

303 CYE 26 – COMMUNITY REINVESTMENT (ALL LINES OF BUSINESS EXCEPT ALTCS E/PD)

EFFECTIVE DATES: 10/01/22, 10/01/24, 10/01/25

APPROVAL DATES: 07/14/22, 06/04/24, 06/02/25

I. PURPOSE

This Policy applies to ACC, ACC-RBHA, DCS CHP (CHP), and DES DDD (DDD) Contractors. This Policy establishes the Contractor's standards for meeting the Community Reinvestment (CRI) requirements. The purpose of this Policy is to encourage the Contractor to invest in the communities in which they serve by addressing Health-Related Social Needs (HRSN). The HRSN are non-medical factors that impact member health outcomes. Common HRSN include, but are not limited to, housing, food/nutrition, utility assistance, transportation, basic amenities like clothing and diapers, employment, education, childhood development, criminal justice related support, interpersonal safety, environmental safety, support to reduce social isolation, non-discrimination/equity, and access to outdoor spaces. The purpose of this Policy is to encourage the Contractor to utilize CRI funding to address non-Medicaid compensable services for HRSN that contribute to member health outcomes.

II. DEFINITIONS

Refer to the [AHCCCS Contract and Policy Dictionary](#) for common terms found in this Policy.

For purposes of this Policy, the following terms are defined as:

AHCCCS WHOLE PERSON CARE INITIATIVE (WPCI)	An AHCCCS program dedicated to addressing member Health-Related Social Needs (HRSN) which negatively impact health outcomes, increase health care costs, and contribute to disparities in health outcomes .
COMMUNITY-BASED SUPPORT PROGRAMS	Local independent social activities and services that assist members with self-care and wellbeing and may help to assimilate and integrate members into society. Some examples include Alcoholics Anonymous (AA), Narcotics Anonymous (NA), Cocaine Anonymous, Crystal Meth Anonymous, Dual Recovery Anonymous, Heroin Anonymous, Marijuana Anonymous, Self-Management and Recovery Training (SMART Recovery), National Alliance on Mental Illness (NAMI) Programs and Living Well with a Disability and Working Well with a Disability Program.
COMMUNITY-BASED ORGANIZATIONS (CBO)	A local organization, often a non-profit, non-governmental, or other charitable organization that provides services to individuals and communities to address one or more Health-Related Social Need (HRSN).

COMMUNITY REINVESTMENT (CRI)	A strategy that requires the Contractor to reinvest a designated portion of profits into programs and services that address Health-Related Social Needs (HRSN) in the communities in which they serve.
HEALTH-RELATED SOCIAL NEEDS (HRSN)	Social and economic needs that individuals experience that affect their ability to maintain their health and well-being. These needs put individuals at risk for worse health outcomes and increased health care use. Health Related Social Needs (HRSN) refers to individual-level factors, including but not limited to housing, food/nutrition, utility assistance, transportation, basic amenities like clothing and diapers, employment, education, childhood development, justice involvement, interpersonal safety, environmental safety, social isolation, non-discrimination/equity, and access to outdoor spaces..
COMMUNITY REINVESTMENT NET AFTER-TAX PROFIT PERCENTAGE CALCULATION	The calculation is [Contract Year-to-Date Net Profit (account 99999) less Unreimbursed Performance based Payments, if applicable, plus Prior Fiscal Year Audit Adjustments, if applicable, plus Current Fiscal Year Audit Adjustments, if applicable divided by Contract Year-to-Date Total Revenue (account 49999)] stated as a percentage.
WHOLE PERSON CARE	A health care approach that provides support for physical health, mental health, and Health-Related Social Needs (HRSN).

III. POLICY

A. GENERAL

AHCCCS and its Contractors address HRSN through initiatives across the agency. AHCCCS relies on a broad range of funding sources for services and supports including Non-Title XIX/XXI funding. AHCCCS encourages its Contractors to collaborate with Community-Based Organizations (CBOs), tribal partners, providers, and other stakeholders to align with our strategic plan to improve member access to whole person care.

B. COMMUNITY REINVESTMENT (CRI) ACTIVITIES AND SERVICES

1. The Contractor shall designate and spend after-tax-profits on a Contract Year End (CYE) basis (October 1 through September 30) using a tiered approach, contributing up to 10%, as indicated in the table below, from each Line Of Business (LOB) for CRI activities in communities served by the Contractor. The Contractor shall expend the CRI amount within two years following the CYE. For example, CRI amounts from after-tax profits in CYE 2024 shall be spent by the end of CYE 2026. Both CHP and DDD shall implement these requirements for its Subcontracted Health Plans. Refer to the table below:

NET AFTER-TAX PROFIT PERCENTAGE (ACCOUNT 99999)	REQUIRED CRI INVESTMENT %
0%	0%
Greater than 0% but less than or equal to 1%	4%
Greater than 1% but less than or equal to 2%	6%
Greater than 2% but less than or equal to 3%	8%
Greater than 3%	10%

2. The CRI services shall consist of activities that cannot be reimbursed with Title XIX/XXI funds. The Contractor shall use CRI funds to expand utilization of Non-Title XIX/XXI services including, but not limited to, activities and services discussed in number three below. Non-Title XIX/XXI funding sources, if applicable, shall be used before using CRI funds. CRI funds shall supplement and not supplant existing activities and services already required and cannot be used for Title XIX/XXI services covered under another funding source such as Title XIX/XXI or Non-Title XIX/XXI.
3. All CRI activities shall align with and support the WPCI to demonstrate that the Contractor is addressing HRSN and working towards improving disparate health outcomes. The CRI activities shall be prioritized to support the WPCI and other activities listed below for any of the following activities not currently covered by Title XIX/XXI:
 - a. Housing and/or shelter (such as transitional housing, emergency shelter, permanent supportive housing subsidies, housing vouchers, eviction prevention interventions, move-in assistance, and development of affordable or special population housing using a Housing First approach),
 - b. Activities to address food insecurity and/or nutrition for services that are not covered by Medicaid,
 - c. Utility assistance programs,
 - d. Non-medical transportation such as providing access to healthy food, food banks, employment or employment navigation, community-based support programs, or to/from court or incarceration settings,
 - e. Activities to provide basic amenities like clothing and diapers,
 - f. Activities focused on AHCCCS member employment,
 - g. Activities focused on AHCCCS member educational activities and childhood development,

- h. Activities that support workforce development for prospective and current members of the health care workforce, including but not limited to, scholarships and tuition reimbursement (see the note below for additional details),
- i. Activities that reduce recidivism for criminal justice involved populations,
- j. Activities that address interpersonal and/or environmental safety,
- k. Activities to address social isolation and/or enhance social support,
- l. Activities that address disparate health outcomes,
- m. Activities that increase access and use of outdoor spaces to improve physical and/or mental health,
- n. Activities to improve maternal-child health outcomes that are not covered by Medicaid,
- o. Research activities that support a specific community activity that improves health outcomes. Research activities shall identify how the results will be used to improve member HRSN and shall be detailed in the Contractor's Community Reinvestment Plan,
- p. Other activities which address specific adverse conditions negatively impacting health outcomes for specific Title XIX/XXI or Non-Title XIX/XXI populations and communities, including, but not limited to, TRBHAs and Tribal populations,
- q. Other value-added services as specified in ACOM Policy 404 Section C, and
- r. Other programs that address HRSN in the community.

Note: The CRI funds can be used for long-term workforce development activities (e.g., creating recruiting partnerships with educational institutions to reach prospective workers or implementing a career pathing and succession planning program designed to ensure retention of exemplary employees) as well as short-term workforce management activities (e.g., implementing a work based apprenticeship program for attracting prospective workers or funding a tuition forgiveness program for workers who continue to their careers within the organization). However, CRI funds **must only be used to start new Workforce Development (WFD) or Workforce Management (WFM) initiatives the organization is not currently doing**. CRI funds cannot be used to expand or improve existing WFD or WFM activities. For example, if a provider organization currently offers tuition reimbursement as part of a staff development or a compensation program, then they cannot use CRI funding to supplement the growth of the scholarship program. Similarly, CRI funds cannot be used to supplant money the organization is currently spending for some other purpose. For example, if an organization wants to obtain CRI funding to pay for scholarships so that they also provide retention bonuses.

C. COMMUNITY REINVESTMENT (CRI) REQUIREMENTS FOR EXPIRING AND TERMINATING CONTRACTS

The Contractors holding contracts that have expired or been terminated shall carry out CRI commitments and liabilities designated prior to expiration/termination including the CRI liability for the final year prior to the expiration/termination date.

The Contractor shall expend the CRI amount within two years following the expiration/termination date. Such Contractors shall not be required to designate after-tax-profits for CRI on profits earned during the run-out period after the Contract expiration/termination date.

D. CONTRACTOR RESPONSIBILITIES

1. It is preferable for Contractors to work directly with the CRI programs they fund; however, it is permissible for Contractors to utilize a third-party administrator. Administrative costs for third parties to award funding on the MCO's behalf are limited to 5%, unless an MCO obtains pre-approval from AHCCCS DBF HC Finance in advance.
2. The Contractor shall submit a Community Reinvestment Plan as specified in Contract Section F, Attachment F3, Contractor Chart of Deliverables. The Community Reinvestment Plan shall detail the Contractor's anticipated CRI investments in the current contract year based on the prior Contract year profits (e.g., CYE 24 expected activities utilizing the CRI requirement based on CYE 23 profits) The Contractor shall also include the expected dollar amounts, recipients, and benefits as specified in Attachment A.
3. The Contractor shall maintain financial reporting that separately identifies CRI activities. Refer to the AHCCCS Financial Reporting Guide for directions on the quarterly financial reporting of CRI activities.
4. If a Contractor has a contract for more than one AHCCCS LOB, the Contractor shall calculate the CRI requirement individually for each LOB. In the instance that one LOB has a loss in a contract year and another LOB has a profit in the same contract year, the individual net profit (loss) shall not be combined to calculate the Contractor's CRI requirement. Also, for any project that benefits more than one LOB, the associated costs shall be allocated to the LOB(s) generating a profit, even if the project benefits other LOB(s) without a profit. This ensures that costs are distributed in alignment with the profitability of each LOB accordingly. Spending is specific to the contract year in which it was incurred for the applicable CRI profit year and cannot be carried forward or back. Therefore, no future or past credits on CRI dollars are permitted and CRI dollars cannot be used for projects that cross contract years unless pre-approval is obtained from AHCCCS DBF-HC Finance:
 - a. For example, a Contractor's ALTCS E/PD LOB has a net profit of \$100,000 and the Contractor's ACC LOB has a net loss of (\$100,000) for CYE XX. The profit and loss from the ALTCS E/PD and ACC LOB are not added together to calculate the CRI requirement for CYE XX. The CRI requirement for the ALTCS E/PD LOB, assuming the profit is greater than 1% but less than or equal to 2%, is \$6,000 [$\$100,000 \times 6\%$] and the CRI for the ACC LOB is \$0 [losses are not assessed CRI]. The Contractor's CRI requirement for CYE XX is \$6,000, and
 - b. For example, if a Contractor has a profit in Contract Year A in the ACC LOB, and a profit in Contract Year B in the ALTCS LOB, any excess CRI dollars spent in Contract Year B, or designated as Contract Year B, cannot be carried back to Year A for any LOB, nor can it be carried forward to Contract Year C.

5. Although CRI projects may benefit all LOB, the benefit shall be allocated equitably among the counties/communities the Contractor serves, reflecting the specific needs and priorities of each community. Projects that serve areas outside the Contractor's counties/communities require pre-approval by AHCCCS DBF-HC Finance. For example, if 90% of the Contractor's members reside in Community A and 10% of the Contractor's members reside in Community B, the Contractor's CRI projects shall benefit Community A and Community B in total for the Contract Year.
6. The Contractor shall include all income in determining the CRI liability, including investment income and non-operating profit/loss.
7. The Contractor shall submit a CRI Report as specified in Contract Section F, Attachment F3, Contractor Chart of Deliverables. The CRI Report shall detail the Contractor's actual CRI investments after the end of the Contract Year utilizing Attachment B. The Contractor shall submit one Attachment B with separate tabs for each LOB. The activities included in the CRI Report should align with the approved CRI Plan and shall be allowable per Policy requirements. If the Contractor deems the approved plan requires substantive revisions, it shall be submitted to AHCCCS DBF-HC Finance for review and approval. The Contractor shall include an eight-month cut-off period for the CRI Report and continue to submit this Report annually to AHCCCS for all previous year commitments until the full required CRI amounts have been reinvested. If the CRI Report activities relate to a previous year's CRI commitment, the Contractor shall indicate such on the CRI Report under the Commitment Year Column.

E. AHCCCS RESPONSIBILITIES

AHCCCS shall review the CRI Report for activities conducted in the year applicable to the deliverable, regardless of which CRI year. AHCCCS shall verify that the amount reinvested into the community is consistent with the required CRI percentage, indicated in section B, based on the Contractor's net after-tax profit percentage on a Contract year basis. AHCCCS will continue to review prior year CRI remaining balances until the full requirement is met. The Contractor is subject to Administrative Action if the CRI requirement is not met within two contract years following the profit year. For information regarding AHCCCS sanction policy refer to ACOM Policy 408.