

November 23, 2016

Mr. Paul Barnes  
Chief Executive Officer  
Health Net Access  
1230 W. Washington St., Suite 401  
Tempe, AZ, 85281

Dear Mr. Barnes:

Attached are the final results of the Encounter Data Validation studies for Health Net Access for Contract Year Ending (CYE) 2013 and 2014. The review was conducted in accordance with Section D, paragraph 65 of the Contract and the Encounter Data Validation Technical Document. The review scope included two sections: Acute study "A" for all professional services and the Acute study "B" for all facility services. The studies measured:

- Claim included in the Contractor's claim submission and encountered in AHCCCS' Prepaid Medical Management Information System (PMMIS) (Match) – reviewed for accuracy and timeliness.
- Claims included in the Contractor's claim submission but not encountered in PMMIS (NotEnc InCIm) – reviewed for omission.
- Encounters reported in PMMIS but not included in the Contractor's claim submission (InEnc NotCIm) – reviewed for omission from claim submission file.

A preliminary report was provided to allow the Contractor the opportunity to review and submit any additional information that may have affected the final error rate calculations. After considering the Contractor response, the results have been applied to the total population of "A" and "B" encounters.

For study "A" Match, there were 270,812 encounter/claim matches identified from a sample size of 362,067 claims; a subsample of 153 was randomly selected. AHCCCS manually compared the supporting information provided by the Contractor to the adjudicated encounters within PMMIS resulting in 0 accuracy errors and 12 timeliness errors, yielding an overall error rate of 0.00% for accuracy and 7.84% for timeliness. For study "B" Match, there were 22,401 encounter/claim matches identified from a sample size of 27,702 claims; a subsample of 152 was randomly selected. AHCCCS manually compared the supporting information provided by the Contractor to the adjudicated encounters within PMMIS resulting in 0 accuracy errors and 21 timeliness errors, yielding an overall error rate of 0.00% for accuracy and 13.82% for timeliness.

For study "A" NotEnc InCIm, there were 91,255 possible omissions identified from a sample size of 362,067 claims; a subsample of 317 claims was randomly selected. AHCCCS manually compared the supporting information provided by the Contractor to the adjudicated encounters within PMMIS resulting in 121 omission errors, yielding an overall error rate of 9.62%. For study "B" NotEnc InCIm, there were 5,301 possible omissions identified from a sample size of 27,702 claims; a subsample of 301 claims was randomly selected. AHCCCS manually compared the supporting information provided by the Contractor to the adjudicated encounters within PMMIS resulting in 72 omission errors, yielding an overall error rate of 4.58%.

For study "A" InEnc NotCIm, there were 29,694 possible omissions identified from a sample size of 303,769 encounters; a subsample of 315 claims was randomly selected. AHCCCS manually compared the supporting information provided by the Contractor to the adjudicated encounters within PMMIS resulting in 45 omission errors, yielding an overall error rate of 1.40%. For study "B" InEnc NotCIm, there were 1,893 possible omissions identified from a sample size of 24,477 encounters; a subsample of 280 claims was randomly selected. AHCCCS manually compared the supporting information provided by the Contractor to the adjudicated encounters within PMMIS resulting in 0 omission errors, yielding an overall error rate of 0.00%.

For each study, if the error rate falls below the acceptable rate of 5%, no sanction will be applied. The Contractor's error rates and sanction amounts, if applicable, for each study are as follows:

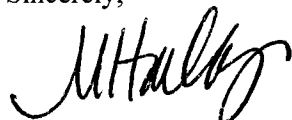
STUDY	Error Rate	Sanction
A Match Accuracy	0.00%	\$0.00
A Match Timeliness	7.84%	\$1,207.77
A NotEnc InCIm	9.62%	\$8,047.00
A InEnc NotCIm	1.40%	\$0.00
B Match Accuracy	0.00%	\$0.00
B Match Timeliness	13.82%	\$545.68
B NotEnc InCIm	4.58%	\$0.00
B InEnc NotCIm	0.00%	\$0.00

Per the terms of the Contract, sanctions are not the Administration's exclusive remedy. In particular and without limiting possible future actions, if any legal action is brought against the Administration as the result of your non-compliance with the Contract, the Administration will seek compensation from you for any damages arising from such legal action including but not limited to the Administration's cost of representation as well as the cost of any attorneys' fees and costs payable to the party bringing the action.

Within 24 hours of receipt of this letter, the final workpapers for each study will be uploaded to the SFTP at <https://sftp.statemedicaid.us/NET/OTHER/DHCM/OUT/>.

Thank you for your assistance with this Centers for Medicare and Medicaid Services (CMS) requirement. If you have any questions, please contact Linda Oakley at (602) 417-4308 or [linda.oakley@azahcccs.gov](mailto:linda.oakley@azahcccs.gov).

Sincerely,



Meggan Harley, CPPO, MSW  
Chief Procurement Officer  
Division of Business and Finance  
Mail Drop #5700

C: Lori Petre, AHCCCS  
DHCM/DA&R File