

July 1, 2026

Richard Stavneak
Director
Joint Legislative Budget Committee
1716 West Adams Phoenix, AZ85007

SUBJECT: Reconciliation Payments and Penalties Received for the Period July 1, 2025 to June 30, 2026

Dear Mr. Stavneak,

Pursuant to A.R.S. 5 35-142.01(B) and Laws 2025, Chapter 233, Section 11, AHCCCS is reporting the total amount of Medicaid and CHIP reconciliation payments and penalties received and deposited into the State's General Fund or that remain in the Hospital Assessment Fund for the period July 1, 2025, through June 30, 2026. In FY 2026, for the state General Fund, AHCCCS reconciliation payments were more than recoupments and therefore, there is no amount to transfer to the state General Fund.

By way of background, unlike commercial insurers, AHCCCS Medicaid Managed Care Organization profits are 'capped' at 4% through 'risk corridors', which include mechanisms such as reconciliation payments and recoupments. Risk corridors have always been part of the annual contractual process by which AHCCCS ensures fiscal accountability within the private-public partnership with our health plans.

The table below contains further details on specific Medicaid and CHIP reconciliation payments and penalties:

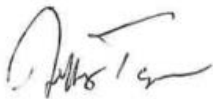
(Payments)/ Recoupments Reconciliations:	Fed Fund	General Fund	ALTCS Fund*	Hospital Assessment Fund	Total Fund Amount
CYE 2023 Value Based Purchasing Performance Based Reconciliation payments	(\$54,687,660.12)	(\$9,232,882.90)		(\$4,436,572.50)	(\$68,357,115.52)
CYE 23 Final ACC Tiered Recon (October 1, 2022 to September 30, 2023)	\$364,110,756.44	\$13,892,404.06		\$45,852,489.11	\$423,855,649.61
CYE23 Tiered EPD Final Recon (October 2022 to September 2023)	\$7,346,072.29	\$0.00	\$2,848,310.58	\$0.00	\$10,194,382.87
FQHC FFY 2024 Reconciliation Payment 1	(\$1,911,640.20)	(\$427,731.72)	(\$21,393.97)	(\$168,304.33)	(\$2,529,070.22)
FQHC FFY 2024 Reconciliation Payment 1 Kidscare Exp	(\$4,556.84)	(\$1,407.60)		\$0.00	(\$5,964.44)
FQHC FFY 2024 Reconciliation Payment 1 Kidscare Expansion	\$783.80	\$242.11		\$0.00	\$1,025.91

FQHC FFY 2024 Reconciliation Payment 2	(\$6,949,692.35)	(\$1,718,075.24)	(\$60,927.88)	(\$529,115.93)	(\$9,257,811.40)
FQHC FFY 2024 Reconciliation Payment 2 Kidscare Exp	(\$30,400.14)	(\$9,390.62)		\$0.00	(\$39,790.76)
FQHC FFY 2024 Reconciliation Payment 3	(\$1,304,077.40)	(\$263,965.42)	(\$12,995.65)	(\$111,416.89)	(\$1,692,455.36)
FQHC FFY 2024 Reconciliation Payment 3 Kidscare Exp	(\$5,146.36)	(\$1,589.72)		\$0.00	(\$6,736.08)
FQHC FFY 2024 Reconciliation Payment 4	(\$6,915,589.29)	(\$1,430,597.11)	(\$97,997.43)	(\$573,516.92)	(\$9,017,700.75)
FQHC FFY 2024 Reconciliation Payment 4 Kidscare	(\$135,848.73)	(\$41,963.75)		\$0.00	(\$177,812.48)
FQHC FFY 2024 Reconciliation Payment 4 Kidscare Exp	(\$24,406.93)	(\$7,539.31)		\$0.00	(\$31,946.24)
FY25 Final Fixed Admin Cost Recon	(\$12,682,133.66)	(\$3,556,367.53)		(\$1,088,100.23)	(\$17,326,601.42)
FY25 Final Fixed Admin Cost Recon - Kidscare	(\$305,898.56)	(\$99,694.86)		\$0.00	(\$405,593.42)
FY25 Final Fixed Admin Cost Recon - Kidscare Exp	(\$144,050.31)	(\$46,947.20)		\$0.00	(\$190,997.51)
NN-TRIBAL-ADMIN-OCT2025- RECOUPMENT	\$0.00	\$1,313,078.00		\$0.00	\$1,313,078.00
Recouping the paid portion of CYE 23 Final ACC Tiered Recon	\$154,502.09	\$37,569.13		\$0.00	\$192,071.22
Penalties/Sanctions:					
Acute	\$57,997.87	\$31,522.13		\$0.00	\$89,520.00
ALTCS	\$0.00	\$0.00		\$0.00	\$0.00
Total	\$286,569,011.60	(\$1,563,337.55)	\$2,654,995.65	\$38,945,462.31	\$326,606,132.01

*Recouped funds in ALTCS Fund will be distributed to General Fund and Counties per A.R.S. § 11-292.

If you have any questions or require more information, please contact me at (602) 417-4705 or Tinsae Babo at (602) 417-4481.

Sincerely,



Jeff Tegen
Assistant Director
Division of Business and Finance

cc: Ben Henderson, OSPB
Cameron Dodd, OSPB
Joshua Worley, AHCCCS