



**Contract Year Ending 2020
Regional Behavioral Health Authority Program
Capitation Rate Notification - Targeted
Investments Program**

October 1, 2019 through September 30, 2020

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

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

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CYE 20 Regional Behavioral Health Authority Program Capitation Rate Notification - TI

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CYE 20 Regional Behavioral Health Authority Program Capitation Rate Notification - TI

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, 2019 through September 30, 2020 (Contract Year Ending 2020 or CYE 20, or alternatively, Federal Fiscal Year 2020 (FFY 20)) 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 20 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 Medicaid Managed Care Rate Development Guide (2020 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 § 438.6(c). However, the 2020 Guide, the rate development guide used in the original CYE 20 capitation rate setting, included new sections under Section I.4.D. which AHCCCS addressed in the original certifications and is including again in this capitation rate notification document to address the incorporation of the directed payment into the rate certification's rate cells consistent with the distribution methodology described in the original capitation rate certification.

In lieu of having an official guide to follow, AHCCCS will follow the 2020 Guide for organizing this capitation rate notification document. Sections of the 2020 Guide that do not apply will be marked as "Not Applicable" and will be included in this rate update 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 20 RBHA Program rate update.

I.2. Data

Not applicable to the TI Program for the CYE 20 RBHA Program rate update.

I.3. Projected Benefit Costs and Trends

Not applicable to the TI Program for the CYE 20 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 20 RBHA Program rate update.

I.4.B. Withhold Arrangements

Not applicable to the TI Program for the CYE 20 RBHA Program rate update.

I.4.C. Risk-Sharing Mechanisms

Not applicable to the TI Program for the CYE 20 RBHA Program rate update.

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

I.4.D.i. Rate Development Standards

This section of the 2020 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 2020 Guide, Section I.4.D.ii.(a)(i) through Section I.4.D.ii.(a)(iii), were provided in the CYE 20 RBHA Program Capitation Rate Certification as signed by Erica Johnson and Windy Marks on August 15, 2019. These sections are being provided again to facilitate CMS' review, updated as necessary to indicate completion of the specified payments.

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 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 20 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.

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I.4.D.ii.(a)(iii)(A) Aggregate Amount

The original estimates of anticipated payments including premium tax for TI were approximately \$31.63 million. After the completion of the contract year, in accordance with the data, assumptions, and methodologies included in the original certification, the final amount of payments including non-benefit costs and premium tax totaled \$19 million for the TI Program for the RBHA Program.

I.4.D.ii.(a)(iii)(B) 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)(C) 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 20 is based on the utilization of services by members with providers participating in the TI Program. Adjudicated and approved CYE 20 encounter data are used to allocate the TI payments by capitation rate cell. The encounter data includes billing provider tax IDs (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.

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

The TI payments are being made under the approved TI Program § 438.6(c) payment arrangements in a manner consistent with the pre-prints reviewed by CMS.

I.4.D.ii.(a)(iii)(F) 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)(C). The capitation rates with and without the TI can be found in Appendix 2.

I.4.E. Pass-Through Payments

Not applicable to the TI Program for the CYE 20 RBHA Program rate update.

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I.5. Projected Non-Benefit Costs

Not applicable to the TI Program for the CYE 20 RBHA Program rate update.

I.6. Risk Adjustment and Acuity Adjustments

Not applicable to the TI Program for the CYE 20 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 20 RBHA Program rate update.

Section III New Adult Group Capitation Rates

Not applicable to the TI Program for the CYE 20 RBHA Program rate update.

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Appendix 1: CYE 20 TI Program Payments

CYE 20 Regional Behavioral Health Authority Program Capitation Rate Notification - TI

GSA	Rate Cell	CYE 20 TI Dollars				
		TI PCP Dollars	TI Hospital Dollars	TI BH Dollars	TI Justice Dollars	Total TI Dollars
Central	SMI	\$855,322	\$663,506	\$9,292,533	\$553,304	\$11,364,665
Central	CMDP Child	\$3,136	\$69,591	\$2,409,343	\$24,141	\$2,506,212
Central	Crisis-only Adult	\$0	\$0	\$0	\$0	\$0
Central	Crisis-only Child	\$0	\$0	\$0	\$0	\$0
Central	Total	\$858,458	\$733,098	\$11,701,877	\$577,445	\$13,870,877
North	SMI	\$375,677	\$40,286	\$1,251,808	\$195,592	\$1,863,363
North	CMDP Child	\$11,431	\$9,353	\$305,736	\$14,544	\$341,064
North	Crisis-only Adult	\$0	\$0	\$0	\$0	\$0
North	Crisis-only Child	\$0	\$0	\$0	\$0	\$0
North	Total	\$387,108	\$49,638	\$1,557,545	\$210,136	\$2,204,427
South	SMI	\$421,242	\$29,118	\$1,447,005	\$350,051	\$2,247,416
South	CMDP Child	\$12,710	\$12,086	\$649,413	\$51,271	\$725,480
South	Crisis-only Adult	\$0	\$0	\$0	\$0	\$0
South	Crisis-only Child	\$0	\$0	\$0	\$0	\$0
South	Total	\$433,951	\$41,204	\$2,096,418	\$401,322	\$2,972,895
Statewide	SMI	\$1,652,241	\$732,910	\$11,991,347	\$1,098,947	\$15,475,444
Statewide	CMDP Child	\$27,277	\$91,030	\$3,364,493	\$89,956	\$3,572,755
Statewide	Crisis-only Adult	\$0	\$0	\$0	\$0	\$0
Statewide	Crisis-only Child	\$0	\$0	\$0	\$0	\$0
Statewide	Total	\$1,679,517	\$823,940	\$15,355,839	\$1,188,902	\$19,048,199

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Appendix 2: CYE 20 Certified and Adjusted Capitation Rates

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GSA	Rate Cell	Capitation Rates Effective 10/1/19 - 10/31/19			Capitation Rates Effective 11/1/19 - 9/30/20		
		Cap Rates without TI	TI PMPM	Cap Rates with TI	Cap Rates without TI	TI PMPM	Cap Rates with TI
Central	SMI	\$ 2,574.76	\$ 41.22	\$2,615.98	\$ 2,574.76	\$ 41.22	\$2,615.98
Central	CMDP Child	\$ 817.98	\$ 25.66	\$ 843.64	\$ 817.98	\$ 25.66	\$ 843.64
Central	Crisis-only Adult	\$ 8.79	\$ -	\$ 8.79	\$ 8.79	\$ -	\$ 8.79
Central	Crisis-only Child	\$ 1.36	\$ -	\$ 1.36	\$ 1.36	\$ -	\$ 1.36
North	SMI	\$ 1,937.40	\$ 26.23	\$1,963.62	\$ 1,493.14	\$ 26.23	\$1,519.37
North	CMDP Child	\$ 1,589.82	\$ 21.76	\$1,611.59	\$ 1,225.27	\$ 21.76	\$1,247.03
North	Crisis-only Adult	\$ 6.23	\$ -	\$ 6.23	\$ 4.80	\$ -	\$ 4.80
North	Crisis-only Child	\$ 1.90	\$ -	\$ 1.90	\$ 1.47	\$ -	\$ 1.47
South	SMI	\$ 2,155.02	\$ 13.51	\$2,168.52	\$ 1,649.28	\$ 13.51	\$1,662.78
South	CMDP Child	\$ 1,329.96	\$ 17.50	\$1,347.46	\$ 1,017.84	\$ 17.50	\$1,035.34
South	Crisis-only Adult	\$ 15.13	\$ -	\$ 15.13	\$ 11.58	\$ -	\$ 11.58
South	Crisis-only Child	\$ 3.58	\$ -	\$ 3.58	\$ 2.74	\$ -	\$ 2.74

Notes:

- 1) October 1, 2019 – October 31, 2019 capitation rates are inclusive of the Health Insurer Provider Fee as signed by Wenzhang Du on October 19, 2020
- 2) November 1, 2019 – September 30, 2020 capitation rates are as signed by Erica Johnson and Windy Marks on August 15, 2019

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Appendix 3: CYE 20 TI Program PMPM by TI Program Category

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GSA	Rate Cell	CYE 20 TI PMPM				
		TI PCP PMPM	TI Hospital PMPM	TI BH PMPM	TI Justice PMPM	Total TI PMPM
Central	SMI	\$3.10	\$2.41	\$33.70	\$2.01	\$41.22
Central	CMDP Child	\$0.03	\$0.71	\$24.67	\$0.25	\$25.66
Central	Crisis-only Adult	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Central	Crisis-only Child	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
North	SMI	\$5.29	\$0.57	\$17.62	\$2.75	\$26.23
North	CMDP Child	\$0.73	\$0.60	\$19.51	\$0.93	\$21.76
North	Crisis-only Adult	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
North	Crisis-only Child	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
South	SMI	\$2.53	\$0.17	\$8.70	\$2.10	\$13.51
South	CMDP Child	\$0.31	\$0.29	\$15.66	\$1.24	\$17.50
South	Crisis-only Adult	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
South	Crisis-only Child	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00