

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

June 1, 2010

Kathleen Oestreich, CEO
University Family Care
2701 East Elvira Road
Tucson, Arizona 85706

SUBJECT: Notice to Cure – Grievance System: Prior Authorization Decision Timeliness

Dear Ms. Oestreich:

Under the authority granted by the Acute Care Contract (YH09-0001) Section D, Paragraph 72 AHCCCS hereby issues a Notice to Cure to University Family Care (UFC) for failure to comply with the administrative requirements of the AHCCCS grievance process, specifically timeliness of processing service authorization requests. UFC is in violation of the Acute Care requirements that are defined in the Contract and the AHCCCS Medical Policy Manual Chapter 1000.

AMPM Chapter 1000 offers the following definitions:

Authorization Request (Standard), under 42 CFR 438.210, means a request for which a Contractor must provide a decision as expeditiously as the member's health condition requires, but not later than 14 calendar days following the receipt of the authorization request, with a possible extension of up to 14 calendar days if the member or provider requests an extension or if the Contractor justifies a need for additional information and the delay is in the member's best interest.

Authorization Request (Expedited), under 42 CFR 438.210, means a request for which a provider indicates or a Contractor determines that using the standard timeframe could seriously jeopardize the member's life or health or ability to attain, maintain or regain maximum function. The Contractor must make an expedited authorization decision and provide notice as expeditiously as the member's health condition requires no later than three working days following the receipt of the authorization request, with a possible extension of up to 14 days if the member or provider requests an extension or if the Contractor justifies a need for additional information and the delay is in the member's best interest.

On December 23, 2009, UFC informed AHCCCS via email that due to implementation of its new medical management software (TCS/Cerecons), UFC would be out of compliance with prior authorization standards for the month of December. At that time UFC anticipated being compliant with AHCCCS requirements for the month of January. However, in January the health plan reported that it was experiencing additional system issues related to outpatient prior authorizations. The decision was made that UFC would not use the new system for outpatient authorizations and instead they would be loaded manually into the IDX system. With this change the health plan anticipated being in compliance with the standards for the month of February.

As of the May report UFC is out of compliance with the processing of both Standard and Expedited Authorization requests. UFC has reported that it is still utilizing a manual tracking system for outpatient

Kathleen Oestreich, CEO

June 1, 2010

Page 2

authorizations. Below is a summary of the prior authorization timeliness as reported on the monthly Grievance System report:

	Dec.	Jan.	Feb.	March
Standard Authorization Requests	61%	75%	97%	93%
Standard Authorizations Requiring Extension	100%	100%	100%	N/A
Expedited Authorization Requests	71%	63%	74%	70%
Expedited Authorizations Requiring Extension	56%	100%	NA	100%

UFC's noncompliance with the prior authorization standards as established by AHCCCS policy has placed an undue burden on members and providers. Due to this non compliance UFC must submit a corrective action plan by June 15th that addresses the following:

- How the Contractor will meet the requirement to process standard authorization requests within the required timeframes no later than August 1, 2010.
- How the Contractor will meet the requirement to process expedited authorization requests within the required timeframes no later than August 1, 2010.
- Monthly updates on the progress of attaining compliance.
- UFC must submit monthly updates on the progress of migrating outpatient prior authorization requests to the new medical management system. UFC must run parallel testing and submit the results to AHCCCS sixty days prior to final migration to the new system.

Following the review of the corrective action plan, AHCCCS may conduct random and periodic audits of UFC's progress. If UFC is unable to achieve compliance by August, 1, 2010 or it is determined that the corrective action plan in place is not sufficient in attaining compliance, the Administration will consider other administrative actions up to and including monetary sanctions.

If you have any questions regarding this matter, please contact Maureen Wade at 602-417-4145.

Sincerely,



Michael Veit
Contracts and Purchasing Administrator

Cc: James Stover, Chief Administrative Officer, UFC
Kate Aurelius, Deputy Director, OOD
Shelli Silver, Assistant Director, DHCM
Rodd Mas, Acute Care Operations Manager, DHCM
Maureen Wade, Medical Management Manager, DHCM
Contract Compliance File