January 4, 2022

The Honorable Douglas A. Ducey
Governor of Arizona
1700 W Washington
Phoenix, Arizona 85007

Dear Governor Ducey:

Pursuant to A.R.S. 36-2923, please find the enclosed AHCCCS Report on Insurance Carrier Compliance. Please do not hesitate to contact me if I can answer any questions or provide additional information.

Sincerely,

Jami Snyder
Director

Cc: The Honorable Katie Hobbs, Secretary of State
The Honorable Karen Fann, President, Arizona Senate
The Honorable Russell Bowers, Speaker, Arizona House of Representatives
Holly Henley, Director, Arizona State Library, Archives & Public Records

Report to the Arizona Legislature
Regarding Insurance Carrier Compliance with A.R.S. § 36-2923: Data Matching and Claims Payment for Third Party Liability

December 2021

Director, Jami Snyder

INTRODUCTION

The Arizona Health Care Cost Containment System (AHCCCS) is pleased to submit the following report pursuant to A.R.S. § 36-2923.B. A.R.S. § 36-2923 requires any party that by statute, contract or agreement is responsible for paying for items or services provided to an Arizona Medicaid-eligible person to comply with the claims data match and billing requirements outlined therein. This report provides: 1) a summary of State Fiscal Year 2021 total AHCCCS claims cost avoided; 2) a review of carrier compliance in terms of data matching; and 3) a review of carrier compliance in terms of claims processing and post-payment recoveries.

I. SFY 2021 AHCCCS CLAIMS PRE-PAYMENT COST AVOIDED

During SFY 2021, AHCCCS and its health care contractors cost avoided with other commercial insurance carriers and/or with Medicare provider medical claims for members of over $2.1 billion. This amount is comprised of:

- $211.9 million of provider claims that were partially the responsibility of a commercial carrier and Medicaid;
- $1,139.3 million of provider claims that were partially the responsibility of the Medicare Program; and,
- $765.0[1] million of provider claims with no financial obligation to the health care contractors as the entire claim was the responsibility of Medicare or a commercial carrier.

[1] The $765.0 million of provider claims for SFY 2021 represents unaudited data reported by the AHCCCS Contractors.

As depicted in the table below, the amount of provider claims that have been cost avoided has exceeded a billion dollars in each of the past five years. In addition to these values captured in AHCCCS encounters, AHCCCS plans reported in SFY 2021 an additional $765 million in estimated claims costs that were offset completely by third-party payers and no encounter was submitted.

	State Fiscal Year (In millions)				
	2021	2020	2019	2018	2017
Provider claims that were partially the responsibility of a commercial carrier and Medicaid	$211.9	$164.0	$133.1	$159.2	$154.4
Provider claims that were partially the responsibility of the Medicare Program	$1,139.3	$921.7	966.7	920.4	1,106.0
Total	$1,351.2	$1,085.7	$1,099.8	$1,079.9	$1,170.4

II. DATA MATCHING

A.R.S. § 36-2923 Requirement

A. A health care insurer shall:

1. Provide all enrollment information necessary to determine the time period in which a person who is defined as an eligible person pursuant to A.R.S. § 36-2901, paragraph 6, subdivision (a) or that person's spouse or dependents may be or may have been covered by the health care insurer and the nature of that coverage…

Overview of the Data Matching Process

AHCCCS maintains a database of insurance coverage information with changes disseminated daily to its health care contractors. Health Management Systems, Inc. (HMS), through a competitively bid contract, is responsible for the verification and identification of health insurers that may be liable for paying all or part of the expenditures for medical assistance provided to AHCCCS eligible persons.

Daily HMS verifies new or updated health insurance information provided by AHCCCS, its health care contractors, and the member eligibility determination entities by matching demographic information against its national database of insurance information submitted by carriers who have entered into data sharing agreements with HMS. Additionally, HMS matches the entire AHCCCS population against the same database monthly to identify health insurance coverage that otherwise is unknown to AHCCCS. The HMS database is comprised of eligibility information from over 1,000 plans nationally and over a billion segments of insurance coverage. HMS provides AHCCCS daily updates to the insurance coverage database. AHCCCS then provides this data on a daily basis to the health care contractors. The contractors use this data as part of the claims payment process. Before a provider is paid, the claims system will check against the coverage database. If a member has other commercial insurance or Medicare, the system will deny the claim unless an appropriate Explanation of Benefits (EOB) form is included. Since Medicaid is the payer of last resort that payment will reflect only those items not covered by the other policy. By identifying other responsible parties and cost avoiding those claims that are their responsibility, AHCCCS only pays claims, or portions of claims, where the state is truly the payer of last resort.

Health insurers meet the claims data match compliance requirement of A.R.S. § 36-2923 by entering into data matching agreements with HMS and either submitting eligibility data to HMS or executing the data match themselves. Health insurers who do not execute a data matching agreement with HMS are considered to be non-compliant with A.R.S. § 36-2923. When an eligibility source identifies a member with coverage through a carrier with which HMS does not have a Data Use/Data Sharing Agreement (DUA), HMS contacts the carrier to verify the coverage and then begins working with the carrier to enter into a DUA to share confidential and protected information.

Overview of the Arizona Health Insurer Identification Process

Working collaboratively with AHCCCS, HMS maintains a comprehensive list of carriers compiled from multiple sources:

- The AHCCCS Master Carrier List: health insurers who have been identified by AHCCCS as currently or previously carrying policies on AHCCCS members;
- Department of Insurance Licensed Carriers: A comprehensive list of licensed insurance carriers doing business in the State of Arizona and regulated by the Department of Insurance; and,
- Health insurers that are known to HMS to provide health insurance coverage.

HMS cross references identified carriers against those currently covered by an existing DUA. If the health insurer is covered by an existing DUA and is currently data matching with AHCCCS then the Carrier is deemed compliant. If the carrier does not have an active DUA in place, HMS contacts the carrier via mail to the corporate address, notifying it of the statutory requirement to share eligibility data with the AHCCCS program. Carriers are given a reasonable amount of time to respond and either provide a reason why A.R.S. § 36-2923 is not applicable to them or to establish a DUA and begin data sharing. HMS assigns insurance carriers that are not covered by an existing DUA to one of two tiers:

- Tier I Carriers – insurance companies that have a verified insurance policy for one or more AHCCCS members within the past 36 months; and,
- Tier II Carriers – all other insurance carriers. These carriers may be registered with the Arizona Department of Insurance or identified from all other sources, but are not included in the Tier I list.

Health Insurer Compliance with the Data Sharing Requirement of A.R.S. § 36-2923

HMS continuously reviews the insurance carriers to determine who should be sharing their membership information with AHCCCS, and sends letters and makes telephone calls to the carriers that do not have an existing DUA to bring them into compliance with the claims data matching requirement. There were only two noncompliant carriers covering 166 members in SFY 2021.

As discussed later in this report, if for some reason AHCCCS and the health care contractors were not able to cost avoid with the commercial coverage pre-payment, health insurers are required to honor claims that are submitted by this state within a three-year period beginning on the date on which the item or service was furnished. The table on the following page reflects verified insurance policies that were in effect on June 30, 2021, or were terminated within the past three years that can be utilized for cost avoidance or post-payment recovery. This table demonstrates that virtually all of Tier I Carriers, whose policies were active within the last 3 years, have entered into a DUA (see Appendix A and Appendix B).

Verified Insurance Policies as of June 30, 2021

	Carriers		Active Policies Within 3 Years	
	Number	%	Number	%
Compliant	221	99.1%	860,593	99.98%
Noncompliant				
Declined a DUA	2	0.9%	166	0.02%
Unresponsive	0	0.0%	0	0.00%
Total Noncompliant	2	0.9%	166	0.02%
Totals	223	100.0%	860,759	100.0%

AHCCCS doesn't have authority to enforce compliance with A.R.S. § 36-2923 with out-of-state carriers; however, HMS will continue to follow up with the remaining two noncompliant Tier I Carriers in an effort to bring them in compliance with the data sharing requirements of A.R.S. § 36-2923.

III. CLAIMS PROCESSING

A.R.S. § 36-2923 Requirement

A. A health care insurer shall: (continued)

2. Accept the state's right of recovery from a third party payor pursuant to section 36-2903 and the assignment to this state of any right of an individual or other entity to payment from the third party payor for an item or service for which payment has been made pursuant to this chapter…

3. Respond to any inquiry made by the director regarding a claim for payment for any health care item or service that is submitted not later than three years after the date of the provision of the health care item or service. This paragraph applies to a claim in which the administration determines there is a reasonable belief that the individual was insured by the health care insurer on the date of service referenced by the claim.

4. Not deny a claim submitted by this state solely on the basis of the date of the submission of the claim, the type or format of the claim form or the failure to present proper documentation at the point of sale that is the basis of the claim if the following conditions have been met:

(a) The claim is submitted by this state in the three-year period beginning on the date on which the item or service was furnished.

(b) An action by this state to enforce its rights with respect to the claim is commenced within six years after the state submitted the claim. The health care insurer may deny the claim submitted by the state if the health care insurer has already paid the claim in accordance with the benefit plan under which the member was covered by the health care insurer on the date of service.

Overview of Post-Payment Claims Recoveries

While the main focus is to ensure the data is available to coordinate the benefit at the front end pre-payment, there are limited exceptions where the program pursues post-payment recoveries. The post-payment recovery process matches paid claims against the verified insurance policies with termination dates within the past 3 years. When insurance coverage is identified for a member that spans the time period the item or medical service was provided, HMS generates a bill for those items or services to the commercial carrier. The post-payment recovery process ensures that AHCCCS recovers its payments from a responsible party that was unknown at the time the claim was adjudicated. The fee-for-service post-payment process is conducted monthly and resulted in approximately $2.4 million in recoveries during SFY 2021. AHCCCS also made another $9.8 million in post-payment recoveries from commercial carriers in SFY 2021 where our health plan contractors didn't make an eligible recovery from a commercial insurance policy within two years of the date of service. In these cases, HMS made the recoveries for AHCCCS since AHCCCS contractually has the right of recovery after 24 months from the date of service, but before the three-year recovery period elapses.

Methodology Used to Determine if the Health Insurer is Compliant

A carrier is considered to be compliant with A.R.S. § 36-2923 when the carrier adequately responds to a claim for payment as outlined by the statute. Any carrier not responding to a claim for payment or not adhering to the time periods allowed are considered non-compliant.

Based on retroactive billing efforts conducted by HMS during SFY 2021, TRICARE is the only insurance company identified that does not adhere to the State's claims payment requirement. TRICARE is the health care program serving active-duty service members, National Guard and Reserve members, retirees, their families, survivors and certain former spouses worldwide. Federal TRICARE statutes have primacy over A.R.S. § 36-2923 and TRICARE is not required to honor claims that are filed after one year from the date of service.

Insurance Carrier Compliance with § A.R.S. 36-2923

APPENDIX A

Tier I Compliant Carriers

Carriers With Data Use Agreement in Place:	**Policies**
AARP	139
ABS	150
AETNA HEALTHCARE	140,249
AM POST WKRS HEALTH PLAN	197
AMERI HEALTH	31
AMERIBEN	17,555
AMERICAN HEALTH INC	2
AMERICAN NATIONAL LIFE	1
AMERICAN REPUBLIC INS	1
AMERITAS	20,682
ANTHEM	68
ANTHEM BC/BS OF COLORADO	1,646
ANTHEM BC/BS OF CONNECTICUT	364
ANTHEM BC/BS OF INDIANA	867
ANTHEM BC/BS OF KENTUCKY	336
ANTHEM BC/BS OF MAINE	26
ANTHEM BC/BS OF MISSOURI	416
ANTHEM BC/BS OF NEVADA	3,484
ANTHEM BC/BS OF VIRGINIA	384
ANTHEM BC/BS OF WISCONSIN	215
ANTHEM BLUE CROSS OF CALIFORNIA	3,128
ANTHEM PRESCRIPTION	14
ATLAS	1
AULT CARE HEALTH INS	18
AV MED	28
AVESIS INCORPORATED	11
BANKERS LIFE/CASUALTY	1
BANNER HEALTH	5
BC/BS FEP BLUE VISION	1
BC/BS OF ALABAMA	454
BC/BS OF ARIZONA	68,126
BC/BS OF ARKANSAS	2,715

BC/BS OF GEORGIA	2,716
BC/BS OF IDAHO	400
BC/BS OF KANSAS	904
BC/BS OF LOUISIANA	412
BC/BS OF MASSACHUSETTS	4,463
BC/BS OF MICHIGAN	461
BC/BS OF MINNESOTA	324
BC/BS OF MISSISSIPPI	113
BC/BS OF NEW YORK	5
BC/BS OF NORTH CAROLINA	180
BC/BS OF NORTH DAKOTA	396
BC/BS OF OHIO	1
BC/BS OF RHODE ISLAND	276
BC/BS OF SOUTH CAROLINA	327
BC/BS OF TENNESSEE	1,876
BC/BS OF WESTERN NY	338
BC/BS OF WYOMING	5
BENEFIT ADMINISTRATORS	108
BENEFIT MANAGEMENT SE	1
BENEFITS CONCEPTS INC.	2
BEST LIFE & HEALTH INS CO	2
BLUE SHIELD OF CALIFORNIA	37,608
BLUE SHIELD OF NORTHEASTERN NY	6
BOON CHAPMAN/DKG	47
BOULDER ADMINISTRATION SE	64
CA IRONWORKERS INS	5
CAPITAL BLUE CROSS OF PA	158
CAPITOL ADMINSTRATORS	103
CAREFIRST BC/BS OF DC	1
CAREFIRST BC/BS OF MARYLAND	385
CAREMARK	10,294
CDPHP	51
CIGNA HEALTHCARE	72,444
CNIC HEALTH SOLUTIONS	1
COMPREHENSIVE CARE SVCS	3
CONTINENTAL GENERAL INS	6
CONTINENTAL INS CO	8
CORP BENEFIT SOLUTIONS	14,113
COVENANT ADMIN, INC	1
COVENTRY HEALTH AMERICA	77

COX HEALTH PLAN	6
DAKOTA CARE	46
DELTA DENTAL OF AZ	1,296
DELTA DENTAL OF COLORADO	545
DELTA DENTAL OF WI	3,633
EMBLEMHEALTH	63
EMPIRE BC/BS OF NY	845
EMPLOYEE BENEFIT MGMT SV	74
ENVISION RX OPTIONS	1,524
EQUITABLE INSURANCE	2
EXCELLUS BC/BS OF NY	358
EXPRESS SCRIPTS	41,064
FEDERATED HEALTH CHOICE	3
FLORIDA BLUE	1,696
FMH BENEFIT SERVICES	236
FRINGE BENEFITS SERVICES	554
GEHA	4,025
GILSBAR INC	992
GMS	1
GROUP BENEFIT SERVICES	1
GWH-CIGNA	6,691
HARVARD PILGRIM HEALTHCA	275
HCSC/BCBSIL	13,177
HCSC/BCBSMT	259
HCSC/BCBSNM	1,838
HCSC/BCBSOK	601
HCSC/BCBSTX	9,897
HEALTH ALLIANCE MED PL	40
HEALTH EZ	58
HEALTH NET OF AZ	135
HEALTH NET OF CALIFORNIA	22,821
HEALTH PARTNERS	677
HEALTH PLAN OF NEVADA	138
HEALTH SMART	1,636
HEALTH SMART BENEFIT SOLUTIONS	1
HEALTHNET	2,193
HEALTHNOW	110
HEALTHSCOPE	12
HIGHMARK BC/BS OF DELAWARE	620
HIGHMARK BC/BS OF PENNSYLVANIA	3,107

HIGHMARK BC/BS OF WEST VIRGINIA	83
HIGHMARK Blue Cross Blue Shield of Western New York	2
HMA, INC	467
HMSA BC/BS OF HAWAII	24
HOMETOWN HEALTH	2
HORIZON BC/BS OF NJ	1,252
HUMANA HEALTH INS	9,971
I.B.E.W. NECA	5
IHC HEALTH SOLUTIONS	1,155
INDEPENDENT BLUE CROSS PA	399
INDEPENDENT HEALTH	1
INTERACTIVE MEDICAL SYSTEMS	5
INTERMOUNTAIN ADMIN	1
ITPE-MEBA/NMU	1
KAISER PERMANENTE	373
KEY BENEFIT ADMINISTRA	244
LDI PHARMACY	8
Lifetime Benefit Solutions	8
LIFEWISE	63
LINCOLN NATIONAL	1
MAIL HANDLERS BENEFIT PLAN	301
MANAGED CARE ADMIN	1
MASS MUTUAL	688
MAYO CLINIC HEALTH SOLUTIONS	1,032
MEDICA	275
MEDICAL BENEFITS MUTUAL	352
MEDIMPACT	776
MERITAIN HEALTH	1,274
MERITUS/COMPASS COOP HP	94
MET LIFE DENTAL	278
METROPOLITAN LIFE INS CO	6
MIDWEST OPERATING ENG	2
MOLINA ADVANTAGE	6
MORGAN WHITE ADMIN. INC.	11
MOTION PICTURE INS HLTH	1
MULTIPLAN	14
MUTUAL OF OMAHA	43
MVP HEALTH CARE	101
National Health and Research Counsil	4
NATIONWIDE INS.	5

NEW ERA INS CO	4
NGS CORESOURCE	187
NOVA HEALTHCARE	4
NPS	182
Optum RX	34,492
PACIFIC SOURCE	12
PAN AMERICAN LIFE	5
PCS LIFE INS CO.	842
PEKIN LIFE INS CO	1
PHARMA CARE INS	4
PHYSICIANS CARE OF CA	35
PHYSICIANS MUTUAL INS CO	1,013
PINNACLE HEALTH SYSTEM	5
PINNACLE WEST CAPITAL	13
PREMERA BC/BS OF ALASKA	8
PREMERA BC/BS OF WA	11,499
PRESBYTERIAN HEALTH PLAN	264
PRIMARY PHYSICIAN CARE	5
PRIME THERAPEUTICS	8,551
PRINCIPAL FINANCIAL GROUP	218
PRIORITY HEALTH	115
PROVIDENCE HEALTH	328
PROVIDENT AMERICAN INS	1
PUBLIC EMPLOYEE HEALTH PROGRAM	7
QUAL CHOICE	1
QUICK TRIP GROUP	22
REGENCE BC/BS OF IDAHO	540
REGENCE BC/BS OF OREGON	64
REGENCE BC/BS OF UTAH	182
RESERVE NATIONAL	6
ROYAL NEIGHBORS OF AMERIC	1
SAMBA INS	14
SECURECARE DENTAL	4
SELECT HEALTH	7
SENIOR DIMENSIONS	7
SENTRY	5
SHASTA	107
SO. CALIF UFCW UNIONS	5
SS&C Health	15,060
STANDARD INSURANCE CO.	8

STARBRIDGE SICKNESS	2
TALL TREE TPA	150
TOTAL DENTAL ADMN	20
TRANSWESTERN INS ADMIN	10
TRICARE	5,959
TRIDENT	18
TRUSTED PLANS SERVICE COR	3
TUFTS HEALTH PLAN	103
UNICARE LIFE & HEALTH	18
UNIFORM MEDICAL PLAN	1
UNITED AGRICULTURAL EMP	45
UNITED AMERICAN INS CO	16
UNITED BENEFITS	1
UNITED CONCORDIA	88
UNITED DENTAL CARE INSURANCE COMPANY	116
UNITED HEALTHCARE	219,667
UNITED SECURITY INS CO	471
UNIVERA HEALTH CARE	1
UNIVERSITY PHYSICIAN'S	2
UPMC HEALTH PLAN	79
US HEALTH GROUP	253
WELL CARE	9
WELLMARK BC/BS OF IOWA	978
WELLMARK BC/BS OF SOUTH DAKOTA	210
WELLMARK INSURANCE	7
WESTERN GROWERS INS	7,691
WESTERN MUTUAL INS.	2
WPS-SELECTCARE	189
ZENITH AMERICAN SOLUTIONS	77
Number of Policies w/ Data Use Agreement in Place	**860,593**
Total Carriers With A Data Use Agreement in Place	**221**

APPENDIX B

Tier I Noncompliant Carriers
(Note, none of these carriers operate under the regulatory authority of the Arizona Department of Insurance)

Carrier	Policies
Carrier That Declined to Enter Into Data Use Agreement:	
BC/BS OF NEBRASKA	141
BC/BS OF VERMONT	25
Number of Policies for Carriers that Declined Data Use Agreement	**166**
Unresponsive Carriers: None	
Total Carriers that Declined to Enter Into a Data Use Agreement	2
Total Unresponsive Carriers:	0
Total of ALL Noncompliant Carriers	**2**