

July 1, 2024

Richard Stavneak

Director

Joint Legislative Budget Committee

1716 West Adams

Phoenix, AZ 85007

**SUBJECT:        Reconciliation Payments and Penalties Received**  
**For the Period July 1, 2023 through June 30, 2024**

Dear Mr. Stavneak:

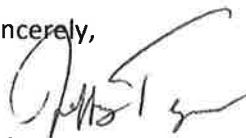
Pursuant to A.R.S. § 35-142.01(B) and Laws 2023, Chapter 133, Section 10, AHCCCS is reporting the total amount of Medicaid and CHIP reconciliation payments and penalties received and deposited into the State's General Fund or that remain in the Hospital Assessment Fund for the period July 1, 2023 through June 30, 2024.

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. It should be noted that this years' report includes an unusually high number of reconciliation payments as it includes 100% of the Contract Year 2021 reconciliations and 60% of the Contract Year 2022 reconciliations due to uncertainty in those years and the impacts of the COVID-19 Public Health Emergency. The table below contains further details on specific Medicaid and CHIP reconciliation payments and penalties:

<u>Type</u>	<u>Fed Fund</u>	<u>General Fund</u>	<u>Hospital Assessment Fund</u>	<u>Total Fund Amount</u>
(Payments)/ Recoupments Reconciliations:				
2021 Final CHP Reconciliation	\$13,785,885	\$4,300,831	\$0	\$18,086,716
CY2021 ACC Acute Tiered Recon	289,082,164	26,937,560	25,124,866	341,144,591
CY2022 ACC Acute Tiered Recon	355,787,534	25,216,116	33,742,478	414,746,129
CY2021 FINAL ALTCS- EPD Tiered Recon	11,259,208	3,514,717	-	14,773,925
CY2022 FINAL ALTCS- EPD Tiered Recon	21,402,165	6,680,980	-	28,083,145
CYE2021 RBHA BHS PPC RECON	(3,111,516)	(103,853)	(316,392)	(3,531,762)
CYE21 RBHA Recon Final	64,736,063	10,164,739	5,177,379	80,078,181
CYE22 RBHA Recon Final	22,404,906	3,004,074	2,001,205	27,410,185
FQHC RHC Recon 2021 FQHC/RHC FFY 2019 RECON PYMT	(148,345)	(26,259)	(12,201)	(186,806)
FQHC/RHC FFY 2020 RECON	35,006	6,809	2,401	44,215
FQHC/RHC FFY23, Q4 SCOPE CHANGE	(1,401,026)	(200,380)	(108,862)	(1,710,268)
FQHC/RHC FY21 RECON FQHC/RHC FY22 RECON (PAYMENT 1)	(6,427,604)	(1,307,109)	(453,325)	(8,188,037)
FQHC/RHC FY22 RECON (PAYMENT 2)	(3,333,673)	(412,595)	(289,049)	(4,035,318)
FY2019 DSH RECOUPMENT (POOL 1&2)	(12,176,211)	(2,096,990)	(759,857)	(15,033,058)
Health II CYE21 Recon	(10,526,412)	(1,936,746)	(612,381)	(13,075,539)
Health II CYE21 Recon	14,847	6,421	-	21,268
Health II CYE21 Recon	(11,510)	-	-	(11,510)
Penalties/Sanctions:				
Acute	19,053	5,948	-	25,000
ALTCS	1,361	424	-	1,785
	<u>\$741,391,895</u>	<u>\$73,754,687</u>	<u>\$63,496,262</u>	<u>\$878,642,844</u>

If you have any questions or require more information, please contact me at (602) 417-4705 or Karen MacLean at (602) 417-4293.

Sincerely,



Jeffery Tegen

Assistant Director

Division of Business and Finance

cc: Sarah Brown, OSPB  
Peter Moore, OSPB  
Chandler Coiner, JLBC  
Joshua Worley, AHCCCS  
Karen MacLean, AHCCCS