

**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

Dec. 18, 2009

Tom Lescault  
President  
SCAN Long Term Care  
1313 E. Osborn Road, Ste. 150  
Phoenix, AZ 85014

### *Notice to Cure*

Dear Mr. Lescault:

In accordance with the terms of the SCAN Long Term Care (SCAN) Contract with the Arizona Health Care Cost Containment System (AHCCCS), failure to meet Performance Standards specified in the Contract (Section D-20, Quality Management) may result in AHCCCS enforcement of the terms by any and all means established in the Contract (Sections D-20 and D-80, Sanctions).

**Due to the circumstances described below, SCAN is hereby issued a Notice to Cure.**

In the most recent measurement, SCAN LTC did not meet the Minimum Performance Standard (MPS) for any of the four Performance Measures reported by AHCCCS in 2009 (SCAN did not have enough members who met the denominator criteria for another measure, EPSDT Participation, to report a rate). Compared with other Contractors operating in Maricopa County, SCAN's rates are significantly below the combined average of the three other plans, particularly for the Diabetes Care Measures.

In the following table, SCAN's rates are compared to the AHCCCS MPS for each measure, as well as to the weighted average for other Contractors operating in Maricopa County (Bridgeway, Evercare Select and Mercy Care).

	MEASURE			
	Hb A1c Test	Lipid Screen	Eye Exam	Initiation of HCBS
Minimum Performance Standard (CYE 2009 contract)	80%	72%	60%	92%
<b>SCAN LTC</b> (Measurement Period CYE 2008)	<b>63.6%</b>	<b>56.1%</b>	<b>31.8%</b>	<b>86.4%</b>
Weighted Average of Other Maricopa County Contractors (CYE 2008)	85.9%	78.7%	66.4%	93.4%
Difference Between SCAN and Other Maricopa County Contractors	-22.3%	-22.6%	-34.6%	-7.0%

In the previous measurement, the Contractor met only one of the AHCCCS minimum standards, as shown in the table below.

	MEASURE			
	Hb A1c Test	Lipid Screen	Eye Exam	Initiation of HCBS
Minimum Performance Standard (CYE 2008 contract)	77%	81%	67%	84%
<b>SCAN LTC</b> (Measurement Period CYE 2007)	<b>56.5%</b>	<b>47.8%</b>	<b>26.1%</b>	<b>85.0%</b>
Weighted Average of Other Maricopa County Contractors (CYE 2007)	85.9%	80.4%	60.9%	93.8%
Difference Between SCAN and Other Maricopa County Contractors	-29.4%	-32.6%	-34.8%	-8.8%

While the Diabetes Care rates appear to be moving upward, SCAN did not show any statistically significant increases from the previous measurement.

**In accordance with this Notice to Cure, the Contractor is required to:**

- Submit revised Corrective Action Plans (CAPs) for Hb A1c Tests, Lipid Screening and Eye Exams for diabetic members, detailing efforts that are currently under way and/or will be implemented to improve rates, in order to meet minimum contractual requirements. The CAPs should include a thorough analysis of the issues and barriers to receipt of services, and how the Contractor has or will address these problems, as well as an assessment of the effectiveness of interventions to date. The revised CAPs will be subject to approval by AHCCCS.
- Submit a new CAP for the measure of Initiation of Home and Community Based Services, including the same kind of analysis and intervention plan described above. This CAP also will be subject to approval by AHCCCS.
- Participate in technical assistance from AHCCCS as deemed necessary, including any on-site visits to review quality improvement processes, and submit additional data from internal monitoring of performance measure rates as requested by AHCCCS.
- Demonstrate a statistically significant increase in each rate in each of the next two measurements and/or achieve the MPS for the measurement period of CYE 2010 or be subject to a sanction in the amount of \$50,000 for each measure.

If you have any questions about these requirements, please contact Kim Elliott, PhD, CPHQ, Administrator, Clinical Quality Management, at [Kim.Elliott@azahcccs.gov](mailto:Kim.Elliott@azahcccs.gov) or 602-417-4782.

Sincerely,



Michael Veit  
 Contracts and Purchasing Administrator

cc: Hank Osowski, Senior Vice President, Business Development, SCAN Health Plan  
 Tina Graham, Vice President, Compliance, SCAN  
 Kim Elliott, PhD, CPHQ, Administrator, Clinical Quality Management, AHCCCS