



Arizona Health Care Cost Containment System

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First Quarter 1999 Quality Initiative Report

October 1998 – December 1998

Financial Indicators

Financial indicators were identified as another performance assessment tool. Currently, AHCCCS requires health plans and program contractors to comply with, and report on, a variety of financial standards. AHCCCS and the health developed four specific financial indicators in order to evaluate the performance of the health plans. Financial indicators were calculated using 1997 audited information and submitted to HCFA in August 1998.

Indicator	Determines:
1. Operating income/loss.	If a health plan can remain fiscally viable given current capitation rates.
2. Medical expense ratio.	How well a health plan manages care.
3. Days outstanding received but unpaid claims (RBUC).	If claims are being paid in a timely fashion.
4. Change in reported but unpaid claims and incurred but not reported (IBNR) estimates.	How well a health plan is recording medical expenses.

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