

April 28, 2015

Mark Fisher  
Chief Executive Officer  
Mercy Care Plan  
4350 East Cotton Center Blvd., Building D  
Phoenix, AZ 85040

**RE: Notification of Compliance Action – Sanction (Acute)**

Dear Mr. Fisher:

The Arizona Health Care Cost Containment System (AHCCCS), Division of Health Care Management (DHCM), has completed a review of Mercy Care Plan's Notice to Cure (NTC) documentation. The NTC was imposed as a result of a violation of its Acute Care Contract YH14-001 for Contract year ending 2015 involving the Provision of Non Emergency Transportation Services/Appointment Standards and Timeliness of Service.

Mercy Care Plan (MCP) is responsible for compliance with all contractual requirements, including those outlined in Section D, Paragraphs 33 "Appointment Standards" and 37 "Subcontracts." MCP delegated the function for provision of Non Emergency Transportation Services to a transportation broker, LogistiCare, effective January 24, 2015 through February 12, 2015.

An assessment of the member grievances which were filed when LogistiCare served as transportation broker for MCP identified hundreds of grievances and numerous quality of care concerns directly related to transportation and associated access to care issues. Due to the considerable and ongoing delays members experienced in obtaining transportation for medically necessary health care services, significant adverse outcomes were reported which resulted in substantial risk to member health including, but not limited to, missed physician appointments, missed surgeries, missed appointments at burn clinics and wound clinics as well as missed outpatient treatment such as dialysis and chemotherapy. Some MCP members were hospitalized as a consequence of missing their scheduled appointments. Moreover, MCP's telephone performance measures for both intake and resolution of member and provider calls failed to meet contractual standards because of the transportation delays and missed appointments. Approximately forty percent of member calls did not satisfy one or more telephone performance standards while approximately thirty percent of provider calls were found to be deficient in one or more standards. The significant number of missed appointments and the many scheduled services for MCP members which did not take place also adversely affected providers and their operations.

In addition to other contractual deficiencies, MCP failed to ensure timely access to critical services for its members as a result of LogistiCare's failure to appropriately provide/arrange for medically necessary routine and urgent transportation. AHCCCS will continue to monitor

MCP's performance and its compliance with contractual requirements, including adherence to telephone performance measures and timeliness standards for appointments. AHCCCS will also continue to monitor and review member complaints and grievances.

As outlined in Section D, Paragraphs 33, 37 and 72 (Sanctions) of the Acute Care Contract, MCP is hereby subject to the following compliance action:

**Sanction**

MCP is subject to sanction for failure to appropriately provide and adequately coordinate medically necessary transportation which prevented MCP members from timely receiving medically necessary health care services. The lack of available medically necessary transportation services adversely affected the health and safety of MCP members and led to widespread disruption to the AHCCCS system. Providers were also adversely affected by MCP's failure to timely provide required transportation services. Accordingly, AHCCCS is imposing a **\$200,000.00** monetary sanction for MCP's failure to comply with contractual requirements. The total sanction amount will be withheld from a future capitation payment.

If MCP 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 Services (MD 6200) at 701 East Jefferson, Phoenix, Arizona, 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](mailto:Virginia.rountree@azahcccs.gov).

Sincerely,



Michael Veit  
Chief Procurement Officer

Cc:

Melanie Herring, Compliance Director  
Lorry Bottrill, Head of MCP Operations  
Shelli Silver, Assistant Director, DHCM  
Virginia Rountree, Interim Assistant Director, DHCM  
Christina Quast, Interim Operations Manager, DHCM  
Kim Elliott, Clinical Quality Management Administrator, DHCM  
Barbara Lang, Behavioral Health Administrator, DHCM  
Michelle Holmes, Operations and Compliance Officer, DHCM