

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

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ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

March 1, 2010

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

RE: Sanction for failure to reduce individual rates with each HCBS provider by 5%.

Dear: Mr. Lescault:

Pursuant to AHCCCS Contract Section D, Paragraphs 56, Compensation and 80, Sanctions and the AHCCCS Contractor Operations Manual (ACOM) Policy 408 – Sanction Policy, the AHCCCS Administration is imposing a sanction against SCAN Long Term Care (SCAN LTC) in the amount of \$40,000. The basis for this sanction is SCAN Long Term Care's failure to comply with contract as follows:

For Contract Year Ending 2010 (CYE 2010) AHCCCS reduced Home and Community Based Services (HCBS) by 5%. The CYE 2010 capitation rates considered this 5% reduction to the fee-for service rates. Program Contractors were required to reduce individual rates with each HCBS provider by 5%. AHCCCS determined in December 2009 that SCAN Long Term Care had not decreased rates for certain attendant care providers, home delivered meals, home health aid and emergency alert providers.

This penalty will be assessed by withholding from future capitation payments owed to SCAN Long Term Care.

If you disagree with this decision, SCAN LTC may file a dispute with the AHCCCS Administration using the process outlined in A.A.C. R9-34-401 et seq. The dispute must be filed in writing and must be received by the AHCCCS Administration, Office of Administrative Legal Services, at MD 6200, 701 E. Jefferson, Phoenix, AZ 85034, no later than 60 days from the date of this letter. The dispute shall specify the legal and factual bases for the dispute as well as the relief requested.

Sincerely,

Michael Veit
Contracts and Purchasing Administrator

Cc: Tom Betlach, AHCCCS Director
Kate Aurelius, Deputy Director
Shelli Silver, Assistant Director, DHCM
Kathy Rodham, Finance Manager, DHCM
Kari Price, DHCM
Alan Schafer, ALTCS Unit Manager, DHCM
Contract file