

October 15, 2018

James Green, Ph.D  
Assistant Director  
Division of Developmental Disabilities  
Department of Economic Security  
1789 W. Jefferson, 4<sup>th</sup> floor  
Phoenix, AZ 85007

**SUBJECT: Compliance Action – Notice to Cure**

Dear Dr. Green,

The Arizona Cost Containment System (AHCCCS) Division of Health Care Management (DHCM) has determined that the Division of Economic Security/Division of Developmental Disabilities (DES/DDD) is in violation of its Contract YH06-0014 Section D Paragraph 18 Quality Management and Performance Improvement. AHCCCS is issuing this Notice to Cure to address the substantial and critical failures identified by AHCCCS during the AHCCCS DHCM on site Quality Management (QM) audit of DES/DDD quality management operations conducted June 28, 2018 through July 3, 2018. AHCCCS released the DES/DDD Quality Management Audit Findings Report to DES/DDD on September 17, 2018 which concluded that DES/DDD failed to promote improvement in the quality of care provided to enrolled members through established Quality Management (QM) and Performance Improvement processes and to execute effective processes to monitor, assess, plan, implement, evaluate, and report quality management and performance improvement activities consistent with federal and state requirements, including AHCCCS Contract YH6-0014, AHCCCS Medical Policy Manual (AMPM) Chapters 400 and 900, Arizona Administrative Regulations Title 9 Chapter 28 Article 5, 42 CFR 438.330(a)(1) and (e), 42 CFR 438.330(a)(3), 42 CFR 438.330(e)(1), and 42 CFR 438.330(e)(2).

**Background:**

In addition to other notable areas of concern outlined in the DES/DDD Quality Management Audit Report, the QM audit performed by AHCCCS identified an estimated 27,000 quality incident reports from the period of June 1, 2017 through August 8, 2018. Of the approximately 27,000 quality incident reports, about 5,000 incident reports were characterized as “medication errors.” None of the estimated 27,000 quality incident reports were evaluated. Nor were these reports triaged by a clinician to determine whether quality management investigations were required. The quality incident reports were not subjected to the prescribed quality management process and were merely documented as quality incident reports without additional action in contravention to state and federal requirements. Not only did these referred incidents create an immense backlog of unaddressed quality incident reports, DES/DDD’s failure to timely and thoroughly review these quality-related matters placed the health and safety of vulnerable DES/DDD members at significant risk.

## *Notice to Cure*

### **Required Action:**

This Notice Cure requires DES/DDD to immediately institute all necessary actions to address the aforementioned backlog of quality incident reports and perform the quality management activities required by state and federal law, contract, and policy. DES/DDD shall develop a comprehensive **Action Plan** that outlines with specificity the individual steps DES/DDD will implement to timely resolve the backlog of quality incidents, as delineated by the referenced provisions, until such time that all cases are appropriate for closure.

As part of the Notice to Cure, DES/DDD shall immediately commence work to hire a third party agency/consultants with the appropriate clinical expertise and qualifications to perform the required activities outlined below. However, physician review of potential quality of care concerns identified from the backlog of quality incident reports shall be performed by a DDD employed physician. Prior to issuance of the request for proposal, DES/DDD shall submit the Scope of Work (SOW) to AHCCCS for written approval. In addition, AHCCCS shall participate in the evaluation of bidders and shall be represented on the evaluation team. The **Action Plan** shall, at a minimum, include the following;

- A detailed process and timeline for onboarding the third party agency/consultants, including timeline for the submission of the SOW and its approval by AHCCCS. A tracking mechanism that includes the following:
  - documentation substantiating that each of the estimated 27,000 quality incident reports have been prescreened by a clinician (e.g. Registered Nurses or Behavioral Health Professionals) and that the prescreening process comports with AHCCCS contract, policy, and state and federal regulations.
- Identification and resolution of each incident report as a potential Quality of Care (QOC) case to include:
  - thorough investigation;
  - assignment of each case to the appropriate severity level;
  - collaboration with physician and utilization of physician peer-review as needed;
  - issuance of appropriate corrective action when QOCs are substantiated; and
  - monitoring of correction action plans until all identified corrective actions have been satisfied and closed

Additionally, DES/DDD shall perform tracking and trending of all incident cases and develop a comprehensive tracking report which documents the review, disposition, investigation and corrective action specific to each quality incident report. This information and the progress report shall be communicated to AHCCCS in writing every two weeks post award of the third party agency/consultant. AHCCCS will provide notification to DES/DDD in writing of the due date of the first every two week deliverable.

DES/DDD shall submit the **Action Plan** and all requested information and reporting to Scott Jewart Operations, Compliance Officer, at [scott.jewart@azahcccs.gov](mailto:scott.jewart@azahcccs.gov). The **Action Plan**, to include the process and timeline for onboarding the third party agency/consultants and the tracking mechanism for review and disposition of each incident case, is due to AHCCCS by **COB October 26, 2018**.

The magnitude of the DES/DDD deficiencies with respect to its quality management process cannot be overstated. Failure to address these deficiencies as delineated in this letter may result in additional compliance action, in accordance with the Contract, Section D Paragraph 76, Arizona Administrative Rule R9-28-606, and AHCCCS Contractor Manual Policy 408, including but not limited to imposition of sanctions.

If you have any questions or concerns, please contact me at (602) 417-4122 or via email at [virginia.rountree@azahcccs.gov](mailto:virginia.rountree@azahcccs.gov).

Thank you,



Meggan Harley, CPPO, MSW  
Chief Procurement Officer  
AHCCCS

Cc:

Director Trailer, DES/DDD  
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