

Administrative Cost Bid Requirements

The Administrative Cost Bid Submission workbook, found in Section F - Rate Development Information, will be utilized by each Offeror to submit their Administrative Cost bid. The workbook is simple and contains no macros. It contains six worksheets, or Geographical Service Area (GSA) tabs: “North”, “South”, “Central”, “North-South”, “North-Central”, and “Central-South.” One workbook must be submitted with each Offeror’s proposal, regardless of the number of GSAs bid. The tabs labeled North, South and Central should be developed under the assumption that the Offeror will win that specific GSA and no other. Thus each individual GSA Administrative Cost Bid stands alone. The tabs labeled North-South, North-Central and Central-South should be developed under the assumption that the Offeror will win that GSA combination and no other. If an Offeror is not bidding on a GSA(s) or that GSA combination, the Administrative Cost bid for the GSA(s) or GSA combination should be marked “NA.” Any tab left blank or any tab deleted is assumed to be “NA.”

Administrative Cost - Input Descriptions

- Pink cells are for administrative dollars submitted by the Offeror,
- Green cells are for percentages submitted by the Offeror,
- Yellow cells are for projected member months used by the Offeror in developing the bid administrative dollars, and
- Blue cells are formulas

Administrative Bid Information

The Offeror’s administrative bid must meet the requirements of 42 CFR § 438.5(e), except that any potential start-up expenses should be excluded from the bid (AHCCCS does not reimburse start-up costs). If the administrative bid includes a management fee, the management fee must be broken out into the categories shown in the pink cells. Offerors should detail administrative costs by the line items listed below and utilize the Other Administrative line only when no other line applies (other administrative costs should be no more than 5 percent of the total administrative amount). Additionally, AHCCCS has a mechanism for ensuring capitation rates include the appropriate amount of premium tax for the Contractor, so premium tax should be excluded from the Offeror’s administrative bid.

AHCCCS will evaluate administrative bids and AHCCCS will set administrative cost components of the capitation rates for each year of the contract in compliance with the Medicaid Managed Care Rules and Rate Setting Guidelines.