



ACOM Policy 301, Attachment A -  
 ALTCS E/PD Program Tiered Reconciliation - Example  
 For the Contract Year Ended 09/30/xx  
 As of: xx/xx/xx  
**OPEN UNTIL 08/09/21**

Prospective	Dual	Non Dual	TOTAL
<b>Capitation</b>			
Prospective Capitation	\$ 302,296,500.00	\$ 162,162,000.00	\$ 464,458,500.00
PPC Capitation	\$ 3,053,500.00	\$ 1,638,000.00	\$ 4,691,500.00
Less: Case Management Component	\$ 14,775,000.00	\$ 3,952,000.00	\$ 18,727,000.00
Less: Administrative Component	\$ 11,327,500.00	\$ 6,500,000.00	\$ 17,827,500.00
Less: Pharmacy Benefit Manager Component (CYE 20 and later)	\$ 50,255.00	\$ 30,627.00	\$ 80,882.00
Less: Alternative Payment Model Withhold	\$ 2,962,505.70	\$ 1,589,187.60	\$ 4,551,693.30
Less: Health Insurance Provider Fee Capitation Adjustment	\$ -	\$ -	\$ -
Less: Premium Tax Component	\$ 6,107,000.00	\$ 3,276,000.00	\$ 9,383,000.00
<b>Net Capitation</b>	<b>\$ 270,127,739.30</b>	<b>\$ 148,452,185.40</b>	<b>\$ 418,579,924.70</b>
<b>Expense</b>			
Medical Expense	\$ 251,175,000.00	\$ 140,400,000.00	\$ 391,575,000.00
Medical Expense Completion	\$ -	\$ -	\$ -
Plus: Subcapitated/Block Purchase Expense	\$ 5,000,000.00	\$ 6,500,000.00	\$ 11,500,000.00
Less: CN1 Code 05 Encounters	\$ 1,500.00	\$ 2,500.00	\$ 4,000.00
<b>Net Medical Expense</b>	<b>\$ 256,173,500.00</b>	<b>\$ 146,897,500.00</b>	<b>\$ 403,071,000.00</b>
<b>Reinsurance (RI) Payments</b>	<b>\$ 3,940,000.00</b>	<b>\$ 9,100,000.00</b>	<b>\$ 13,040,000.00</b>
<b>Profit/(Loss) to be Reconciled = (Net Cap - Net Exp + RI Pmt)</b>	<b>\$ 17,894,239.30</b>	<b>\$ 10,654,685.40</b>	<b>\$ 28,548,924.70</b>
<b>Profit/(Loss) % of Net Capitation</b>	6.62%	7.18%	6.82%
Member Months	98,500	26,000	124,500

**Settlement**

Net Capitation (Net of Case Management Component, PBM Component, Administrative Component, HIPF Capitation Adjustment, Alternative Payment Model Withhold, and Premium Tax Component)	\$ 418,579,924.70
Total Profit/(Loss) to be Reconciled	\$ 28,548,924.70
Profit/(Loss) % of Net Capitation	6.82%

**Amount Due to (from) Contractor:** \$ (11,805,727.71)

**Other Adjustments:** \$ 1,000,000.00

**Premium Tax**  
**Net Amount Due to (from) Contractor:** \$ (11,026,252.77)

Recon Amount Due to/From Calculation	Excess Profit	Recoup. %	Amount Overpaid	Recoupment	Calcs
	<=2%	0%	\$ 8,371,598	\$ -	\$ 28,548,925
	2% < x <= 6%	50%	\$ 16,743,197	\$ 8,371,598	\$ 20,177,326
	x > 6%	100%	\$ 3,434,129	\$ 3,434,129	\$ 3,434,129

Recon Amount Due to/From Calculation	Excess Loss	Recoup. %	Amount Underpaid	Reimburse	Calcs
	<=2%	0%	\$ -	\$ -	\$ -
	> 2%	100%	\$ -	\$ -	\$ -

**Assumptions:**

- 1) Total Capitation includes PPC and Prospective Capitation paid for dates of service within the reconciliation time frame.
- 2) Medical Expenses include all PPC and Prospective fully adjudicated and approved encounters for dates of service within the reconciliation time frame.  
 All COVID-19 vaccine and vaccine administration amounts for CYE 22 will be removed since these will be cost settled in accordance with ACOM Policy 302.
- 3) Reinsurance Payments are based on actual reinsurance payments for dates of service within the reconciliation time frame.
- 4) Administrative Component and Case Management are the awarded admin rate for all risk groups except those where rate is set by AHCCCS. The administrative and Case Management component for rates set by AHCCCS will be at the amount built into the cap rates.
- 5) Subcapitated/Block Purchase expenses are self reported from Quarterly Financial statements.
- 6) All encounters with CN 1 code of 05 have been excluded from this reconciliation, since these should either be included in the self reported Subcapitated/Block Purchase expenses
- 7) Pharmacy Benefit Manager Component is self-reported in the Quarterly Financials in the footnotes of line 81305-01.