

May 5, 2017

James Stover  
Chief Executive Officer  
Cenpatico Integrated Care  
1501 W Fountainhead Parkway, Suite 360  
Tempe, AZ 85282

**RE: Compliance Action: Sanction - Quality of Care Concerns**

Dear Mr. Stover:

The Arizona Health Care Cost Containment System, Division of Health Care Management (hereinafter “AHCCCS”) has determined that Cenpatico Integrated Care (hereinafter “CIC”) is in violation of contract YH17-0001-01 for Regional Behavioral Health Authority (RBHA) services for contract year ending 2017. As outlined in RBHA Contract, Section 19.6 Sanctions, CIC is hereby subject to compliance action as outlined below.

On March 1, 2017, AHCCCS issued a Notice to Cure for CIC’s failure to comply with Contract requirements regarding Quality Management reporting, tracking and investigations of member complaints and Quality of Care (QOC) concerns as required per CIC’s Contract Section 10, Quality Management and AHCCCS Medical Policy Manual Chapter 960. CIC’s lack of appropriate responsiveness to the reporting of quality of care issues is a serious violation of Contract and policy requirements and adversely impacted the provision of quality care and services for a vulnerable member population with complex medical and behavioral health conditions and continuing and substantial health care needs.

On March 6, 2017, in response to the Notice to Cure (NTC) requirements, CIC submitted a root cause analysis and an Action Plan to address the NTC and the findings of its analysis. CIC’s analysis identified several significant internal process and compliance failures consistent with AHCCCS’s findings outlined in the NTC.

***Sanction***

CIC is subject to sanction for failure to understand the importance of, appropriately respond to, investigate, report, and track and trend quality of care concerns as required in the RBHA Contract and AHCCCS Medical Policy Manual. This failure is of a significantly critical nature, resulting in adverse outcomes in the provision of care and services to vulnerable members. Accordingly, AHCCCS is imposing a \$225,000 monetary sanction for CIC’s failure to comply with contractual requirements. The total sanction amount will be withheld from a future capitation payment.

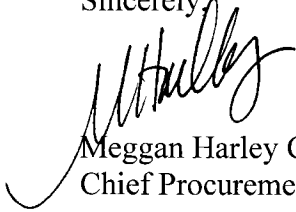
Failure to comply with the NTC and submitted Action Plan to correct the deficiencies may result in additional compliance actions pursuant to RBHA Contract Section 19.6, Sanctions and Terms and Conditions 48, Terminations, up to and including sanctions and/or termination of the contract in whole or in part due to failure of the Contractor to comply with any terms or condition of this contract.

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Should CIC disagree with this decision, 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 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.

Should CIC have any questions regarding this correspondence, please contact Virginia Rountree at (602) 417-4122.

Sincerely,



Meggan Harley CPPO, MSW  
Chief Procurement Officer

Cc: Paul Barnes, Centene  
Cheyenne Ross, Centene  
Kim Lancaster, CIC  
Virginia Rountree, AHCCCS  
Shelli Silver, AHCCCS  
Christina Quast, AHCCCS  
Jakenna Lebsock, AHCCCS  
Michelle Holmes, AHCCCS  
Ena Binns, AHCCCS