

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

October 1, 2010

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

RE: Sanction – Enrollment Suspension Lifted -- Encounter Follow-up

Dear Mr. Lescault:

Beginning September 1, 2010 AHCCCS lifted SCAN Long Term Care's (SCAN) enrollment suspension that had been in place since June 1, 2010. Although the enrollment suspension was lifted encounters remain at levels that are not meeting the targets as set by AHCCCS. As stated in AHCCCS' August 27, 2010 letter, SCAN at a minimum must continue to dedicate resources and time to resolve the issues regarding the submission of accurate encounters.

For the encounter categories identified in the chart below, SCAN must achieve the encounter target rates by January 31, 2011 AHCCCS will measure compliance with these performance measures using the first encounter cycle of each month for the months of September through January.

ENCOUNTERS

Validator Success Rates (% of data passing validator edits and passing to the mainframe)	August 2010	Target *
Dental % (@90 enc/month)	100%	≥ 95%
UB % (@2000 enc/month)	82%	≥ 95%
1500 % (@25,000 enc/month)	98%	≥ 95%
Mainframe rates		
	Current	Target
Total pended % (Percent of total encounters pended to encounters processed)	35%	< 33%
Total approved % (Percent of encounters approved to encounters processed)	56%	≥ 63%

* SCAN must continue to submit its typical number of encounters each cycle to be in compliance with the encounter targets.

AHCCCS Encounter staff will schedule monthly encounter meetings with SCAN staff to review progress toward improvement with encounter submissions. AHCCCS will assess sanctions if it determines that SCAN is not making adequate progress toward submitting accurate encounters. If encounter submission improvement efforts fail, AHCCCS may reinstitute an enrollment suspension for an unspecified period of time.

Per the terms of your contract, sanctions are not the Administration's exclusive remedy. In particular and without limiting possible future actions, if any legal action is brought against the Administration as the result of SCAN non-compliance with the contract, the Administration will seek compensation from you for any damages arising from such legal action including but not limited to the Administration's cost of representation as well as the cost of any attorneys' fees and costs payable to the party bringing the action.

AHCCCS appreciates that SCAN continues to allocate the necessary resources to achieve compliance. AHCCCS reminds SCAN of its pledge to substantially improve and sustain overall performance, including encounter submissions.

Sincerely,



Michael Veit
Contracts and Purchasing Administrator

Cc: David Schmidt, SCAN Health Plan, Chief Executive Officer
Dennis Eder, SCAN Health Plan, Chief Financial Officer
Hank Osowski, Senior Vice President, Business Development
Tina Graham, SCAN Long Term Care, Vice President, Compliance
Tom Betlach, AHCCCS Director
Kate Aurelius, Deputy Director
Shelli Silver, Assistant Director, DHCM
Kathy Rodham, Finance Manager, DHCM
Kari Price, Executive Consultant, DHCM
P. J. Schoenstene, Operations Compliance Officer, DHCM
Brent Ratterree, Encounters Administrator, DHCM
Contract file