

326 CYE 26 - FIXED ADMINISTRATIVE COST COMPONENT RECONCILIATION FOR ACC AND ACC-RBHA

EFFECTIVE DATES: 10/01/25

APPROVAL DATES: 09/11/25

I. PURPOSE

This Policy applies to ACC and ACC-RBHA Contractors. This Policy establishes requirements for Contractors regarding the Fixed Administrative Cost Component Reconciliation for Contract Year Ending (CYE) 2026 and forward. Due to uncertainty regarding Actual Member Months versus Projected Member Months used to calculate the fixed portion of the administrative cost Per Member Per Month (PMPM) in the capitation rates, AHCCCS will reconcile Actual Member Months to Projected Member Months as described in this policy. AHCCCS performs this reconciliation annually on a Contract Year basis.

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:

ACTUAL MEMBER MONTHS	Total prospective and prior period coverage member months paid to the Contractor for the contract year for Eligible Risk Groups.
ELIGIBLE RISK GROUPS	Populations included in this fixed administrative cost component reconciliation are all ACC and ACC-RBHA risk groups except for Serious Mental Illness (SMI), Crisis 24 Hour Group, and delivery supplement.
PROJECTED MEMBER MONTHS	Total prospective and prior period coverage member months projected for the Eligible Risk Groups for the Contractor for the contract year being reconciled as part of capitation rate development.
FIXED ADMINISTRATIVE COST COMPONENT	Per Member Per Month (PMPM) for the portion of the Administrative Cost component of the capitation rate, relating to the Contractor's fixed costs, subject to Medical Loss Ratio (MLR) requirements. This PMPM is the same for all Eligible Risk Groups that receive an administrative cost component by Contractor.
PREMIUM TAX	The tax imposed pursuant to ARS 36-2905 and ARS 36-2944.01 for all payments made to Contractors for the contract year.

III. POLICY

A. GENERAL

1. The reconciliation shall relate solely to the member months and fixed administrative cost capitation rate component. The amount due from or due to the Contractor as a result of this reconciliation will be based on whether the Contractor's Actual Member Months are different than Projected Member Months within a +/- 2.0% risk band.
2. Actual Member Months that exceed the Projected Member Months by 2.0% will result in a recoupment from the Contractor as shown in Attachment A.
3. Actual Member Months that are less than Projected Member Months by 2.0% will result in a payment to the Contractor as shown in Attachment A.

B. AHCCCS RESPONSIBILITIES

1. No sooner than six months after the Contract Year to be reconciled, AHCCCS shall perform the reconciliation. The reconciliation will be calculated as follows:

Administrative member months reconciliation = Projected Member Months outside of the 2% risk band multiplied by the fixed administrative cost PMPM used in capitation rate development.

Actual Member Months > Projected Member Months * 1.02 = recoupment from the Contractor.

Actual Member Months < Projected Member Months * 0.98 = payment to the Contractor.

Attachment A provides an example of the fixed administrative cost component reconciliation calculation.

2. AHCCCS will provide the Contractor with the fixed administrative cost component reconciliation and provide a set time period for review and comment by the Contractor. Upon completion of the review period, AHCCCS will evaluate Contractor comments and make any adjustments to the reconciliation as warranted.
3. Any amount due to or due from the Contractor as a result of the fixed administrative cost component reconciliation will be paid or recouped through a future monthly capitation payment.
4. If the administrative component of the capitation rate was capped in order to ensure compliance with minimum Medical Loss Ratio (MLR) requirements when the capitation rate was originally developed, the MLR limit and fixed administrative component shall be recomputed using Actual Member Months for purposes of this reconciliation.