

Draft ACOM Policy 311, Attachment A: Prior Period Coverage Reconciliation – Example

**HEALTH PLAN
ACUTE PROGRAM TIERED PROSPECTIVE RECONCILIATION - EXAMPLE
FOR THE CONTRACT YEAR ENDED 9/30/XX
As Of: xx/xx/xx**

Prospective	SOBRA										
	TANF <1	TANF 1-13	TANF 14-44F	TANF 14-44M	TANF 45+	SSI/W	SSI W/O	PREGNANT WOMEN	AHCCCS Care	SOBRA FPEP	TOTAL
Prospective Capitation	\$ 58,400,000.00	\$ 128,300,000.00	\$ 132,700,000.00	\$ 41,500,000.00	\$ 40,000,000.00	\$ 29,200,000.00	\$ 112,300,000.00	\$ 8,000,000.00	\$ 118,000,000.00	\$ 100,000.00	\$ 668,500,000.00
Delivery Supplemental Payments	\$ -	\$ -	\$ 18,400,000.00	\$ -	\$ -	\$ 100,000.00	\$ 700,000.00	\$ 26,000,000.00	\$ 50,000,000.00	\$ -	\$ 95,200,000.00
Prospective Net Capitation	\$ 58,400,000.00	\$ 128,300,000.00	\$ 151,100,000.00	\$ 41,500,000.00	\$ 40,000,000.00	\$ 29,300,000.00	\$ 113,000,000.00	\$ 34,000,000.00	\$ 168,000,000.00	\$ 100,000.00	\$ 763,700,000.00
Administrative Component	\$ 4,400,000.00	\$ 9,500,000.00	\$ 11,342,560.00	\$ 3,100,000.00	\$ 3,100,000.00	\$ 2,107,840.00	\$ 8,254,880.00	\$ 2,638,400.00	\$ 4,520,000.00	\$ 7,260.00	\$ 48,970,940.00
Premium Tax	\$ 1,168,000.00	\$ 2,566,000.00	\$ 3,022,000.00	\$ 830,000.00	\$ 800,000.00	\$ 586,000.00	\$ 2,260,000.00	\$ 680,000.00	\$ 3,360,000.00	\$ 2,000.00	\$ 15,274,000.00
Prospective Net Capitation (Net of Admin and Premium Tax)	\$ 52,832,000.00	\$ 116,234,000.00	\$ 136,735,440.00	\$ 37,570,000.00	\$ 36,100,000.00	\$ 26,606,160.00	\$ 102,485,120.00	\$ 30,681,600.00	\$ 160,120,000.00	\$ 90,740.00	\$ 699,455,060.00
Prospective Expenses	\$ 58,615,000.00	\$ 109,630,000.00	\$ 126,540,000.00	\$ 39,805,000.00	\$ 33,630,000.00	\$ 25,935,000.00	\$ 113,240,000.00	\$ 28,975,000.00	\$ 158,975,000.00	\$ 100,000.00	\$ 695,445,000.00
Subcapitated Expenses	\$ 1,000,000.00	\$ 500,000.00	\$ 500,000.00	\$ 700,000.00	\$ 100,000.00	\$ 600,000.00	\$ 900,000.00	\$ 400,000.00	\$ 1,500,000.00	\$ -	\$ 6,200,000.00
Exclusion of Subcap Code 01 Encounters	\$ -	\$ -	\$ -	\$ 1,500.00	\$ 25,000.00	\$ -	\$ -	\$ -	\$ 25,000.00	\$ -	\$ 51,500.00
Reinsurance Payments	\$ 9,200,000.00	\$ 4,600,000.00	\$ 3,300,000.00	\$ 4,900,000.00	\$ 1,300,000.00	\$ 300,000.00	\$ 21,900,000.00	\$ -	\$ 5,000,000.00	\$ -	\$ 50,500,000.00
Total Profit/(Loss) to be Reconciled	\$ 2,417,000.00	\$ 10,704,000.00	\$ 12,995,440.00	\$ 1,966,500.00	\$ 3,695,000.00	\$ 371,160.00	\$ 10,245,120.00	\$ 1,306,600.00	\$ 4,670,000.00	\$ (9,260.00)	\$ 48,361,560.00
Profit/(Loss) % of Prospective Net Capitation	4.57%	9.21%	9.50%	5.23%	10.24%	1.40%	10.00%	4.26%	2.92%	-10.20%	6.91%

Settlement

Prospective Net Capitation (Net of Admin and Premium Tax)	\$ 699,455,060.00
Total Profit/(Loss) to be Reconciled	\$ 48,361,560.00
Profit/(Loss) % of Prospective Net Capitation	6.91%

Amount Due to (from) Contractor:	\$ (16,886,082.30)
Premium Tax	\$ (344,613.92)
Less amounts previously paid with initial/interim reconciliations	
Net Amount Due to (from) Contractor:	\$ (17,230,696.22)

Recon Amount Due to/From Calculation	Excess Profit	Recoup. %	Amount		Calcs
			Overpaid	Recoupment	
<=3%	0%	\$	20,983,652	\$ -	\$ 48,361,560
3% < x <= 6%	50%	\$	20,983,652	\$ 10,491,826	\$ 27,377,908
x > 6%	100%	\$	6,394,256	\$ 6,394,256	\$ 6,394,256

Recon Amount Due to/From Calculation	Excess Loss	Recoup. %	Amount		Calcs
			Underpaid	Reimburse	
<=3%	0%	\$	-	\$ -	\$ -
> 3%	100%	\$	-	\$ -	\$ -

Assumptions:

- 1) Total Prospective Capitation includes Prospective Capitation and Delivery Supplemental Payments for dates of service within the reconciliation time frame.
- 2) Prospective Expenses include adjudicated encounters for dates of service within the reconciliation time frame.
- 3) Reinsurance Payments are based on actual reinsurance payments for dates of service within the reconciliation time frame.
- 4) Administrative Component is at awarded admin rate for all risk groups except those where rate is set by AHCCCS. The administrative component for rates set by AHCCCS will be at the amount built into the cap rates. SOBRA Pregnant Women assume the administrative component at TANF 14-44 F rate.
- 5) Subcapitated expenses are self reported from Quarterly Financial statements.
- 6) All encounters with a subcap code of 01 and a CN1 code of 05 have been excluded from this reconciliation, since these should be included in the self reported subcapitated expenses in #5 above.

Attachment A

**HEALTH PLAN
ACUTE PROGRAM TIERED PROSPECTIVE RECONCILIATION
FOR THE CONTRACT YEAR ENDED 9/30/XX
As Of: xx/xx/xx**

Prospective	SOBRA										
	TANF <1	TANF 1-13	TANF 14-44F	TANF 14-44M	TANF 45+	SSI/W	SSI W/O	PREGNANT WOMEN	AHCCCS Care	SOBRA FPEP	TOTAL
Prospective Capitation	\$ 58,400,000.00	\$ 128,300,000.00	\$ 132,700,000.00	\$ 41,500,000.00	\$ 40,000,000.00	\$ 29,200,000.00	\$ 112,300,000.00	\$ 8,000,000.00	\$ 118,000,000.00	\$ 100,000.00	\$ 688,500,000.00
Delivery Supplemental Payments	\$ -	\$ -	\$ 18,400,000.00	\$ -	\$ -	\$ 100,000.00	\$ 700,000.00	\$ 26,000,000.00	\$ 50,000,000.00	\$ -	\$ 95,200,000.00
Prospective Net Capitation	\$ 58,400,000.00	\$ 128,300,000.00	\$ 151,100,000.00	\$ 41,500,000.00	\$ 40,000,000.00	\$ 29,300,000.00	\$ 113,000,000.00	\$ 34,000,000.00	\$ 168,000,000.00	\$ 100,000.00	\$ 763,700,000.00
Administrative Component	\$ 4,400,000.00	\$ 9,500,000.00	\$ 11,342,560.00	\$ 3,100,000.00	\$ 3,100,000.00	\$ 2,107,840.00	\$ 8,254,880.00	\$ 2,638,400.00	\$ 4,520,000.00	\$ 7,260.00	\$ 48,970,940.00
Premium Tax	\$ 1,168,000.00	\$ 2,566,000.00	\$ 3,022,000.00	\$ 830,000.00	\$ 800,000.00	\$ 586,000.00	\$ 2,260,000.00	\$ 680,000.00	\$ 3,360,000.00	\$ 2,000.00	\$ 15,274,000.00
Prospective Net Capitation (Net of Admin and Premium Tax)	\$ 52,832,000.00	\$ 116,234,000.00	\$ 136,735,440.00	\$ 37,570,000.00	\$ 36,100,000.00	\$ 26,606,160.00	\$ 102,485,120.00	\$ 30,681,600.00	\$ 160,120,000.00	\$ 90,740.00	\$ 699,455,060.00
Prospective Expenses	\$ 67,870,000.00	\$ 126,940,000.00	\$ 146,520,000.00	\$ 46,090,000.00	\$ 38,940,000.00	\$ 30,030,000.00	\$ 131,120,000.00	\$ 33,550,000.00	\$ 168,975,000.00	\$ 125,000.00	\$ 790,160,000.00
Subcapitated Expenses	\$ 1,000,000.00	\$ 500,000.00	\$ 500,000.00	\$ 700,000.00	\$ 100,000.00	\$ 600,000.00	\$ 900,000.00	\$ 400,000.00	\$ 1,500,000.00	\$ -	\$ 6,200,000.00
Exclusion of Subcap Code 01 Encounters	\$ -	\$ -	\$ -	\$ 1,500.00	\$ 25,000.00	\$ -	\$ -	\$ -	\$ 25,000.00	\$ 25,000.00	\$ 76,500.00
Reinsurance Payments	\$ 9,200,000.00	\$ 4,600,000.00	\$ 3,300,000.00	\$ 4,900,000.00	\$ 1,300,000.00	\$ 300,000.00	\$ 21,900,000.00	\$ -	\$ 5,000,000.00	\$ -	\$ 50,500,000.00
Total Profit/(Loss) to be Reconciled	\$ (6,838,000.00)	\$ (6,606,000.00)	\$ (6,984,560.00)	\$ (4,318,500.00)	\$ (1,615,000.00)	\$ (3,723,840.00)	\$ (7,634,880.00)	\$ (3,268,400.00)	\$ (5,330,000.00)	\$ (9,260.00)	\$ (46,328,440.00)
Profit/(Loss) % of Prospective Net Capitation	-12.94%	-5.68%	-5.11%	-11.49%	-4.47%	-14.00%	-7.45%	-10.65%	-3.33%	-10.20%	-6.62%

Settlement

Prospective Net Capitation (Net of Admin and Premium Tax)	\$ 699,455,060.00
Total Profit/(Loss) to be Reconciled	\$ (46,328,440.00)
Profit/(Loss) % of Prospective Net Capitation	-6.62%

Amount Due to (from) Contractor:	\$ 25,344,788.20
Premium Tax	\$ 517,240.58
Less amounts previously paid with initial/interim reconciliations	
Net Amount Due to (from) Contractor:	<u>\$ 25,862,028.78</u>

Recon Amount Due to/From Calculation	Excess Profit	Recoup. %	Amount		Calcs
			Overpaid	Recoupment	
<=3%	0%	\$ -	\$ -	\$ -	
3% < x <= 6%	50%	\$ -	\$ -	\$ -	
x > 6%	100%	\$ -	\$ -	\$ -	

Recon Amount Due to/From Calculation	Excess Loss	Recoup. %	Amount		Calcs
			Underpaid	Reimburse	
<=3%	0%	\$ (20,983,652)	\$ -	\$ (46,328,440)	
> 3%	100%	\$ (25,344,788)	\$ (25,344,788)	\$ (25,344,788)	

Assumptions:

- Total Prospective Capitation includes Prospective Capitation and Delivery Supplemental Payments for dates of service within the reconciliation time frame.
- Prospective Expenses include adjudicated encounters for dates of service within the reconciliation time frame.
- Reinsurance Payments are based on actual reinsurance payments for dates of service within the reconciliation time frame.
- Administrative Component is at awarded admin rate for all risk groups except those where rate is set by AHCCCS. The administrative component for rates set by AHCCCS will be at the amount built into the cap rates. SOBRA Pregnant Women assume the administrative component at TANF 14-44 F rate.
- Subcapitated expenses are self reported from Quarterly Financial statements.
- All encounters with a subcap code of 01 and a CN1 code of 05 have been excluded from this reconciliation, since these should be included in the self reported subcapitated expenses in #5 above.