

June 13, 2014

Karen Saelens, Executive Director
UnitedHealthcare Community Plan
1 E. Washington Suite 900
Phoenix, Arizona 85004

RE: Notification of Compliance Action

Dear Ms. Saelens:

The Arizona Health Care Cost Containment System (AHCCCS), Division of Health Care Management (DHCM), has determined that UnitedHealthcare Community Plan is in violation of Contract YH12-0001 for Arizona Long Term Care System, Elderly and Physically Disabled (ALTCS/EPD) services. As outlined in Section D, Paragraph 80 (Sanctions) of the ALTCS/EPD contract, UnitedHealthcare Community Plan is hereby subject to the following compliance actions.

Failure to Identify and Report a Material Network Change

As outlined in Section D, Paragraphs 29 and 43 of the ALTCS EPD contract, UnitedHealthcare Community Plan must:

- assess the impact of any network change and identify if it meets the definition of a material change which includes any change that would cause more than 5% of members in the GSA or district to change location where services are received or rendered, and
- request approval from AHCCCS for the material change.

On December 23, 2013 UnitedHealthcare Community Plan submitted a letter to AHCCCS providing notification of a change to its pharmacy network effective February 1, 2014, and advising AHCCCS that the proposed change would not impact ALTCS members. Subsequent written communication from UnitedHealthcare Community Plan then stated that some ALTCS members would be impacted. As a result of further correspondence with UnitedHealthcare Community Plan, AHCCCS determined that the change to the pharmacy network constituted a material change as described in contract.

UnitedHealthcare Community Plan is subject to sanction for failing to identify its pharmacy network change as a material change affecting more than 5% of members in a GSA, to report the change as material, and to request approval of its pharmacy network change as a material change, consistent with the aforementioned contractual provisions. Accordingly, AHCCCS will impose a **\$3,000.00** monetary sanction for UnitedHealthcare Community Plan's failure to comply with contractual requirements. The total sanction amount above will be withheld from a

future capitation payment. This notification of compliance action supersedes the AHCCCS correspondence dated April 29, 2014.

If UnitedHealthcare Community Plan disagrees with this determination, the Contractor may file a dispute with the AHCCCS Administration using 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 Service 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, you may contact Virginia Rountree, Operations Administrator, at 602-417-4122 or Virginia.Rountree@azahcccs.gov

Sincerely,



Michael Veit
Chief Procurement Officer

Cc: Kent Monical, President, UnitedHealthcare Community Plan
Kimulet Winzer, West Region Compliance Director, UnitedHealthcare Community Plan
Kelly Kreiselmeier, Compliance Officer, UnitedHealthcare Community Plan
Leticia Villagomez, Contract Compliance Officer, UnitedHealthcare Community Plan
Kari Price, Assistant Director, DHCM
Shelli Silver, Assistant Director, DHCM
Virginia Rountree, Operations Administrator, DHCM
Diana Alvarez, Operations Manager, DHCM
Christina Quast, Operations Compliance Officer, DHCM