

December 22, 2015

Paul Barnes  
Chief Executive Officer  
Bridgeway Health Solutions  
1501 W. Fountainhead Parkway, Suite 201  
Tempe, AZ 85282

**RE: Regulatory Action - Advantage Bridgeway Health Solutions Dual-Special Needs Plan**

Dear Mr. Barnes:

On May 21, 2015, the Arizona Health Care Cost Containment System (AHCCCS) was made aware of Centene Corporation's withdrawal of the Advantage Bridgeway Health Solutions dual-special needs plan (D-SNP) bid application for service area expansion to Pinal County. As required in the ALTCS Contract YH12-0001-01 with an effective amendment date of April 1, 2015, Section D, Paragraph 72 Medicare Requirements, "ALTCS members who are also enrolled in Medicare are considered dual eligible. In an effort to improve care coordination for dual eligible members, AHCCCS requires the Contractor, or its corporate affiliate, to be a Medicare Advantage Dual Eligible Special Needs Plan (D-SNP) that manages and provides Medicare benefits to ALTCS dual eligible members in its Geographic Service Area(s)."

Based on the provisions of the above referenced contract, the requirements set forth have not been met by the Contractor since it has failed to operate as a D-SNP in all required counties. This is the third consecutive year that the Bridgeway has failed to operate as a D-SNP in all contracted counties. In accordance with applicable Federal and State laws, AHCCCS Rule R9-28-606, ACOM Policy 408 and the terms of ALTCS Contract YH12-0001, AHCCCS may impose sanctions for failure to comply with any provision of this contract, including but not limited to: temporary management of the Contractor; monetary penalties; suspension of enrollment; withholding of payments; and suspension, refusal to renew, or termination of the contract, or any related subcontracts [42 CFR 422.208; 42 CFR 438.700, 702, and 704, 45 CFR 92.36(i)(1); 45 CFR 74.48].

***Sanction***

Bridgeway Health Solutions is found to be in non-compliance with the terms of the ALTCS Contract Section D, Paragraph 72 Medicare Requirements and will be subject to a monetary sanction of **\$75,000**. Based on this failure to meet contractual standards, the sanction was determined as follows:

- GSA 40 (Pinal and Gila Counties) -
  - Established monetary sanction amount for both counties =\$150,000
  - **Assessed monetary sanction: Pinal County only--\$75,000**

Full compliance with the stated requirements to operate a MA D-SNP was required to be effective January 2016.

***Future Performance***

The Contractor is expected to be in full compliance with the requirement to operate a MA D-SNP effective January 2017. Accordingly, Bridgeway Health Solutions is strongly encouraged to commence frequent and continuing collaboration with the Centers for Medicare & Medicaid Services (CMS) to

ensure that all contractual requirements are fulfilled in advance of the posted deadlines. Per the terms of your Contract, sanctions are not AHCCCS' exclusive remedy. Regulatory actions may include continuation of the actions listed above, including additional sanctions, as specified in the Contract. In addition, and without limiting possible future actions, if any legal action is brought against AHCCCS as the result of the Contractor's non-compliance with the Contract, AHCCCS will seek compensation for any damages arising from such legal action, including but not limited to AHCCCS' cost of representation, as well as the cost of any attorney's fees and costs.

The total sanction of **\$75,000** will be withheld from a future capitation payment.

If Bridgeway Health Solutions disagrees with this decision, the Contractor may file a dispute with the AHCCCS Administration in accordance with the process outlined in A.A.C. R9-34-401 et seq. The dispute must be filed in writing and must be received by the AHCCCS Administration, Office of Administrative Legal Services at 701 E. Jefferson, Phoenix, AZ 85034, no later than 60 days from the date of this letter. The dispute shall specify the legal and factual bases for the dispute as well as the relief requested.

If you have any questions regarding this letter, please contact Virginia Rountree at 602-417-4122 or [virginia.rountree@azahcccs.gov](mailto:virginia.rountree@azahcccs.gov).

Sincerely,



Meggan Harley  
Procurement and Contracts Manager

c: Cheyenne Ross, VP of Operations and Compliance, Bridgeway Health Solutions  
Shelli Silver, Assistant Director Finance, DHCM  
Virginia Rountree, Assistant Director Operations, DHCM  
Christina Quast, Operations Manager, DHCM  
Kijuana Wright, Program Development Officer, DHCM