

March 6, 2015

Mr. Joseph Gaudio, CEO
UnitedHealthcare Community Plan
1 East Washington Suite 900
Phoenix, Arizona 85004

SUBJECT: Compliance Action - Notice to Cure - Encounters

Dear Mr. Gaudio:

The Arizona Health Care Cost Containment System (AHCCCS), Division of Health Care Management (DHCM) has identified that UnitedHealthcare Community Plan (UHCCP) is in violation of its Acute Care contract YH15-0001 and its Children's Rehabilitative Services (CRS) contract YH14-0002 for contract year ending 2015 as outlined below. As a result of these violations and pursuant to Acute Care and CRS contracts Section D, Paragraph 72, AHCCCS is imposing the following regulatory action:

Notice to Cure

Concern

UHCCP has failed to meet the following contractual requirements:

Section D Paragraph 64 Systems and Data Exchange Requirements

Contractor Responsibilities:

- The Contractor is responsible for any incorrect data, delayed submission or payment (to the Contractor or its subcontractors), and/or penalty applied due to any error, omission, deletion, or erroneous insert caused by Contractor-submitted data. Any data that does not meet the standards required by AHCCCS shall not be accepted by AHCCCS.
- The Contractor is required to provide an attestation that any data transmitted is accurate and truthful, to the best of the Contractor's Chief Executive Officer, Chief Financial Officer or designee's knowledge [42 CFR 438.606] as outlined by AHCCCS.

Section D Paragraph 65 Encounter Data Reporting

- Complete, accurate and timely reporting of encounter data is crucial to the success of the AHCCCS program. AHCCCS uses encounter data to pay reinsurance benefits, set Fee-For-Service and capitation rates, determine reconciliation amounts, determine disproportionate share payments to hospitals, and to determine compliance with performance standards.
- The Contractor may be assessed sanctions for noncompliance with encounter submission completeness, accuracy and timeliness requirements
- **Encounter Reporting:** The Contractor must produce reports for the purposes of tracking, trending, reporting process improvement and monitoring submissions and revisions of encounters.

Beginning with the 4th quarter of calendar year 2014 AHCCCS identified a number of significant encounter data problems in the process of performing data analysis and validation for several critical and time-sensitive projects. It is of significant concern that UHCCP failed to recognize and correct these identified errors prior to encounter submission. Errors that have been discovered by AHCCCS include, but are not limited to:

- Completeness errors: approximately 9,000 Inpatient UB encounters that failed to adjudicate since April 1, 2014; a problem that UHCCP failed to recognize.
- Accuracy errors: non-covered charges on Inpatient facility claims that appear to have been manipulated to equal billed charges. These accuracy errors are a significant element of the above failed 9,000 Inpatient UB encounters.
- Accuracy errors: an error with diagnosis pointers since April 1, 2014 causing certain diagnosis data to be excluded from encounters; a problem that UHCCP failed to recognize.
- Accuracy errors: provider NPIs mapped to the wrong providers; a problem that UHCCP failed to recognize.
- Accuracy errors: non-covered charges on outpatient facility claims that appear to have been manipulated to equal billed charges.
- Completeness/Accuracy errors related to PCP Parity-eligible encounters when the member has other coverage.

Repeated urgent requests from AHCCCS for identification of the source of the encounter problems and a clear/complete plan for resolution did not produce a satisfactory response from UHCCP within requested deadlines. Despite multiple communications from AHCCCS requesting confirmation that errors had been corrected at the source, in order to stem the flow of inaccurate encounter reporting, AHCCCS has not received complete and sufficient affirmation that the issues were fully remediated and all impacts were identified and reprocessed as necessary.

AHCCCS has identified a continuing pattern of UHCCP's failure to independently identify erroneous encounters even after AHCCCS has presented UHCCP with sample encounters. UHCCP has only taken action to correct those encounters identified by and required to be corrected by AHCCCS; acting only on the next set of erroneous encounters identified by AHCCCS. UHCCP has failed to demonstrate a proactive approach to self-identify through comprehensive audit processes all other encounters containing the same errors identified by AHCCCS. Of equal concern, AHCCCS had to provide ongoing instructions and technical assistance for correcting impacted encounters when UHCCP appeared unable to identify methods to promptly correct the data.

Further, UHCCP's failure to proactively identify these errors that were subsequently discovered by AHCCCS and the time required to correct identified errors, have significantly impacted critical, financial projects causing substantial delays in AHCCCS' ability to meet its requirements.

Required Actions

UHCCP must complete a Corrective Action Plan that addresses each issue identified above and includes the key elements and compliance with specified timelines as outlined below. UHCCP must develop and submit the initial Corrective Action Plan to Christina Quast at Christina.quast@azahcccs.gov by March 13, 2015 and provide periodic reporting updates as required by AHCCCS.

Key Corrective Action Plan Elements:

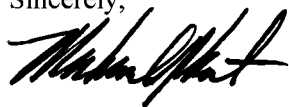
- Clear explanation of the source/root cause of each issue.

- Date of identification of the source/root cause.
- Date when the source/root cause of the issue started.
- Clear explanation as to the remediation of the issue, including whether or not the current remediation is permanent or temporary and manual or automated. If temporary, include a clear explanation as to the permanent remediation planned.
- Date that related remediation(s) occurred or will occur.
- Indication of whether or not all impacted or potentially impacted records were identified or a plan for identification of these records.
- Date when the impacted or potentially impacted records were or will be identified.
- Number of impacted records and key characteristics (i.e. types of providers impacted; dates of service or dates of processing impacted; etc.).
- Clear explanation as to whether or not impacted or potentially impacted records have been reviewed, or the plan for this review, including how confirmation that all impacted records have been identified will be achieved.
- Overview of processes that UHCCP has or will put in place to evaluate/avoid similar issues going forward.
- Date(s) when the impacted records were or will be reprocessed.
- AHCCCS timelines for reprocessing of impacted records for all issues are as follows:
 - Dates of service through 9/30/2014:
 - Corrected encounters submitted by Friday, 3/20/2015
 - Dates of service from 10/1/2014 through 12/31/2014:
 - Corrected encounters submitted by Friday, 4/17/2015
 - Remaining dates of service (depending on the remediation of the issue):
 - Corrected encounters submitted no later than 5/31/2015

Failure to meet the deadlines outlined in this letter may result in further compliance action, in accordance with Acute Care contract YH15-0001 and CRS contract YH14-0002, including but not limited to sanctions.

If you have further questions regarding this letter, you may contact Shelli Silver, Assistant Director at 602-417-4647 or Shelli.silver@azahcccs.gov.

Sincerely,



Michael Veit
Chief Procurement Officer

cc: Shelli Silver, Assistant Director, DHCM
Kari Price, Assistant Director, DHCM
Lori Petre Data Analysis and Research Manager, DHCM
Virginia Rountree, Operations Administrator, DHCM
Christina Quast, Operations Compliance Officer, DHCM
Amy Chriswell Pawlowski, Corporate Compliance Officer, UHCCP

