

323 – AHCCCS COMPLETE CARE - REGIONAL BEHAVIORAL HEALTH AGREEMENT AND NON-TITLE XIX/XXI PROFIT LIMIT

EFFECTIVE DATE: 10/01/15, 10/01/17, 10/01/19, 10/01/21, 10/01/22¹

APPROVAL DATE: 09/07/17, 10/18/18, 08/05/20, 08/19/21, 05/19/22

I. PURPOSE

This Policy applies to ACC-RBHA Contractors.

The Non-Title XIX/XXI Profit Limit is based on financial information as reported for the State Fiscal Year (SFY) ended June 30 on the Year-To-Date Non-Title XIX/XXI Income Statement or, if there is an audit adjustment, is based on the Contractor’s final adjusted year-to-date June Financial Statements and final Non-Title XIX/XXI Profit Limit Template. The analysis is performed after the Contractor’s annual audit is finalized and any audit adjustments applying to Non-Title XIX/XXI for the SFY ended June 30 have been incorporated. This reconciliation is performed annually on a SFY basis.

II. DEFINITIONS

For purposes of this Policy:

ADMINISTRATIVE COMPONENT	An amount equal to the contracted administrative percentage for Non-Title XIX/XXI.
AHCCCS COMPLETE CARE- REGIONAL BEHAVIORAL HEALTH AGREEMENT (ACC-RBHA) OR (RBHA) CONTRACTOR	An AHCCCS Complete Care (ACC) Contractor with expanded contractual responsibilities, as specified in CCE No. YH20-0002, for the provision of Non-Title XIX/XXI services for Title XIX/XXI and Non-Title XIX/XXI members and comprehensive Title XIX/XXI physical health and behavioral health services to eligible individuals with a Serious Mental Illness designation.
MEDICAL EXPENSE	For Non-Title XIX/XXI, expenses incurred by the Contractor for covered behavioral health services with dates of service during the state fiscal year.
MEDICAL REVENUE	For Non-Title XIX/XXI, an amount equal to 92% of funds paid by AHCCCS in the state fiscal year.
STATE FISCAL YEAR (SFY)	The budget year-State fiscal year: July 1 through June 30.

Additional definitions are located on the AHCCCS website at: [AHCCCS Contract and Policy Dictionary](#).

¹ ACOM Policy 323 (Effective 10/01/22) is a remove and replace of the former ACOM Policy 323. The former ACOM Policy 323 has been end dated.

III. POLICY

A. GENERAL

The reconciliation shall be performed as specified below. The amount due from the Contractor as the result of this reconciliation shall be based on aggregated profits in excess of the established limits across the Non-Title XIX/XXI funding sources, as specified below. The reconciliation shall limit the Contractor's Profit percent as shown in the AHCCCS Responsibilities section.

B. AHCCCS RESPONSIBILITIES

1. In accordance with ACC-RBHA Non-Title XIX/XXI Contract, AHCCCS shall, on a State Fiscal Year (SFY) basis, not allow the Contractor to earn a profit from allocated funds for General Fund Crisis and General Fund Non-Title XIX/XXI Serious Mental Illness (SMI).

AHCCCS shall, on a SFY basis, allow the Contractor to earn a profit from allocated funds for Substance Abuse Block Grant (SABG), Mental Health Block Grant (MHBG), and County Funds. Various funding sources are combined and reported as "Non-Title XIX/XXI Other." Some of these sources are eligible for profit, other sources are not eligible for profit. The Contractor shall be notified via an Allocation Letter as to which funding sources shall earn a profit and the profit percentage shall be specified accordingly. Profits earned in the aforementioned funding sources are limited to four percent of Medical Revenue as follows:

$$\text{Profit to be Limited} = \text{Medical Revenue} - \text{Medical Expense}$$

Profits in excess of the established limit shall be returned to AHCCCS. There is no maximum loss for Non-Title XIX/XXI funding sources as losses are not reimbursable.

$$\text{Profit/Loss percent} = \text{Profit to be Limited divided by Medical Revenue}$$

Profit/Loss shall be assessed as follows:

- a. Profit/Loss associated with the SABG funding source shall be assessed separately from the MHBG funding source,
- b. Profit/Loss associated with the MHBG funding source shall be assessed separately as:
 - i) MHBG Serious Emotional Disturbance (SED),
 - ii) MHBG SMI, and
 - iii) MHBG First Episode Psychosis (FEP) funding sources.
- c. Profit/Loss associated with Other Non-Title XIX/XXI shall be assessed:
 - i) If applicable, as identified in the AHCCCS Allocation Schedule and/or allocation letters,
 - 1) In instances where the revenue reported in Non-Title XIX/XXI Other is not subject to any profit, the revenue and expenses paid on a reimbursement basis shall be excluded from the Profit Limit accordingly.
 - ii) If applicable, County funding sources combined.

Attachment A to this Policy provides an example of the Non-Title XIX/XXI Profit Limit Template.

2. AHCCCS shall calculate profit limits for other federal grant funds, if applicable as identified in the AHCCCS Allocation Schedule and/or allocation letters.
3. AHCCCS shall exclude imposed sanctions and taxes as expenses for the purpose of calculating profit or loss.
4. AHCCCS shall calculate the determination of the Contractor's Profit Limit based on the information provided by the Contractor in the Contractor Responsibilities Section. Upon completion of the review period, AHCCCS shall calculate the Contractor's Profit Limit and issue a determination letter for review and comment.
5. AHCCCS shall review the estimated profit limit payable and reported accruals for Non-Title XIX/XXI funding sources on the financial statements submitted to AHCCCS on a quarterly basis as specified in the AHCCCS Financial Reporting Guide.
6. If the Contractor fails to meet the required encounter percentage of Non-Title XIX/XXI revenue as calculated in the final Encounter Evaluation Report for the applicable period (refer to the AHCCCS Financial Reporting Guide for additional information), AHCCCS shall adjust the profit limit calculation to account for the under-reported expenses.
7. AHCCCS reserves the right to compute the profit limit prior to the receipt of the final audit using the most current financial reporting and process partial profit limit recoupments. Any amount due to or from the Contractor as a result of computing the profit limit after receipt of the final audit shall be paid or recouped through future Non-Title XIX/XXI payments.

C. CONTRACTOR RESPONSIBILITIES

1. The Contractor shall submit financial information as reported for the SFY ended June 30 on the Year-to-Date Non-Title XIX/XXI SFY Income Statement and Schedule A Disclosure by Funding Source or, if there is an audit adjustment, the Contractor's final adjusted year-to-date June Financial Statements for the SFY ended June 30. The submission shall also include the Final Non-Title XIX/XXI Profit Limit Template and be submitted to AHCCCS/DHCM, Finance as specified in Contract. AHCCCS shall request additional revised financial statements, as needed.
2. The Contractor shall not earn a profit from allocated funds for General Fund Crisis and Non-Title XIX/XXI SMI. Unexpended funds in these funding sources shall be returned to AHCCCS upon request. Losses in these funding sources shall not be reimbursed. The Contractor is under no obligation to deliver or pay for services beyond the amount funded by AHCCCS. The Contractor shall manage these allocated funds for services to eligible persons in a manner to enable the Contractor to deliver services throughout the SFY.

3. The Contractor shall expend a minimum of 92 percent of Non-Title XIX/XXI funds on Medical Expenses and is limited to eight percent on administrative expenses for General Fund Crisis and Non-Title XIX/XXI SMI. Non-Title XIX/XXI funds not expended on medical and administration, including amounts under the required 92 percent for medical and the eight percent limit on administration, shall be returned to AHCCCS. There is no maximum loss for Non-Title XIX/XXI funding sources. The Contractor shall accrue a payable to AHCCCS on a quarterly basis as specified in the AHCCCS Financial Reporting Guide and return unspent medical or administration funds as specified below.
4. The Contractor shall not exceed the four percent profit limit as established by AHCCCS for SABG, MHBG SED, MHBG SMI, MHBG FEP, County, and Non-Title XIX/XXI Other Funds, when appropriate, and shall return excess profits to AHCCCS as specified below. There is no maximum loss for Non-Title XIX/XXI funding sources. The Contractor shall accrue a payable to AHCCCS on a quarterly basis as specified in the AHCCCS Financial Reporting Guide.
5. The Contractor shall not exceed the profit limit for other federal grant funds, when appropriate, as identified in the AHCCCS Allocation Schedule and/or allocation letters and shall return excess profits to AHCCCS as specified below. The Contractor shall accrue a payable to AHCCCS for profits in excess of the established limit for other federal grant funds.
6. The Contractor shall return excess profits to AHCCCS in the manner specified in the final determination letter or as otherwise directed by AHCCCS.