

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

December 9, 2009

Rick Fredrickson  
Chief Executive Officer  
Bridgeway Health Solutions  
1501 West Fountain Head Parkway  
Suite 201  
Tempe, Arizona 85282

**RE: Sanction for Failure to Comply with Grievance System Requirements**

Dear Mr. Frederickson:

Pursuant to the AHCCCS Contract Section D, Paragraph 72 of the Acute Care Contract and Paragraph 80 of the Long Term Care Contract and the AHCCCS Contractor Operations Manual (ACOM) Policy 408 – Sanction Policy, the AHCCCS Administration is imposing a sanction against Bridgeway Health Solutions in the amount of \$10,000. The basis for this sanction is Bridgeway Health Solutions' failure to comply with the AHCCCS Grievance System requirements delineated in contract, rule and policy and AHCCCS clarifications and directives. This penalty will be assessed by withholding funds from future capitation payments owed to Bridgeway Health Solutions for performance of contractual duties, until satisfied.

Paragraph 13 of the CYE 09 Acute Care Contract, requires Bridgeway Health Solutions to comply with all requirements set forth in AHCCCS guidelines, policies and manuals. Based on our review of a July 10, 2009 Notice of Action Letter sent to [REDACTED], we find that Bridgeway Health Solutions has insufficiently complied with ACOM Policy 414 which states:

**“A general statement that a requested service is not medically necessary, without explanation of why a service is not medically necessary, is unacceptable as a reason for the action. Use of this or similar language as a reason for an action will result in regulatory action by AHCCCS, including but not limited to civil monetary penalties up to \$25,000 per event (letter) and/ or capping of enrollment.”**

**“The Notice of Action must contain and clearly explain in easily understood language the following information...the reason for the action, including factual findings about the member's condition that were the basis for the Contractor's action.”**

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A summary of the violations identified by the AHCCCS Administration discussed below.  
Our findings are based on the following:

**The Notice of Action letter dated July 10, 2009, referenced above, Bridgeway Health Solutions states, "In order for Bridgeway to review this request, a completed authorization request form must be completed to review the approval of [REDACTED]. Once we received the completed request form, we can look at that request again."**

Bridgeway Health Solutions failed to provide the member with any specific information as to how the member failed to meet the criteria to receive the medication. Additionally, the member had been on this medication for greater than one year and the member was not given a notice of ten (10) days notice before discontinuing a service as outlined in the Medicare Managed Care Act of 1997, 42 CFR 431.404 and A.A.C. R9-34-207 regarding advance notice of adverse action. Bridgeway Health Solutions must mail and thereby notify a member at least ten (10) days prior to the reduction of services. As you know, AHCCCS was the subject of litigation and is vigilant about compliance with the standards involving member rights.

Per the terms of your contract, sanctions are not the Administration's exclusive remedy. In particular and without limiting possible future action, if the enforcement of the terms of the *Price* settlement agreement results in an award of attorneys fees and costs and/or in the Administration incurring legal fees, the Administration intends to seek damages from its Contractors' (including Bridgeway Health Solutions) since the *Price* settlement agreement and any enforcement actions under the *Price* settlement will be a direct result of the Contractors' breach of the terms of the contract.

If you disagree with this decision, Bridgeway Health Solutions may file a dispute with the AHCCCS Administration using the process outlined in A.A.C. R9-34-401 et seq. The dispute must be filed in writing and must be received by the AHCCCS Administration, Office of Administrative Legal Services, at MD 6200, 701 E. Jefferson, Phoenix, AZ 85034, no later than 60 days from the date of this letter. The dispute shall specify the legal and factual bases for the dispute as well as the relief requested.

Sincerely,



Michael Veit  
Contracts and Purchasing Administrator

Cc: Tom Betlach, AHCCCS Director  
Kate Aurelius, AHCCCS Deputy Director  
Shelli Silver, Assistant Director, DHCM  
Kathy Rodham, Finance Manager, DHCM  
Maureen Wade, Medical Management Manager, DHCM  
Alan Schafer, Long Term Care Manager, DHCM  
Rodd Mas, Acute Care Operations Manager, DHCM  
Contract file