

**Janice K. Brewer, Governor**  
**Thomas J. Betlach, Director**

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*Our first care is your health care*  
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

September 30, 2010

Ms. Karen Brach, CEO  
Evercare Select  
3141 N 3<sup>rd</sup> Avenue  
Suite 100, AZ060-N120  
Phoenix, AZ 85013

**RE: Corrective Action for Low Volume of Adjudicated Encounters**

Dear Ms.Brach:

The AHCCCS Division of Health Care Management (DHCM), pursuant to the Evercare Select contract (YH07-0001-03), requests the development and submission of a Corrective Action Plan (CAP) that will address the low volume of adjudicated encounters, the high ratio of pended encounters, and appropriate resubmission/replacement of AHCCCS denied encounters and Evercare Select voided encounters.

The adjudication rate is the number of encounters reaching an adjudicated/approved status over the total number of encounters processed. The number of pended, denied, and voided encounters also affect the adjudication rate. For CYE 10 to date the adjudication rate is about 36%. To aid Evercare Select with its encounter submissions and corrections AHCCCS Encounter Staff has provided extensive training and frequent technical assistance for over a year. In addition to the quarterly one-on-one encounter/reinsurance meetings, beginning in 2010 AHCCCS staff have met monthly with Evercare Select to provide technical assistance.

The assistance given to Evercare Select has not impacted the adjudication rate. As a result Evercare Select must submit an official CAP that includes project timelines and measurable goals to reduce the number of encounters pended, denied by AHCCCS, and voided by Evercare Select. The CAP is due to AHCCCS by October 15, 2010.

Under the authority granted to AHCCCS by Section D, Paragraph 72 of the Evercare Select Contract and the AHCCCS Contractor Operations Manual Policy 408 – Sanction Policy, AHCCCS may impose a sanction if Evercare Select does not submit the CAP by the deadline and does not significantly improve the adjudication rate by February 2011.

If you have questions regarding this matter please contact Brent Ratterree at 602-417-4571.

Sincerely,

Michael Veit  
Contracts and Purchasing Administrator

c: Brent Ratterree  
Shelli Silver  
Bill Hagan