



AHCCCS

Our first care is your health care

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

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June 26, 2009

Stanley Aronovitch
President & Chief Executive Officer
Mercy Care Plan
4350 E. Cotton Center Blvd., Bldg. D
Phoenix, AZ 85040

RE: Notice to Cure for Performance Measures

Dear Mr. Aronovitch,

The Arizona Health Care Cost Containment System's Division of Health Care Management (DHCM) has completed an evaluation of Contractor results for the HEDIS-based Performance Measures contained in your contract, including preliminary results for the measurement period of the contract year ending 2008.

AHCCCS analyzed Contractor's performance over a three-year period, based on AHCCCS' consistent programming of the HEDIS measures. Beginning in July 2007, Notices to Cure were issued to Contractors for failure to meet AHCCCS performance expectations, which are outlined in contract, and include the expectation that Contractors improve performance from year to year. Our goal in issuing these Notices to Cure and requiring Contractors to evaluate the effectiveness of their corrective actions was to spur improvement, which Contractors had not demonstrated under routine regulatory actions.

Preliminary measure results for the period of CYE 2008, which are based on AHCCCS programming that is consistent with previous years, indicate that Contractors are able to effect overall improvements in their Performance Measure results, at a level not previously seen. Thus, we view the Notices to Cure as having achieved their purpose, and are relieving Contractors of any pending Performance Measure sanctions.

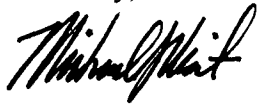
Based on Mercy Care Plan's improvement and positive three-year trend, AHCCCS will not be applying sanctions for Performance Measure results for CYE 2007 and CYE 2008. Your preliminary results show that nearly all Medicaid measures appear to be trending upward, although your rates for Well Child Visits at 15 Months and Timeliness of Prenatal Care have not appear to have improved or declined from the previous measurement. Preliminary results also show that rates for these two measures, plus Children's Access to Primary Care Practitioners at 12 to 24 Months and Chlamydia Screening, are still below the CYE 2008 contractual Minimum Performance Standards.

Once the CYE 2008 analysis is finalized, you will receive a separate correspondence should a corrective action plan be required for measures not meeting AHCCCS Minimum Performance Standards.

Be advised that Contractors may be subject to sanctions if they do not demonstrate continued improvement toward meeting and exceeding the AHCCCS contractual Minimum Performance Standards in the future.

If you have any questions, please contact Kim Elliott, PhD, CPHQ, Clinical Quality Management Administrator, at 602-427-4782, or Kim.Elliott@azahcccs.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Veit". The signature is fluid and cursive, with the first name being more prominent.

Michael Veit
Contracts and Purchasing Administrator

cc: Brian Horgeshimer, Compliance Officer, Mercy Care Plan
Kim Elliott, PhD, CPHQ, Clinical Quality Management Administrator

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