CYE 20 ALTCS/EPD Program rate update.

I.6. Risk Adjustment and Acuity Adjustments

Not applicable to the HCBS COVID-19 for the CYE 20 ALTCS/EPD Program rate update.

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

Not applicable to the HCBS COVID-19 for the CYE 20 ALTCS/EPD Program rate update.

Section III New Adult Group Capitation Rates

Not applicable to the HCBS COVID-19 for the CYE 20 ALTCS/EPD Program rate update.

Appendix 1: CYE 20 HCBS COVID-19 Payments

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COVID-19**

Rate Cell	Contractor	GSA	CYE 20 HCBS COVID-19 Dollars
Dual	UHC-LTC	North	\$1,020,187
Dual	Banner-UFC	South	\$2,476,555
Dual	Mercy Care	South	\$1,365,505
Dual	UHC-LTC	Central	\$3,098,177
Dual	Banner-UFC	Central	\$1,023,180
Dual	Mercy Care	Central	\$5,970,268
Non-Dual	UHC-LTC	North	\$194,758
Non-Dual	Banner-UFC	South	\$395,026
Non-Dual	Mercy Care	South	\$302,072
Non-Dual	UHC-LTC	Central	\$599,237
Non-Dual	Banner-UFC	Central	\$209,738
Non-Dual	Mercy Care	Central	\$1,820,082
Total			\$18,474,784

Appendix 2: CYE 20 Certified and Adjusted Capitation Rates

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Rate Cell	Contractor	GSA	Capitation Rates Effective 10/1/19 - 10/31/19			Capitation Rates Effective 11/1/19 - 12/31/19			Capitation Rates Effective 1/1/20 - 9/30/20		
			Cap Rates without HCBS COVID-19	HCBS COVID-19 PMPM	Cap Rates with HCBS COVID-19	Cap Rates without HCBS COVID-19	HCBS COVID-19 PMPM	Cap Rates with HCBS COVID-19	Cap Rates without HCBS COVID-19	HCBS COVID-19 PMPM	Cap Rates with HCBS COVID-19
Dual	UHC-LTC	North	\$3,124.24	\$32.61	\$3,156.85	\$3,072.42	\$32.61	\$3,105.03	\$3,125.28	\$32.61	\$3,157.89
Dual	Banner-UFC	South	\$3,622.56	\$55.27	\$3,677.82	\$3,622.56	\$55.27	\$3,677.82	\$3,685.05	\$55.27	\$3,740.32
Dual	Mercy Care	South	\$3,378.06	\$48.63	\$3,426.70	\$3,378.06	\$48.63	\$3,426.70	\$3,438.80	\$48.63	\$3,487.43
Dual	UHC-LTC	Central	\$3,036.05	\$42.47	\$3,078.52	\$2,966.04	\$42.47	\$3,008.51	\$3,020.21	\$42.47	\$3,062.69
Dual	Banner-UFC	Central	\$3,823.61	\$38.05	\$3,861.66	\$3,823.61	\$38.05	\$3,861.66	\$3,889.23	\$38.05	\$3,927.28
Dual	Mercy Care	Central	\$3,745.32	\$57.54	\$3,802.86	\$3,745.32	\$57.54	\$3,802.86	\$3,812.57	\$57.54	\$3,870.11
Non-Dual	UHC-LTC	North	\$7,238.08	\$45.80	\$7,283.87	\$6,466.27	\$45.80	\$6,512.07	\$6,525.80	\$45.80	\$6,571.60
Non-Dual	Banner-UFC	South	\$6,452.05	\$57.19	\$6,509.25	\$6,452.05	\$57.19	\$6,509.25	\$6,514.73	\$57.19	\$6,571.92
Non-Dual	Mercy Care	South	\$7,141.60	\$60.09	\$7,201.69	\$7,141.60	\$60.09	\$7,201.69	\$7,211.35	\$60.09	\$7,271.44
Non-Dual	UHC-LTC	Central	\$7,877.52	\$51.83	\$7,929.35	\$7,046.94	\$51.83	\$7,098.76	\$7,112.83	\$51.83	\$7,164.66
Non-Dual	Banner-UFC	Central	\$7,792.47	\$43.15	\$7,835.62	\$7,792.47	\$43.15	\$7,835.62	\$7,875.23	\$43.15	\$7,918.38
Non-Dual	Mercy Care	Central	\$7,775.25	\$67.98	\$7,843.23	\$7,775.25	\$67.98	\$7,843.23	\$7,855.05	\$67.98	\$7,923.03

Notes:

- 1) October 1, 2019 – October 31, 2019 capitation rates are inclusive of the Health Insurer Provider Fee as signed by Wenzhang Du on October 19, 2020
- 2) November 1, 2019 – December 31, 2019 and January 1, 2020 - September 30, 2020 capitation rates are as signed by Matthew C. Varitek on August 15, 2019 and also as signed by Wenzhang Du in revised certification on January 20, 2021