

## General Provider Communication

Maricopa County Regional Behavioral Health Authority  
Magellan Health Services of Arizona, Inc.

Dear Provider,

Magellan was recently notified that our Non-Title SMI funding for June was going to be reduced as a result of the shortfall of Tobacco Tax Collections. As such, Magellan allocated the reduction in funding on a pro-rata basis to block funded providers who receive Non-Title SMI funding. This reduction in funding was deducted from the June block payments. In addition, some of the June Block payments were reduced as a result of Magellan recouping funds from Adult System Providers who have not encountered up to the required contractual percentage level of funding.

It has been brought to our attention that both the amount and timing of the Tobacco Tax reduction and/or Recoupment has caused financial hardship for many of our providers. In order to mitigate this hardship and maintain service delivery in Maricopa County, Magellan will issue a payment in June which returns a substantial amount of the reduction to our providers. The remaining reductions will be withheld in 3 equal installments in July, August, and September. Below is a tobacco tax reduction and recoupment payment example.

	Jun	Jul	Aug	Sep	Total
<b>Tobacco Tax Reduction Example:</b>					
Original Amount deducted from June check	10,000	-	-	-	10,000
Portion of reduction to be paid to providers the week of June 30, 2008	7,500				7,500
New Amount deducted from June check/to be deducted from Jul-Aug checks	2,500	2,500	2,500	2,500	10,000
Percentage of deduction withheld from Jun-Sep	25%	25%	25%	25%	100%
<b>Recoupment Example:</b>					
Original Amount deducted from June check/to be deducted from July check	7,500	7,500	-	-	15,000
Portion of reduction to be paid to providers the week of June 30, 2008	3,750	-	-	-	3,750
New Amount deducted from June check/to be deducted from Jul-Aug checks	3,750	3,750	3,750	3,750	15,000
Percentage of deduction withheld from Jun-Sep	25%	25%	25%	25%	100%

If you have questions, please contact Shannon Sieverling at (602) 797-8380, Ramon Dominguez at (602)652-5813, Teri Krantz at (602) 652-5806, or your Provider Relations Liaison.

