

March 12, 2020

James Stover
Chief Executive Officer
Arizona Complete Health-Complete Care Plan
333 E. Wetmore Rd., Suite 600
Tucson, AZ 85705-1090

RE: Compliance Action –Sanction

Dear Mr. Stover:

The Arizona Health Care Cost Containment System, Division of Health Care Management, (AHCCCS) has determined that Arizona Complete Health-Complete Care Plan (AzCH-CCP) is in violation of its AHCCCS Complete Care (ACC) Contract YH19-0001-04. AzCH-CCP failed to timely resolve the critical compliance issues which were outlined in the October 7, 2019 Compliance Action-Sanction.

AzCH-CCP elected to migrate its physical health and behavioral health providers to a single provider network database on October 1, 2018, which coincided with the implementation of the statewide integrated AHCCCS Complete Care (ACC) Contracts. AzCH-CCP's migration to a single provider network database resulted in significant, ongoing, adverse impacts to a wide array of providers, as evidenced by AzCH-CCP's continuing failure to timely and accurately process claims payments to providers consistent with state and federal requirements. The January 25, 2019 Compliance Action describes the Contractor's compliance deficiencies in greater detail.

The October 7, 2019 Compliance Action provided AzCH-CCP 90 days to resolve all issues related to the database migration, such that all claims impacted by the migration were processed with an accuracy rate of 95%. Additionally, AzCH-CCP was to ensure that claims not impacted by the database migration issue were processed with an accuracy rate of at least 95% and within timeliness standards for 30 and 60 days. While AHCCCS recognizes AzCH-CCP's progress in resolving claims impacted by the October 2018 database migration, AzCH-CCP failed to resolve all issues outlined in the October 2019 Compliance Action by the January 5, 2020 completion requirement. Pursuant to Section D Paragraph 68 of the ACC Contract, "Administrative Actions," AzCH-CCP is hereby subject to compliance action for the reasons set forth in this correspondence.

Contractual and Federal Requirements

Section D, Paragraph 37 of the ACC Contract, "Claims Payment/Health Information System," provides:

The Contractor shall develop and maintain claims processes and systems that ensure the accurate collection and processing of claims, analysis, integration, and reporting of data.

...

General Claims Processing Requirements:

...

The Contractor's claims payment system must be able to assess and/or apply data related edits including but not limited to:

- 1. Benefit Package Variations,*
- 2. Timeliness Standards,*
- 3. Data Accuracy,*
- 4. Adherence to AHCCCS Policy,*
- 5. Provider Qualifications,*
- 6. Member Eligibility and Enrollment, and*
- 7. Over-Utilization Standards.*

Additionally, unless a subcontract specifies otherwise, the Contractor shall ensure that for each form type (Dental/Professional/Institutional), 95% of all clean claims are adjudicated within 30 days of receipt of the clean claim and 99% are adjudicated within 60 days of receipt of the clean claim.

...

Claims System Audits: The Contractor shall develop and implement an internal ongoing claims audit function that will include, at a minimum, the following:

- 1. Verification that provider Contracts are loaded correctly, and*
- 2. Accuracy of payments against provider Contract terms.*

Federal Regulation 42 CFR § 447.46, "Timely claims payment by MCOs" provides:

(c) Contract requirements.

(1) Basic rule. A contract with an MCO must provide that the organization will meet the requirements of 447.45(d)(2) and (d)(3), and abide by the specifications of 447.45(d)(5) and (d)(6).

(2) Exception. The MCO and its providers may, by mutual agreement, establish an alternative payment schedule.

(3) Alternative schedule. Any alternative schedule must be stipulated in the contract.

Federal Regulation 42 CFR § 447.45, "Timely claims payment" provides:

(d) Timely processing of claims.

(2) The agency must pay 90 percent of all clean claims from practitioners, who are in individual or group practice or who practice in shared health facilities, within 30 days of the date of receipt.

(3) The agency must pay 99 percent of all clean claims from practitioners, who are in individual or group practice or who practice in shared health facilities, within 90 days of the date of receipt.

Through weekly submissions and regular meetings with AHCCCS leadership, AzCH-CCP provided ongoing updates on the status of resolving claims impacted by the October 2018 database migration. In its January 13, 2020 weekly update, AzCH-CCP indicated a total of 3.3 million claims had been processed associated with the impacts of the database migration, with 29,000 claims remaining to be resolved. AzCH-CCP further indicated its intention to complete the remaining claims by January 31, 2020. In its February 3, 2020 weekly update, AzCH-CCP indicated all of the remaining claims had been adjudicated.

While AzCH-CCP made significant progress in resolving outstanding claims during this period, it did not meet the January 5, 2020 completion requirement under the October 2019 Compliance Action. Further, AzCH-CCP did not notify AHCCCS of its failure to meet the requirement until January 10, 2020.

Throughout the 90 day timeframe in which AzCH-CCP was working to resolve claims impacts related to the database migration, an additional related issue was identified. In November 2019, AzCH-CCP made AHCCCS aware of erroneous payments to an entire provider payclass for the Access to Professional Services Initiative (APSI). AzCH-CCP indicated the erroneous payments were made to providers between March and June of 2019, and the impacted provider payclass was corrected upon the discovery of this error. This error impacted in excess of 1,600 providers and more than 2 million claims, totaling over \$8 million dollars in overpayments.

AzCH-CCP's inability to make accurate payments to the providers placed an ever increasing burden on providers already under strain by the Contractor's ongoing claims payment errors, resulting in a number of providers being required to reimburse improper overpayments.

Furthermore, while AzCH-CCP corrected their system to address the erroneous APSI payments in June of 2019, the issue was not disclosed to AHCCCS for five months, despite regular, ongoing communications to AHCCCS on claims projects, which were inclusive of this issue. It is AHCCCS' expectation that operational issues of this nature be promptly disclosed to AHCCCS.

Sanction

AzCH-CCP's failure to timely resolve deficiencies as outlined in this notice has resulted in ongoing and significant adverse impacts to providers, including extensive disruption to provider payments and undue hardship to providers. Accordingly, AzCH-CCP is hereby subject to additional monetary sanction in the amount of **\$50,000**, as allocated below. This monetary sanction will be withheld from a future capitation payment.

Failure to meet deadline for correction of deficiencies resulting from its October 1, 2018 database migration as directed by the October 7, 2019 Compliance Action.	\$25,000
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Failure to timely notify AHCCCS of inaccurate APSI payments to providers.	\$25,000
Total	\$50,000

Capped Membership

As outlined in the October 2019 Compliance Action, AzCH-CCP’s ACC membership was capped for auto assignment in the Central and South Geographic Service Areas effective November 1, 2019. This cap will remain in place until further notice as determined by AHCCCS.

Future Performance

When AzCH-CCP becomes aware of claims payment issues, such as APSI payments made in error for a class of providers, it shall provide timely notification to AHCCCS.

AzCH-CCP shall continue to submit a weekly tracking log of provider meetings and provider projects, which shall include, at a minimum, a comprehensive reporting of the following items:

- provider name;
- assigned AzCH-CCP representative;
- summary of the issue;
- the date the plan was made aware of the issue;
- actions taken to resolve the issue;
- number of claims impacted;
- total billed dollar amount impacted;
- status of resolution of the issue;
- timeline to complete resolution; and
- identification of whether or not the issue impacts other providers; if other providers are impacted, provide detailed explanation of impacts

The tracking log reporting requirements shall be submitted to AzCH-CCP’s assigned Operations Compliance Officer, Lola Davis, at Lola.Davis@azahcccs.gov, on a weekly basis, every Monday by close of business.

AHCCCS will review weekly submissions and continue to closely monitor AzCH-CCP’s ongoing performance and compliance with contractual requirements, including but not limited to, timeliness and accuracy of claims payment and provider satisfaction. Future compliance failures as outlined in this notice as well as lack of identification of other contractual noncompliance shall result in additional Administrative Actions, as outlined in the ACC Contract

Section D, Paragraph 68, "Administrative Actions", including, but not limited to, further Sanctions.

If AzCH-CCP disagrees with this decision, the Contractor may file a dispute with the AHCCCS Administration by 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 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.

Should AzCH-CCP have any questions regarding this correspondence, please contact Christina Quast at Christina.Quast@azahcccs.gov or (602) 417-4527.

Sincerely,

A handwritten signature in cursive script, appearing to read "Megan LaPorte".

Meggan LaPorte CPPO, MSW
Chief Procurement Officer

Cc: Rodd Mas, AzCH-CCP
Matthew Isiogu, AHCCCS
Jakenna Lebsock, AHCCCS
Christina Quast, AHCCCS
Michelle Holmes, AHCCCS
Lola Davis, AHCCCS

