



**Contract Year Ending 2021  
Comprehensive Medical and Dental Program  
Capitation Rate Notification - Access to  
Professional Services Initiative**

**October 1, 2020 through September 30, 2021**

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

**Prepared by:  
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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) Access to Professional Services Initiative (APSI) Program, across the October 1, 2020 through September 30, 2021 (Contract Year Ending 2021 or CYE 21, or alternatively, Federal Fiscal Year 2021 (FFY 21)) capitation rates for the Comprehensive Medical and Dental (CMDP) Program. The APSI 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 APSI payments allocation methodology. This capitation rate notification document also provides the CYE 21 CMDP Program capitation rates with and without the APSI 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 2020-2021 Medicaid Managed Care Rate Development Guide (2021 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 2021 Guide for organizing this capitation rate notification document. The 2021 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 2021 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 APSI for the CYE 21 CMDP Program rate update.

### I.2. Data

Not applicable to the APSI for the CYE 21 CMDP Program rate update.

### I.3. Projected Benefit Costs and Trends

Not applicable to the APSI for the CYE 21 CMDP Program rate update.

### I.4. Special Contract Provisions Related to Payment

#### I.4.A. Incentive Arrangements

Not applicable to the APSI for the CYE 21 CMDP Program rate update.

#### I.4.B. Withhold Arrangements

Not applicable to the APSI for the CYE 21 CMDP Program rate update.

#### I.4.C. Risk-Sharing Mechanisms

Not applicable to the APSI for the CYE 21 CMDP Program rate update.

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

##### I.4.D.i. Rate Development Standards

This section of the 2021 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 2021 Guide, Section I.4.D.ii.(a)(i) through Section I.4.D.ii.(a)(iii), were provided in the CYE 21 CMDP Program Capitation Rate Certification as signed by Bradley D. Armstrong on November 13, 2020. These sections are being provided again to facilitate CMS' review, updated as necessary to provide additional information. There were two amendments to the CYE 21 rate certifications which did not impact APSI. The amendments were signed on December 10, 2021 (costs associated with the flu vaccine gift cards to be claimed at 50 percent administrative match) and March 21, 2022 (new directed payment added for American Rescue Plan Act Home and Community Based Services). The certified capitation rates shown in Appendix 2 exclude the flu vaccine gift card PMPMs subject to administrative FMAP, consistent with the amendment signed December 10, 2021.

##### 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 APSI seeks to provide enhanced support to certain professionals in order to (1) preserve and enhance access to these professionals who deliver essential services to Medicaid recipients in Arizona and (2) support professionals who are critical to professional training and education efforts. The APSI is

## CYE 21 CMDP Program Capitation Rate Notification - APSI

a program to preserve and promote access to medical services through a uniform percentage increase to the Contractors' rates for professional services provided by qualified physicians and non-physician professionals affiliated with designated hospitals who meet the following definition:

- A hospital facility with an ACGME-accredited teaching program and which is operated pursuant to the authority in Arizona Statute Title 48, Chapter 31; or,
- A hospital facility with:
  - An ACGME-accredited teaching program with a state university, and
  - AHCCCS inpatient discharge utilization volume greater than or equal to 30 percent as calculated by the Arizona Department of Health Services for calendar year 2014; or,
- A freestanding children's hospital or a pediatric unit of a general acute care hospital with greater than one hundred (100) licensed pediatric beds, excluding nursery beds.

The APSI provides a uniform percentage increase of 62% to otherwise contracted rates for qualified practitioners for all claims for which AHCCCS is the primary payer. The rate 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 APSI for the CYE 21 CMDP Program rate update.

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

The APSI were not included in the CMDP certified capitation rates and have 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 APSI were approximately \$2.0 million. AHCCCS distributed the total payment via four quarterly lump sum payments equal to 80% of the estimated amount to the Contractors, and a final lump sum payment after the completion of the contract year which equaled the difference between the quarterly payments and the actual annual rate increase calculated based on encounter data for the contract year. The total payments paid through the CMDP Contractors for the APSI were \$1.9 million, 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) Providers Receiving Payment**

The qualifying providers receiving the uniform percentage increase include the following practitioners: physicians, including doctors of medicine and doctors of osteopathic medicine; certified registered nurse anesthetists; certified registered nurse practitioners; physician assistants; certified nurse midwives;

## CYE 21 CMDP Program Capitation Rate Notification - APSI

clinical social workers; clinical psychologists; dentists; optometrists; and other providers that bill under Form Type A (Form 1500) and D (Dental).

### **I.4.D.ii.(a)(iii)(D) Distribution Methodology**

The distribution methodology for APSI is unchanged from the original capitation rate certification. The distribution is based on members' utilization of services from APSI qualified providers. The 62 percent uniform percentage increase is applied to eligible services performed by APSI qualified providers. Eligible services are those submitted on Form CMS-1500s and dental encounters, excluding any subcapitated/block purchase arrangements (identified by CN1 Code 05 on the encounter), and excluding services where AHCCCS is not the primary payer. The final amount for the CYE 21 APSI was developed by applying the 62 percent uniform increase to the CYE 21 utilization of eligible services based on adjudicated and approved CYE 21 encounters for APSI qualified providers. The APSI qualified providers were identified by Billing Provider Tax IDs in AHCCCS encounter system. The encounter data used to distribute the final payment amounts included relevant rate cell and program information to determine utilization, and thus distribution into the individual rate cells.

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

These payments are being made under the approved APSI 42 CFR § 438.6(c) payment arrangement in a manner consistent with the pre-prints approved by CMS (inclusive of any/all correspondence between the state and CMS regarding the pre-print).

### **I.4.D.ii.(a)(iii)(G) Future Documentation Requirements**

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

### **I.4.E. Pass-Through Payments**

Not applicable to the APSI for the CYE 21 CMDP Program rate update.

### **I.5. Projected Non-Benefit Costs**

Not applicable to the APSI for the CYE 21 CMDP Program rate update.

### **I.6. Risk Adjustment and Acuity Adjustments**

Not applicable to the APSI for the CYE 21 CMDP Program rate update.

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

Not applicable to the APSI for the CYE 21 CMDP Program rate update.

**Section III New Adult Group Capitation Rates**

Not applicable to the APSI for the CYE 21 CMDP Program rate update.

Appendix 1: CYE 21 APSI Payments

Rate Cell	CYE 21 APSI Dollars with Premium Tax
CMDP	\$ 1,863,192



## CYE 21 CMDP Program Capitation Rate Notification - APSI

### Appendix 2: CYE 21 Certified and Adjusted Capitation Rates

Rate Cell	Capitation Rates Effective 10/1/20 - 3/31/21			Capitation Rates Effective 4/1/21 - 9/30/21		
	Cap Rates without APSI	APSI PMPM	Cap Rates with APSI	Cap Rates without APSI	APSI PMPM	Cap Rates with APSI
CMDP	\$ 341.68	\$ 11.52	\$ 353.20	\$ 1,359.97	\$ 11.52	\$ 1,371.49