

October 29, 2018

Lorry Bottrill  
Mercy Care  
Administrator/ Chief Executive Officer  
4350 East Cotton Center Blvd., Building D  
Phoenix, AZ 85040

**RE: Compliance Action- Telephone Performance Standards**

Dear Ms. Bottrill:

The Arizona Health Care Cost Containment System (AHCCCS), Division of Health Care Management (DHCM) has determined that Mercy Care is in violation of Contracts YH19-0001-05 (AHCCCS Complete Care [ACC] ) Section D Paragraph 24 and YH14-0001-08 (Acute) Section D Paragraph 24. Accordingly, Mercy Care is hereby subject to compliance as outlined below due to its failure to maintain compliance with established telephone performance standards.

It is of utmost importance that Mercy Care ensures the timely response to member and provider inquiries and the provision of quality services to its membership, among other vital functions. As a Contractor responsible for the comprehensive health care needs of a diverse member population with varied complex health conditions, it is essential that Mercy Care effectively and capably manage both member and provider call services and inquiries as mandated by Contract and Policy requirements.

Section D, Paragraph 24, Telephone Performance Standards of the ACC and Acute Contracts provides:

*The Contractor shall meet and maintain established telephone performance standards to ensure member and provider satisfaction as specified in ACOM Policy 435. The Contractor shall report on compliance with these standards as specified in Section F, Attachment F3, Contractor Chart of Deliverables and ACOM Policy 435. All reported data is subject to validation through periodic audits and/or Operational Reviews.*

The AHCCCS Contractor Operations Manual (ACOM) Policy 435 Telephone Performance Standards and Reporting provides:

*The Contractor is required to track the following Telephone Performance Standards for member and provider calls on a monthly basis:*

- 1. The Average Speed of Answer (ASOA) must be 45 seconds or less.*
- 2. The Monthly Average Abandonment Rate (MAAR) must be 5% or less.*
- 3. The Monthly First Contact Call Resolution Rate (MFCCR) must be 70% or better.*
- 4. The Monthly Average Service Level (MASL) must be 75% or better.*

Contractors are required to track monthly telephone metrics for members and providers and submit specific data to AHCCCS on a quarterly basis. On July 15, 2018, Mercy Care submitted its quarterly telephone metrics for April, May and June 2018, reporting two areas of non-compliance for its June Member Performance Metrics in the ASOA and MASL categories as provided in the Chart below. Subsequently, Mercy Care participated in monthly ACC Readiness meetings from May 2018 through September 2018 regarding the ACC Contract implementation effective October 1, 2018. During these Readiness meetings, Mercy Care was required to provide updates to AHCCCS with respect to identified operational risks, barriers and/or concerns that might adversely impact operations for the October 1, 2018 ACC implementation. Throughout the critical months of July, August, and September leading up to the October 1 ACC effective date and despite its increasingly noncompliant Telephone Performance Standards, Mercy Care repeatedly failed to notify AHCCCS during the monthly readiness meetings of any current or anticipated concerns or risks with either its Call Center’s readiness or its ability to handle the anticipated increased call volume with the October 1, 2018 ACC start date. Mercy Care’s deficient telephone performance data for July, August and September 2018 is noted in Mercy Care’s reported metrics below. Equally troubling was Mercy Care’s failure to disclose during the Readiness meetings any current, ongoing, or anticipated staffing and/ or training concerns regarding its Call Center in preparation for the October 1, 2018 ACC effective date.

During the October 2, 2018, Post Go Live phone call, Mercy Care did report that its call volume was higher than expected and that its telephone metrics were out of compliance for October 1 and October 2, 2018. However, Mercy Care did not report the metrics from the preceding months were out of compliance.

On October 12, 2018, at the request of AHCCCS, Mercy Care submitted its Telephone Performance Standards reporting July, August and September 2018 data prior to the contractual due date. For the July-September quarter, Mercy Care failed, by significant percentages, to meet performance standard requirements in multiple areas for both the Member and Provider Performance Metrics as following:

	<b>Performance Metric</b>	<b>Jun-18</b>	<b>Jul-18</b>	<b>Aug-18</b>	<b>Sep-18</b>
<b>Member Calls</b>	ASOA - (45 seconds or less)	0:52	0:49	2:20	8:19
	MAAR – (5% or less)	2.6%	3.2%	7.5%	18.3%
	MASL – (75% or more)	72.3%	70.5%	47.0%	8.7%
	# Days any standard not met	7	11	19	20

	<b>Performance Metric</b>	<b>Jun-18</b>	<b>Jul-18</b>	<b>Aug-18</b>	<b>Sep-18</b>
<b>Provider Calls</b>	ASOA - (45 seconds or less)	0:31	0:34	0:56	2:32
	MASL – (75% or more)	81.3%	80.8%	72.4%	57.2%
	# Days any standard not met	2	4	15	18

Mercy Care's continued failure to meet mandated performance standards and its failure to promptly and appropriately address areas of non-compliance directly and adversely impacted the Contractor's timely and adequate response to members and providers during crucial time periods: both prior to the ACC Contract implementation date of October 1, 2018 and afterward when increased member and provider call volumes were readily apparent and anticipated—especially in light of the magnitude of the ACC changes for both members and providers.

### ***Sanction***

Mercy Care is hereby subject to a monetary sanction for its repeated failure to comply with telephone performance metrics during a critical time period immediately preceding the October 1, 2018 ACC implementation date, particularly given the anticipated large scale implications of ACC for both members and providers. Of equal concern is Mercy Care's failure to notify AHCCCS of its deteriorating compliance with these important performance standards, despite the opportunities and expectations to do so and despite the anticipated adverse consequences of Mercy Care's actions. These failures are of a particularly significant nature, resulting in Mercy Care's inability to effectively implement vital Call Services operations for members and providers leading up to and during the ACC Contract implementation. Accordingly, AHCCCS is imposing a **\$50,000** monetary sanction for Mercy Care's failure to comply with contractual requirements. The total sanction amount will be withheld from a future capitation payment.

### ***Future Performance***

Mercy Care is required to submit a detailed Action Plan delineating the specific activities that the Contractor will institute to improve its Telephone Performance standards and maintain compliance with Contract and Policy requirements. The Action Plan is to be received by to the Contractor's assigned Operations Compliance Officer, Ena Binns, no later than close of business **November 5, 2018**. In addition, AHCCCS will be scheduling a meeting with Mercy Care regarding this subject during the week of October 29, 2018 at which time Mercy Care shall present its Action Plan for improving the referenced metrics and ensuring compliance with contractual standards.

Failure to correct the deficiencies outlined in this notice may result in additional Administrative Actions, as outlined in the ACC Contract Section D, Paragraph 68, Administrative Actions. AHCCCS may impose further sanctions for each month that Mercy Care continues to be out of compliance with the required Telephone Performance Standards.

If Mercy Care disagrees 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 Mercy Care have any questions regarding this correspondence, please contact Virginia Rountree at [Virginia.Rountree@azahcccs.gov](mailto:Virginia.Rountree@azahcccs.gov) or (602) 417-4122.

Sincerely,

A handwritten signature in black ink, appearing to read "M LaPorte". The signature is fluid and cursive, with the first letter "M" being particularly large and stylized.

Meggan LaPorte, CPPO, MSW  
Chief Procurement Officer

Cc: Virginia Rountree, AHCCCS  
Shelli Silver, AHCCCS  
Christina Quast, AHCCCS  
Michelle Holmes, AHCCCS  
Ena Binns, AHCCCS  
Tad Gary, Mercy Care  
James Maguire, Mercy Care  
Carissa Townsend, Mercy Care  
Bernadette Moreno, Mercy Care