

**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

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June 30, 2010

Mr. Bill Hagan  
Chief Executive Officer  
Arizona Physicians IPA, Inc.  
3141 North 3rd Avenue  
Phoenix, AZ 85013-4345

**SUBJECT: Preliminary Results of Sanctionable Pended Encounters June 2010**

Dear Mr. Hagan:

This letter provides the preliminary results of sanctionable pended encounters for the quarter ending June 2010. As we continue to work through system issues resulting in faulty error codes, we have elected to make the following adjustments to your sanctionable pended encounter summary:

- ◆ All error codes due to Arizona Health Care Cost Containment System (AHCCCS) errors were waived for the quarter ending June 2010.

Please note that, even when sanctions are waived, you are liable for correcting all pended encounters unless the error is due to AHCCCS error. You will be notified when systems' corrections are made that will enable the pends (due to AHCCCS error) to automatically clear. At that time, all pends that are still unable to successfully adjudicate will begin anew with an internal 120 day clock for Health Plan correction. The true age for these pended encounters will still appear on your aging reports.

Please retrieve all summary reports of your sanctionable and excluded encounters for the quarter June 2010, including preliminary sanction amounts, from AHCCCS' FTP server. The path is Sftp.state.medicaid.us\API\Other\ and the file names are:

- API June 2010 Prel Sanctions.txt
- API June 2010 Prel Excluded Enc.xls
- API June 2010 Prel Error Summary.pdf
- API June 2010 Prel Age Category.pdf

Mr. Hagan  
June 30, 2010  
Page 2

You will have 30 days to review the preliminary sanction results. **You have until July 30, 2010 to review these preliminary results and to respond to any items believed not to be sanctionable.** We encourage your input into this preliminary review process. Please enter responses into the designated area of the spreadsheet. Return the spreadsheet by placing the file on AHCCCS' FTP server using path: The path is Sftp.state.medicaid.us\API\Other\ with any supporting documentation being mailed to my attention at Mail Drop 6600, 701 E. Jefferson, Phoenix, Arizona 85034. After AHCCCS' review, Contractors will be notified of final error rates and sanction amounts. Please note that a letter is sent even when all errors are waived and sanctions are zero.

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 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.

Please contact me at Brent.Ratterree@azahcccs.gov or (602) 417-4571 if you have any questions regarding aged pended encounters.

Sincerely,



Brent Ratterree  
Encounter Data Quality Manager

cc: Shelli Silver  
Lori Petre  
Rodd Mas  
Kathy Rodham  
Devra Navas  
Nancy Neroni  
Alan Schafer  
Brent Ratterree  
DAR File