



**Contract Year Ending 2021
Regional Behavioral Health Authority Program
Capitation Rate Notification - Targeted
Investments Program**

October 1, 2020 through September 30, 2021

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

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

December 13, 2022

**CYE 21 Regional Behavioral Health Authority Program
Capitation Rate Notification - TI**

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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) Targeted Investments (TI) 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 Regional Behavioral Health Authority (RBHA) Program. The TI Program 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 TI Program payments allocation methodology. This capitation rate notification document also provides the CYE 21 RBHA Program capitation rates with and without the TI Program 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.

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Section I Medicaid Managed Care Rates

I.1. General Information

Not applicable to the TI Program for the CYE 21 RBHA Program rate update.

I.2. Data

Not applicable to the TI Program for the CYE 21 RBHA Program rate update.

I.3. Projected Benefit Costs and Trends

Not applicable to the TI Program for the CYE 21 RBHA Program rate update.

I.4. Special Contract Provisions Related to Payment

I.4.A. Incentive Arrangements

Not applicable to the TI Program for the CYE 21 RBHA Program rate update.

I.4.B. Withhold Arrangements

Not applicable to the TI Program for the CYE 21 RBHA Program rate update.

I.4.C. Risk-Sharing Mechanisms

Not applicable to the TI Program for the CYE 21 RBHA 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 RBHA Program Capitation Rate Certification as signed by Erica Johnson and Windy Marks 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 the TI Program. 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 14, 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 TI Program is designed to provide a uniform dollar increase to eligible AHCCCS providers to develop systems for integrated care and support ongoing efforts to improve care coordination, increase

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efficiencies in service delivery, and reduce fragmentation between behavioral health and physical health care.

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

Not applicable to the TI Program for the CYE 21 RBHA Program rate update.

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

The TI Program payments were not included in the RBHA 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 TI were approximately \$14.98 million. After completion of the contract year, the total payments paid through the RBHA Contractors for the TI Program totaled \$12.88 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 providers receiving the payments include primary care physicians, Integrated Clinic providers, Behavioral Health Outpatient Clinics and hospitals which qualify for the TI Program and who demonstrate performance improvement by meeting certain benchmarks for integrating and coordinating physical and behavioral health care.

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

The distribution methodology for the TI Program is unchanged from the original capitation rate certification. The distribution methodology for the TI Program for CYE 21 is based on the utilization of services by members with providers participating in the TI Program. Adjudicated and approved CYE 21 encounter data are used to allocate the TI payments by capitation rate cell. The encounter data includes billing provider tax ID numbers (TINs) that were eligible and received payments for the TI Program, relevant claim health plan information, relevant rate cell information, and health plan paid (HPP) information. The encounter HPP data for these TINs and claim health plans could exceed the amount that each TIN would receive in TI payments. The encounter data is therefore only used for distribution purposes to calculate the distribution percentage at the capitation rate cell level per TIN and claim health plan. This distribution percentage is then applied to the actual TI amounts by TIN and claim health plan to derive the amount per capitation rate cell level. Member month data is also utilized to develop the PMPMs for TI payments associated with each rate cell.

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

Appendix 1 shows the total dollars paid, including premium tax, by TI Program category and rate cell. Appendix 2 shows the total TI Program payments by rate cell incorporated into the capitation rates as PMPMs. Appendix 3 shows the TI Program PMPMs, including premium tax, by TI Program category and rate cell.

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

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

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 TI Program 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 TI Program payments can be found in Appendix 2.

I.4.E. Pass-Through Payments

Not applicable to the TI Program for the CYE 21 RBHA Program rate update.

I.5. Projected Non-Benefit Costs

Not applicable to the TI Program for the CYE 21 RBHA Program rate update.

I.6. Risk Adjustment and Acuity Adjustments

Not applicable to the TI Program for the CYE 21 RBHA Program rate update.

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

Not applicable to the TI Program for the CYE 21 RBHA Program rate update.

Section III New Adult Group Capitation Rates

Not applicable to the TI Program for the CYE 21 RBHA Program rate update.

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Appendix 1: CYE 21 TI Program Payments

		CYE 21 TI Dollars				
GSA	Rate Cell	TI PCP Dollars	TI Hospital Dollars	TI BH Dollars	TI Justice Dollars	Total TI Dollars
Central	SMI	\$600,285	\$348,155	\$6,991,931	\$397,689	\$8,338,060
Central	CMDP Child	\$1,776	\$1,092	\$852,568	\$7,102	\$862,538
Central	Crisis Adult	\$0	\$0	\$0	\$0	\$0
Central	Crisis Child	\$0	\$0	\$0	\$0	\$0
Central	Total	\$602,062	\$349,247	\$7,844,498	\$404,791	\$9,200,598
North	SMI	\$213,535	\$55,092	\$889,636	\$180,038	\$1,338,301
North	CMDP Child	\$7,391	\$2,472	\$91,156	\$5,433	\$106,452
North	Crisis Adult	\$0	\$0	\$0	\$0	\$0
North	Crisis Child	\$0	\$0	\$0	\$0	\$0
North	Total	\$220,926	\$57,564	\$980,792	\$185,471	\$1,444,753
South	SMI	\$234,299	\$92,267	\$1,448,385	\$195,373	\$1,970,324
South	CMDP Child	\$3,984	\$201	\$245,286	\$14,842	\$264,314
South	Crisis Adult	\$0	\$0	\$0	\$0	\$0
South	Crisis Child	\$0	\$0	\$0	\$0	\$0
South	Total	\$238,283	\$92,468	\$1,693,671	\$210,216	\$2,234,637
Statewide	SMI	\$1,048,119	\$495,514	\$9,329,952	\$773,100	\$11,646,685
Statewide	CMDP Child	\$13,151	\$3,765	\$1,189,010	\$27,377	\$1,233,304
Statewide	Crisis Adult	\$0	\$0	\$0	\$0	\$0
Statewide	Crisis Child	\$0	\$0	\$0	\$0	\$0
Statewide	Total	\$1,061,271	\$499,279	\$10,518,962	\$800,477	\$12,879,988

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Appendix 2: CYE 21 Certified and Adjusted Capitation Rates

GSA	Rate Cell	Capitation Rates Effective 10/1/20 - 9/30/21		
		Cap Rates without TI	TI PMPM	Cap Rates with TI
Central	SMI	\$2,592.18	\$27.40	\$2,619.58
Central	CMDP Child	\$881.38	\$8.54	\$889.91
Central	Crisis Adult	\$13.60	\$0.00	\$13.60
Central	Crisis Child	\$0.83	\$0.00	\$0.83
North	SMI	\$1,606.12	\$16.91	\$1,623.03
North	CMDP Child	\$1,284.11	\$6.31	\$1,290.42
North	Crisis Adult	\$5.68	\$0.00	\$5.68
North	Crisis Child	\$0.71	\$0.00	\$0.71
South	SMI	\$1,640.92	\$10.75	\$1,651.67
South	CMDP Child	\$1,223.88	\$6.03	\$1,229.91
South	Crisis Adult	\$11.59	\$0.00	\$11.59
South	Crisis Child	\$4.18	\$0.00	\$4.18

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Appendix 3: CYE 21 TI Program PMPM by TI Program Category

GSA	Rate Cell	CYE 21 TI PMPM				
		TI PCP PMPM	TI Hospital PMPM	TI BH PMPM	TI Justice PMPM	Total TI PMPM
Central	SMI	\$1.97	\$1.14	\$22.97	\$1.31	\$27.40
Central	CMDP Child	\$0.02	\$0.01	\$8.44	\$0.07	\$8.54
Central	Crisis Adult	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Central	Crisis Child	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
North	SMI	\$2.70	\$0.70	\$11.24	\$2.27	\$16.91
North	CMDP Child	\$0.44	\$0.15	\$5.40	\$0.32	\$6.31
North	Crisis Adult	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
North	Crisis Child	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
South	SMI	\$1.28	\$0.50	\$7.90	\$1.07	\$10.75
South	CMDP Child	\$0.09	\$0.00	\$5.60	\$0.34	\$6.03
South	Crisis Adult	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
South	Crisis Child	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00