

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

THE FINANCE FLASH

January 29, 2025

DBF HC Finance Team Updates

Financial Reporting Guide (FRG) requirements update: AHCCCS has made the decision to cancel the following requirement from ALL Financial Reporting Guides (FRGs), section, *1.02 Effective Dates and Reporting Time Frames*, which states, “*AHCCCS must approve the draft audit report prior to finalization by the auditor and subsequent inclusion of the MCO’s AHCCCS financial results in the issuance of the MCO’s parent or sponsoring organizations final consolidated financial statements.*” Updated FRGs reflecting this change shall be posted to the AHCCCS website shortly.

Financial Reporting Guide (FRG) requirements and clarification update: The following requirement listed in the ALL FRGs section, *4.17 Audited Financial Statements and Annual Reconciliation*, which states, “*A separate Independent Auditor’s Attestation regarding the MCO’s adherence to the guidelines and requirements of the AHCCCS Financial Reporting Guide is required as part of the Draft and Final audit. This Independent Auditor’s Attestation needs to include minimally a statement that the MCO’s financial statements present fairly, in all material respects, the MCO’s financial position in accordance with accounting principles generally accepted in the United States of America and the AHCCCS Financial Reporting Guide,*” has been changed to, “*For each contract year, AHCCCS will stipulate one area of financial reporting that must be audited regarding the MCO’s adherence to the guidelines addressed in the AHCCCS Financial Reporting Guide (FRG) which will be communicated via the Finance Flash.*” This update took place between the draft redline version of the FRG and the final.

AHCCCS will announce the area within scope every March. The 06/30 plans aren't subject until the following fiscal year (for example, 06/30/26 would be the first year) and the 09/30 and 12/31 plans will be subject to it in the current fiscal year (09/30/25 and/or 12/31/25). AHCCCS will add this clarification to the FRGs and updated FRGs reflecting this clarification shall be posted to the AHCCCS website shortly.

Final FRG Changes: There were several minor FRG changes made after the draft redline FRG, and included in the final FRG, due to the comment period and/or workshop. The Finance team failed to send out a final FRG in redline form. The following is a recap of the changes made, referenced by FRG section:

- **ALL FRGs, 1.01 Purpose and Objective** – The following sentence was modified to include the word *unauthorized*: *Any unauthorized alterations to the templates provided will result in the financial reporting package being returned to the Contractor for resubmission and this may result in administrative action.*

- **ALL FRGs, the chart in section 2.00 Financial Reporting Requirements** has some changes that were made for formatting purposes only. There are no changes to the actual requirements.
- **ACC and ACC-RBHA Financial Reporting Guide, 3.05 Income Statement:** The definition for Account 80405-01 Care Management/Care Coordination previously stated, “Exclude: Case management expenses delivered by a provider or by an MCO.” The phrase, “or by an MCO,” has been removed.
- **ALL FRGs, 3.06 Footnote Disclosure Requirements, Footnote 10:** The explanation for the driving factors for any TXIX/XXI Contract YTD Profit/(Loss) and/or Non-Title XIX/XXI State Fiscal YTD Profit/(Loss) is no longer required to exclude prior year activity for all lines of business. Footnote 10 in the FRGs and the Financial Reporting Templates, was updated subsequent to the redline versions to eliminate the wording “...unrelated to any prior contract year activity.”

DBF Actuarial Updates

ACC and ACC RBHA CONTRACT SECTION F, ATTACHMENT F3, CONTRACTOR CHART OF DELIVERABLES: For the deliverable titled, “Related Party Sub-capitated/Block Payment Arrangement - Service Payments to Providers Report,” the template was completed by the Actuarial team and emailed to MCOs on January 16, 2025. The template was also posted to the AHCCCS website on the [AHCCCS Financial Reporting](#) page.

The Information tab provides this guidance:

“There are four tabs in the template: an information tab, a requested data tab which is green, a Reference tab, and a Service Matrix tab.

The green tab (FFS payments by related party) is the tab where the health plans will report the requested data. Do not change any other tab. The uncolored tabs are information containing reference information on various aspects of the requested data.

The green tab includes notes in the header row with the additional detail on the data that should be reported in each of the columns. The sample data listed in this tab is for illustrative purposes only.

The requested data are the FFS/claim amounts paid through the date of the report for incurred dates of service (summarized by month, GSA, risk group, form type, and category of service) within the CYE 2025 (October 2024 to September 2025) contract year by the health plan’s related parties who are themselves being paid under a sub-capitated arrangement by the health plan. No completion should be applied to the amounts, the quarterly deliverable in later quarters will update the amounts previously submitted for earlier dates of service.”

ALTCS CONTRACT SECTION F, ATTACHMENT F3, CONTRACTOR CHART OF DELIVERABLES: The deliverable titled, “Related Party Sub-capitated/Block Payment Arrangement - Service Payments to Providers Report,” was inadvertently omitted from the COD;

but it is due with the other lines of business. Use the same template used for ACC and ACC-RBHA.

“The requested data are the FFS/claim amounts paid through the date of the report for incurred dates of service (summarized by month, risk groups (dual and nondual), GSA, form type, and category of service) within the CYE 2025 (October 2024 to September 2025) contract year by the health plan’s related parties who are themselves being paid under a sub-capitated arrangement by the health plan. No completion should be applied to the amounts, the quarterly deliverable in later quarters will update the amounts previously submitted for earlier dates of service.”