

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

801 East Jefferson, Phoenix, AZ 85034
PO Box 25520, Phoenix, AZ 85002
Phone: 602-417-4000
www.azahcccs.gov



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

May 26, 2010

Ms. Carolyn Rose
Chief Executive Officer
Health Choice Arizona
410 North 44th Street, Suite 900
Phoenix, AZ 85008

RE: Performance Measure Notice

Dear Ms. Rose:

The Arizona Health Care Cost Containment System (AHCCCS) Division of Health Care Management (DHCM) has completed an evaluation of Contractor results for the most recent measurement of Clinical Quality Performance Measures. This is to advise you of regulatory action based on your contract with AHCCCS.

In June 2009, Contractors were advised that AHCCCS would not apply sanctions for failure to meet Minimum Performance Standards for Clinical Quality measures reported in late 2009 (based on the measurement periods of the contract years ending 2007 and 2008), and Contractors were relieved of Notices to Cure. The decision to waive sanctions for these measurement periods was made by AHCCCS after conducting a preliminary measurement of data for CYE 2008, at which time it was determined that Contractors had made significant improvements in their Performance Measure results. However, Contractors also were advised that they may be subject to sanctions if they did not demonstrate continued improvement toward meeting and exceeding the AHCCCS contractual Minimum Performance Standards in the future.

Notice to Cure

AHCCCS has evaluated each Contractor's final results for Healthcare Effectiveness Data and Information Set (HEDIS) Performance Measures for the measurement period of CYE 2008, as well as the Childhood Immunization Measures for the measurement period of CYE 2009. Based on these results, AHCCCS is issuing a new Notice to Cure for Performance Measures to Health Choice Arizona (HCA), and advising you of possible financial sanctions if HCA does not meet AHCCCS Minimum Performance Standards (MPS) for Performance Measures beginning with the next measurement. This action is being taken because — despite the Contractor's improvement in several Performance Measure rates in the most recent measurement — HCA has continued to perform below the AHCCCS MPS for several measures. The attached table shows the Contractor's performance over the last three measurements. It also should be noted that AHCCCS has reminded all Contractors since at least 2002 that, if they fail to demonstrate improvement in Performance Measure rates, they may be sanctioned. Contractors also are required to internally monitor their performance and take action as necessary to meet contractual requirements for continued improvement in Performance Measure rates.

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Due to benefit changes, this Notice to Cure applies to pediatric measures and the measure of Timeliness of Prenatal Care only. However, AHCCCS may take action on other measures, including measures of chronic disease care, in the future.

Corrective Action Plans Required

The Contractor was required in August 2007 to submit to AHCCCS a thorough evaluation of the corrective actions in place for measures for which it had not met the MPS. Using the same format, the Contractor must submit updated evaluations of Corrective Action Plans (CAPs) for the pediatric and Timeliness of Prenatal Care measures for which it did not meet the AHCCCS MPS in the most recent measurement. It should document the status of all CAP activities to date, an evaluation of the effectiveness of each activity/intervention based on analysis of data and trends, and a determination as to whether the intervention will continue or be replaced with another intervention in order to improve the effectiveness of the CAP.

All required Corrective Action Plans must be submitted to the AHCCCS Division of Health Care Management (DHCM), Clinical Quality Management (CQM) Unit, within 30 days of the date of this notice. CAPS should be submitted via the secure server with a notification directed to the attention of Kim Elliott, PhD, CPHQ, Clinical Quality Management Administrator, at Kim.Elliott@azahcccs.gov.

Finally, AHCCCS may impose a sanction of up to \$100,000 for each measure included in this Notice to Cure, beginning with results of the CYE 2009 measurement period, which will be reported at the end of calendar year 2010. If, at that time, the Contractor has not met the MPS or has not achieved a statistically significant improvement from the CYE 2008 measurement period for any measure reported, the Contractor may be sanctioned for that measure.

Per the terms of your contract, sanctions are not the AHCCCS 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 your 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.

If you have any questions, please contact Kim Elliott, PhD, CPHQ, Clinical Quality Management Administrator, at 602-417-4782, or Kim.Elliott@azahcccs.gov.

Sincerely,



Michael Veit
Contracts & Purchasing Administrator

cc: Kathy Harris, Compliance Officer, Health Choice Arizona
Kim Elliott, PhD, CPHQ, Clinical Quality Management Administrator, DHCM, AHCCCS

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	Measure	Rate Reported in CYE 2008 (rates in bold are below MPS)	MPS	Rate Reported in CYE 2009 (rates in bold are below MPS)	MPS	Rate Reported in CYE 2010 (rates in bold are below MPS)	MPS	Current Statewide Average	Statistically significant change from the previous measurement?
1	Childhood Immunizations - Combination #2, Medicaid	83.3	74	N/R (Not Reported)	71 [†]	78.1	71 [†]	79.3	N/A due to HEDIS change
2	Childhood Immunizations - Combination #3, Medicaid	N/A	N/A	N/R	43	71.8	66	74.4	N/A
3	Childhood Immunizations - DTaP, Medicaid	85.1	85	N/R	85	82.4	85	83.0	No
4	Childhood Immunizations - Combination #2, KidsCare	90.6	74	N/R	71 [†]	92.5	71 [†]	88.2	N/A due to HEDIS change
5	Childhood Immunizations - Combination #3, KidsCare	N/A	N/A	N/R	43	87.5	66	84.0	N/A
6	Childhood Immunizations - DTaP, KidsCare	93.3	85	N/R	85	94.4	85	92.1	No
7	Well-Child Visits - First 15 Months, Medicaid *	59.3	70	59.3	70	58.0	65	59.5	No
8	Well-Child Visits - First 15 Months, KidsCare *	N/R	N/A	71.4	70	65.2	65	71.3	No
9	Well Child Visits, 3-6 Years Medicaid *	55.6	56	59.0	56	61.4	64	66.2	s/s ↑
10	Well Child Visits 3-6 Years KidsCare *	60.7	56	65.6	56	68.0	64	73.4	No
11	Children's Access to PCPs - Medicaid, 12-24 months *	80.5	85	82.1	85	82.7	93	85.0	No

12	Children's Access to PCPs - Medicaid, 25 months-6 years *	72.7	78	74.6	78	78.7	83	81.6	s/s †
13	Children's Access to PCPs - Medicaid, 7-11 years *	71.9	77	73.3	77	75.7	83	78.4	s/s †
14	Children's Access to PCPs - Medicaid, 12-19 years *	73.6	79	75.3	79	77.2	81	80.0	s/s †
15	Children's Access to PCPs - KidsCare, 12-24 months *	85.7	85	91.3	85	92.9	93	93.7	No
16	Children's Access to PCPs - KidsCare, 25 months-6 years *	74.6	78	79.5	78	85.6	83	87.5	s/s †
17	Children's Access to PCPs - KidsCare, 7-11 years *	82.2	77	82.4	77	81.8	83	86.2	No
18	Children's Access to PCPs - KidsCare, 12-19 years *	82.5	79	86.8	79	83.8	81	86.4	No
19	Annual Dental Visits - Medicaid	56.0	51	57.9	51	60.5	55	60.9	s/s †
20	Annual Dental Visits - KidsCare	68.8	51	67.3	51	70.9	55	71.8	s/s †
21	Adolescent Well-Care Visits - Medicaid *	31.1	37	35.4	37	36.3	41	41.6	No
22	Adolescent Well-Care Visits - KidsCare *	39.3	37	45.8	37	44.4	41	51.6	No
23	Timeliness of Prenatal Care	78.3	70	77.0	70	75.0	80	67.1	No
24	Breast Cancer Screening	40.5	50	41.1	50	52.5	54	62.3	s/s †
25	Cervical Cancer Screening	58.1	57	60.5	57	59.9	65	63.2	No
26	Adults' Access to Preventive Health Services, 20-44 Yrs	75.9	78	77.7	78	78.4	78	81.0	No
27	Adults' Access to Preventive Health Services, 45-64 Yrs	80.6	83	81.4	83	82.6	85	86.7	No
28	Chlamydia Screening, 16-25 Yrs	49.4	43	39.3	43	40.8	51	39.9	No

Notes:

† Combination included additional antigen and MPS was adjusted based on HEDIS national mean

* Programming of these measures for reporting in 2007 and 2008 was modified to better conform to HEDIS.

Rates for dental services for 2006 and 2007 are based on ages 4 to 21, while rates for 2008 are based on ages 2 to 21

Immunization rates reported in 2008 reflect less restrictive HEDIS criteria on timing of most antigens