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

August 25, 2011

Kent Monical, Chief Executive Officer
Arizona Physicians IPA, Inc.
3141 North 3rd Avenue
Phoenix, AZ 85013-4345

SUBJECT: Release from Notice to Cure – Grievance System (Extensions and Retro-Review Process)

Dear Mr. Monical,

Under the authority granted to Arizona Health Care Cost Containment System (AHCCCS) by Section D, Paragraph 72 of the Acute Care Contract and the Acute Contractor Operations Manual Policy 408 – Sanction Policy, AHCCCS is releasing Arizona Physicians IPA, Inc. (APIPA) from the Notice to Cure imposed on May 20, 2010 as the requirements have been completed.

APIPA has demonstrated the following regarding claim dispute extensions:

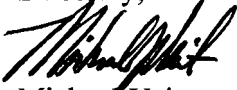
- 99% of the claim disputes received are adjudicated no later than 45 days from the date of receipt.
- Reduced claims dispute extension requests so that the number of extensions requested does not exceed 25% percent of the total claims dispute inventory.

APIPA has demonstrated the following regarding the retro review process:

- The hospital communication log has been updated to provide codes for pending auth/claims for retro review of pre-claim reviews. All reference to administrative denials was removed.
- Updated processes and policies to acknowledge that claims received within 10 days is considered notification for a hospital stay. Facilities were updated on the changes to the process, and clarifying the ability to file a claims dispute on a case that had previously been reviewed and denied by two physicians.
- All reviews that were older than 30 days were completed timely.
- Developed a process to ensure that claims that were denied and then retro reviewed are being reprocessed.
- Updated the claims dispute process to include that medical review will be done for all disputes stating the service was medically necessary.

As APIPA has met the requirements noted above, APIPA is now relieved of this Notice to Cure. Please note however, that APIPA will be subject to additional sanctions should AHCCCS find that APIPA is not in compliance with the grievance process in the future. Should you have questions regarding the findings expressed in this communication, please direct them to Linda Vrabel, Manager of Medical Management, Division of Health Care Management.

Sincerely,



Michael Veit

Contracts and Purchasing Administrator

Cc:

Dr Chakmakian, APIPA Chief Medical Officer

Kari Price, Assistant Director, DHCM

Elizabeth Stackfleth, Acute Care Operations Manager, DHCM

Linda Vrabel, Manager, Medical Management, DHCM