



**Contract Year Ending 2022
Regional Behavioral Health Authority Program
Capitation Rate Notification - Targeted
Investments Program**

October 1, 2021 through September 30, 2022

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

**Prepared by:
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CYE 22 Regional Behavioral Health Authority Program Capitation Rate Notification - TI

Table of Contents

Introduction and Limitations	1
Section I Medicaid Managed Care Rates	2
I.1. General Information	2
I.2. Data	2
I.3. Projected Benefit Costs and Trends	2
I.4. Special Contract Provisions Related to Payment	2
I.4.A. Incentive Arrangements	2
I.4.B. Withhold Arrangements	2
I.4.C. Risk-Sharing Mechanisms	2
I.4.D. State Directed Payments	2
I.4.D.i. Rate Development Standards	2
I.4.D.ii. Appropriate Documentation	2
I.4.D.ii.(a) Description of State Directed Payments	2
I.4.D.ii.(a)(i) Type and Description of Directed Payment Arrangements	2
I.4.D.ii.(a)(ii) Directed Payments Incorporated in Capitation Rates	2
I.4.D.ii.(a)(iii) Directed Payments Under Separate Payment Arrangement	3
I.4.D.ii.(a)(iii)(A) Aggregate Amount	3
I.4.D.ii.(a)(iii)(B) Actuarial Certification of the Amount of the Separate Payment Term	3
I.4.D.ii.(a)(iii)(C) Estimated Impact by Rate Cell	3
I.4.D.ii.(a)(iii)(D) Pre-Print Acknowledgement	3
I.4.D.ii.(a)(iii)(E) Future Documentation Requirements	3
I.4.E. Pass-Through Payments	3
I.5. Projected Non-Benefit Costs	3
I.6. Risk Adjustment and Acuity Adjustments	3
Section II Medicaid Managed Care Rates with Long-Term Services and Supports	4
Section III New Adult Group Capitation Rates	4
Appendix 1: CYE 22 TI Program Payments	5
Appendix 2: CYE 22 Certified and Adjusted Capitation Rates	6
Appendix 3: CYE 22 TI Program PMPM by TI Program Category	7

CYE 22 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 Contract Year Ending 2022 (CYE 22, October 1, 2021, through September 30, 2022) 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 the 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 22 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 applicable to this rate certification, the 2021-2022 Medicaid Managed Care Rate Development Guide (2022 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 42 CFR § 438.6(c). In lieu of having an official guide to follow, AHCCCS will follow the 2022 Guide for organizing this capitation rate notification document. The 2022 Guide describes the rate development standards and appropriate documentation to be included within Medicaid managed care rate certifications. In particular, Section I.4.D. covers State directed payments and it is this section that will contain the capitation rate notification documentation. Sections of the 2022 Guide that do not apply will be marked as “Not Applicable” and will be included in this rate notification document for completeness.

CYE 22 Regional Behavioral Health Authority Program Capitation Rate Notification - TI

Section I Medicaid Managed Care Rates

I.1. General Information

Not applicable to the TI Program for the CYE 22 RBHA Program rate update.

I.2. Data

Not applicable to the TI Program for the CYE 22 RBHA Program rate update.

I.3. Projected Benefit Costs and Trends

Not applicable to the TI Program for the CYE 22 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 22 RBHA Program rate update.

I.4.B. Withhold Arrangements

Not applicable to the TI Program for the CYE 22 RBHA Program rate update.

I.4.C. Risk-Sharing Mechanisms

Not applicable to the TI Program for the CYE 22 RBHA Program rate update.

I.4.D. State Directed Payments

I.4.D.i. Rate Development Standards

This section of the 2022 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 2022 Guide, Section I.4.D.ii.(a)(i) through Section I.4.D.ii.(a)(iii), were provided in an amendment to the CYE 22 RBHA Program capitation rate certification, which was signed by Erica Johnson and Windy Marks on January 6, 2023. These sections are being provided again to facilitate CMS' review, updated as necessary to provide additional information. The original CYE 22 RBHA Program capitation rate certification was signed on August 11, 2021.

I.4.D.ii.(a) Description of State Directed Payments

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 22 RBHA Program rate update.

CYE 22 Regional Behavioral Health Authority Program Capitation Rate Notification - TI

I.4.D.ii.(a)(iii) Directed Payments Under Separate Payment Arrangement

The TI Program payments were not included in the CYE 22 RBHA Program certified capitation rates and have been paid out via lump sum payments.

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

The original estimates of anticipated payments, including premium tax, for the CYE 22 RBHA Program for TI were approximately \$2.9 million. After completion of the contract year, the total payments paid through the RBHA Contractors for the TI Program totaled \$12 million, inclusive of premium tax.

I.4.D.ii.(a)(iii)(B) Actuarial Certification of the Amount of the Separate Payment Term

The actuaries certified to the aggregate directed payment estimates as actuarially sound according to 42 CFR § 438.4 in the amended rate certification. The original estimates were based on projections of future events. This notification document incorporates the actual final aggregate payments by rate cell and the AHCCCS actuaries certify the final payment amounts by rate cell as actuarially sound according to 42 CFR § 438.4.

I.4.D.ii.(a)(iii)(C) 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 as if they had been incorporated into the CYE 22 capitation rates as PMPMs. Appendix 3 shows the TI Program PMPMs, including premium tax, by TI Program category and rate cell. Totals may not add up due to rounding.

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

These payments are being made under the approved TI Program 42 CFR § 438.6(c) payment arrangements in a manner consistent with the pre-prints reviewed by CMS (inclusive of any/all correspondence between the state and CMS regarding the pre-prints).

I.4.D.ii.(a)(iii)(E) 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 the preprint approved by CMS. The CYE 22 capitation rates with and without the TI Program payments can be found in Appendix 2.

I.4.E. Pass-Through Payments

Not applicable to the TI Program for the CYE 22 RBHA Program rate update.

I.5. Projected Non-Benefit Costs

Not applicable to the TI Program for the CYE 22 RBHA Program rate update.

I.6. Risk Adjustment and Acuity Adjustments

Not applicable to the TI Program for the CYE 22 RBHA Program rate update.

CYE 22 Regional Behavioral Health Authority Program Capitation Rate Notification - TI

Section II Medicaid Managed Care Rates with Long-Term Services and Supports

Not applicable to the TI Program for the CYE 22 RBHA Program rate update.

Section III New Adult Group Capitation Rates

Not applicable to the TI Program for the CYE 22 RBHA Program rate update.

**CYE 22 Regional Behavioral Health Authority Program
Capitation Rate Notification - TI**

Appendix 1: CYE 22 TI Program Payments

		CYE 22 TI Dollars				
GSA	Rate Cell	TI PCP Dollars	TI Hospital Dollars	TI BH Dollars	TI Justice Dollars	Total TI Dollars
Central	SMI	\$0	\$191,909	\$9,397,541	\$0	\$9,589,450
Central	Crisis 24 Hour Group	\$0	\$0	\$0	\$0	\$0
Central	Total	\$0	\$191,909	\$9,397,541	\$0	\$9,589,450
North	SMI	\$0	\$27,077	\$1,105,116	\$0	\$1,132,193
North	Crisis 24 Hour Group	\$0	\$0	\$0	\$0	\$0
North	Total	\$0	\$27,077	\$1,105,116	\$0	\$1,132,193
South	SMI	\$0	\$21,311	\$1,306,870	\$0	\$1,328,181
South	Crisis 24 Hour Group	\$0	\$0	\$0	\$0	\$0
South	Total	\$0	\$21,311	\$1,306,870	\$0	\$1,328,181
Statewide	SMI	\$0	\$240,297	\$11,809,527	\$0	\$12,049,824
Statewide	Crisis 24 Hour Group	\$0	\$0	\$0	\$0	\$0
Statewide	Total	\$0	\$240,297	\$11,809,527	\$0	\$12,049,824

**CYE 22 Regional Behavioral Health Authority Program
Capitation Rate Notification - TI**

Appendix 2: CYE 22 Certified and Adjusted Capitation Rates

		Capitation Rates Effective 10/1/21 - 09/30/22		
GSA	Rate Cell	Cap Rates without TI	TI PMPM	Cap Rates with TI
Central	SMI	\$2,593.76	\$29.56	\$2,623.32
Central	Crisis 24 Hour Group	\$7.04	\$0.00	\$7.04
North	SMI	\$1,647.48	\$14.30	\$1,661.79
North	Crisis 24 Hour Group	\$4.13	\$0.00	\$4.13
South	SMI	\$1,618.86	\$7.37	\$1,626.23
South	Crisis 24 Hour Group	\$7.46	\$0.00	\$7.46

**CYE 22 Regional Behavioral Health Authority Program
Capitation Rate Notification - TI**

Appendix 3: CYE 22 TI Program PMPM by TI Program Category

		CYE 22 TI PMPM				
GSA	Rate Cell	TI PCP PMPM	TI Hospital PMPM	TI BH PMPM	TI Justice PMPM	Total TI PMPM
Central	SMI	\$0.00	\$0.59	\$28.97	\$0.00	\$29.56
Central	Crisis 24 Hour Group	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
North	SMI	\$0.00	\$0.34	\$13.96	\$0.00	\$14.30
North	Crisis 24 Hour Group	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
South	SMI	\$0.00	\$0.12	\$7.25	\$0.00	\$7.37
South	Crisis 24 Hour Group	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00