

## **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

The Board of Directors of  
Arizona Physicians IPA  
1 East Washington Street, Suite 900  
Phoenix, AZ 85004

We have performed the procedures enumerated below, which were agreed to by Arizona Physicians IPA (the "Company" or "Contractor"), on the Medical Loss Ratio ("MLR") calculations required by the Arizona Healthcare Cost Containment System ("AHCCCS") for the Arizona Long Term Care System ("LTC") contract for the contract year ended September 30, 2020. The Company is responsible for the calculation of the MLR per AHCCCS requirements for the LTC contract for the contract year ended September 30, 2020. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed, and our findings, over the LTC Line of Business are as follows:

1. Obtained the summarized entries by account number that the Company recorded to its Statement of Revenue and Expense, for the period October 1, 2019 through September 30, 2020 as well as any applicable adjustments.
  - a. No findings were identified in the performance of this procedure.
2. Obtained the breakout of the Statement of Revenue and Expense from Step 1. by line of business (LOB).
  - a. No findings were identified in the performance of this procedure.
3. Agreed the breakout of the Statement of Revenue and Expense from Step 2. to the Statement of Revenue and Expense from Step 1, by account number.
  - a. No findings were identified in the performance of this procedure.
4. For each LOB, obtained the breakout of the Statement of Revenue and Expense by incurred month, summarized by CY 20 (Oct'19 through Sep'20) incurred months and other incurred months.
  - a. No findings were identified in the performance of this procedure.
5. Agreed the Statement of Revenue and Expense obtained in Step 4. to the Statement of Revenue and Expense obtained in Step 2, by LOB.
  - a. No findings were identified in the performance of this procedure.

6. Agreed incurred basis Member Months reported on the “Reporting Template CYE20” worksheet, cell N5, to the incurred basis trial balance obtained in Step 4, by LOB.
  - a. No findings were identified in the performance of this procedure.
7. Agreed incurred basis Total Premium Revenue (line 17) reported on the “Reporting TemplateCYE20” worksheet, cell N26, to the incurred basis trial balance obtained in Step 4, by LOB.
  - a. No findings were identified in the performance of this procedure.
8. Agreed incurred basis Total Taxes, Licensing & Regulatory Fees (line 23) reported on the “Reporting Template CYE20” worksheet, cell N34, to the incurred basis trial balance obtained in Step 4, by LOB.
  - a. No findings were identified in the performance of this procedure.
9. Agreed incurred basis Total Incurred Claims (line 35) reported on the “Reporting TemplateCYE20” worksheet, cell N50, to the incurred basis trial balance obtained in Step 4, by LOB.
  - a. The following finding was identified in the performance of this procedure.

<b>Line of Business</b>	<b>Per Incurred Date Breakout</b>	<b>Management Fee Allocation</b>	<b>Per Reporting Template</b>	<b>Difference</b>
LTC	377,659,454	18,858,310	396,517,766	(3)

10. Agreed incurred basis Total Non-Claims Costs (line 56) reported on the “Reporting TemplateCYE20” worksheet, cell N73, to the incurred basis trial balance obtained in Step 4, by LOB.
  - a. No findings were identified in the performance of this procedure.
11. Agreed incurred basis Total Health Care Quality Improvement and Other Expenses (line 63) reported on the “Reporting Template CYE20” worksheet, cell N82, to the incurred basis trial balance obtained in Step 4, by LOB.
  - a. No findings were identified in the performance of this procedure.
12. Agreed incurred basis Program Integrity: Fraud, Waste, and Abuse Prevention Expenses (line64) reported on the “Reporting Template CYE20” worksheet, cell N84, to the incurred basis trial balance obtained in Step 4, by LOB.
  - a. No findings were identified in the performance of this procedure.
13. Recalculated the Credibility Adjustment (If applicable) (line 65) reported on the “Reporting Template CYE20” worksheet, cell N86, and agreed to the credibility adjustment guidance provided by AHCCCS, by LOB.
  - a. No findings were identified in the performance of this procedure.
14. Confirmed the mathematical accuracy of the “MLR Calculations” section of the “Reporting Template CYE20” worksheet, lines 66 through 73, by LOB.
  - a. No findings were identified in the performance of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Company's MLR calculation for the LTC contract for the contract year ended September 30, 2020. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the Company and the AHCCCS, and is not intended to be, and should not be, used by anyone other than the specified parties.

The image shows a handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

June 2, 2021