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KATIE HOBBS
GOVERNOR

KRISTEN CHALLACOMBE
INTERIM DIRECTOR

September 16, 2025

Tad Gary
Chief Executive Officer
Mercy Care 4750 S. 44th Place
Phoenix, AZ 85040

SUBJECT: Administrative Action – Release from Notice to Cure

Dear Mr. Gary:

The Arizona Health Care Cost Containment System (AHCCCS) is writing Mercy Care regarding its request that AHCCCS consider withdrawing the Notice to Cure (NTC) issued on March 21, 2025, or, alternatively, reclassifying the NTC as a Notice of Concern (NOC). The NTC was imposed as a result of Mercy Care's non-compliance with ACC-RBHA Contract YH19-0001R-05, Section D, Paragraph 9, Scope of Services and Paragraph 42, Material Change to Business Operations.

In March 2025, AHCCCS became aware of new protocols Mercy Care implemented related to non-emergent medical transportation (NEMT) services. Protocols implemented included prior authorization and scheduling notification requirements. These changes resulted in the inability of members to receive appropriate transportation to medically necessary services. Mercy Care failed to submit these changes to AHCCCS for review as a Material Change to Business Operations. Additionally, AHCCCS was made aware of a BHRF provider who limited their scope of practice as a result of funding concerns. However, Mercy Care failed to submit the Provider Change Report as outlined in ACOM Policy 415. As a result of these actions, AHCCCS issued a Notice to Cure on March 21, 2025.

In response to the NTC issued, Mercy Care was required to rescind the prior authorization implemented for NEMT services. Mercy Care was also required to submit a Provider Change Report as required in Contract and ACOM Policy 415 for providers who terminated their contract or decreased the scope of services as a result of rates.

In its April 4, 2025, response, Mercy Care requested AHCCCS to withdraw the NTC. In its response, Mercy Care indicated notification had been sent to the NEMT broker on March 21, 2025, directing them to remove the updated protocols. The NEMT broker confirmed receipt of the direction, indicating all protocols had been removed. This included updating the call tree messaging as well as call center staff protocols. These changes were also communicated to NEMT providers as well as other network providers. Mercy Care also noted that no updates were made to the claims processing system to ensure there would be no impact on provider reimbursements. Additionally, Mercy Care provided clarification that they had

no identification of rates being related to the reasoning for the BHRF provider closing locations. As such, they did not submit the ACOM Policy 415 report.

On April 24, 2025, AHCCCS provided a response to Mercy Care's request to withdraw the NTC. AHCCCS did not agree to withdraw the NTC, given Mercy Care's failure to comply with reporting material Changes to Business Operations. However, AHCCCS did agree that Mercy Care was not out of compliance with submitting the Provider Change Report outlined in ACOM Policy 415, as the BHRF provider did not communicate the closing of locations was a result of rates.


On May 2, 2025, Mercy Care provided written confirmation outlining that Mercy Care and the NEMT broker are in compliance with all such requirements outlined by AHCCCS in the original NTC, issued on March 21, 2025, as well as AHCCCS' response dated April 24, 2025. This response, Mercy Care requested AHCCCS to withdraw the NTC or issue a Notice of Concern.

AHCCCS maintains its stance that Mercy Care was found out of compliance as outlined in the original NTC issued on March 21, 2025, and further clarified in its April 24, 2025, response. However, AHCCCS does agree that Mercy Care has demonstrated progress regarding the areas of deficiency outlined in the original notice and is hereby released from the Notice to Cure.

Mercy Care must ensure ongoing compliance with ACC-RBHA Contract YH19-0001R-05, Section D, Paragraph 9, Scope of Services and Paragraph 42, Material Change to Business Operations. Future non-compliance may result in further Administrative Actions, as outlined in ACC-RBHA Contract, Section D, Paragraph 68, Administrative Actions.

If there are any questions regarding this correspondence, please contact Christina Quast at Christina.Quast@azahcccs.gov.

Sincerely,

DocuSigned by:

6720D03F007E4A8...

Meggan LaPorte, CPPO, MSW
Chief Procurement Officer

Cc: Bernadette Moreno, Mercy Care
Carissa Townsend, Mercy Care
Alisa Randall, AHCCCS
Christina Quast, AHCCCS
Dawn Sica, AHCCCS

Certificate Of Completion

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| | Phoenix, AZ 85034 |
| | anntonia.cota@azahcccs.gov |
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Signer Events

| Signer Events | Signature | Timestamp |
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| Meggan LaPorte | DocuSigned by: 6720D03F007E4A8... | Sent: 9/16/2025 9:45:29 AM |
| Meggan.LaPorte@azahcccs.gov | | Viewed: 9/16/2025 9:51:40 AM |
| Chief Procurement Officer | | Signed: 9/16/2025 9:51:47 AM |
| AHCCCS | | |
| Security Level: Email, Account Authentication (None) | Signature Adoption: Uploaded Signature Image Using IP Address: 20.245.184.185 | |

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Status **Timestamp**

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| Tracey Thomas | <div>COPIED</div> | Sent: 9/16/2025 9:45:29 AM |
| Tracey.Thomas@azahcccs.gov | | |
| Procurement Manager | | |
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