

April 13, 2020

James Stringham
Chief Executive Officer
Banner University Family Care
2701 East Elvira Road
Tucson, AZ 85756

RE: Compliance Action – Sanction

Dear Mr. Stringham:

The Arizona Health Care Cost Containment System, Division of Health Care Management, (AHCCCS/DHCM) has determined that Banner University Family Care (BUFC) is in violation of its Acute Contract YH14-0001-02. BUFC repeatedly failed to provide AHCCCS with accurate data of its member assignment files for calculation of year two Targeted Investments (TI) financial incentive payments (CYE 2018). As a result, numerous providers were issued inaccurate TI payments, multiple calculations of TI payments were required to achieve accuracy, and payments of accurate TI payments to qualifying providers are still outstanding and unnecessarily delayed. Pursuant to Section D, Paragraph 71 of the Acute Contract, “Administrative Actions” BUFC is hereby subject to compliance action for the reasons set forth in this correspondence.

Section D, Paragraph 63 of the October 1, 2017 Acute Contract Renewal, “Systems and Data Exchange Requirements” provides, in part:

***Contractor Responsibilities:** The Contractor is responsible for any incorrect data, delayed submission or payment (to the Contractor or its subcontractors), and/or penalty applied due to any error, omission, deletion, or incorrect data submitted by the Contractor. Any data that does not meet the standards required by AHCCCS shall not be accepted by AHCCCS.*

...
The Contractor further agrees to indemnify and hold harmless the State of Arizona and AHCCCS from any and all claims or liabilities, including but not limited to consequential damages, reimbursements or erroneous billings and reimbursements of attorney fees incurred as a consequence of any error, omission, deletion or erroneous insert caused by the Contractor in the submitted input data. Neither the State of Arizona nor AHCCCS shall be responsible for any incorrect or delayed payment to the Contractor’s subcontractors resulting from error, omission, deletion, or erroneous input data caused by the Contractor in the submission of AHCCCS claims.

The Contractor is also responsible for identifying any inconsistencies immediately upon receipt of data from AHCCCS. If any unreported inconsistencies are subsequently discovered, the Contractor shall be responsible for the necessary adjustments to correct its records at its own expense.

Section D, Paragraph 66 of the October 1, 2017 Acute Care Contract Renewal, “Periodic Reporting requirements,” provides:

Under the terms and conditions of its CMS grant award, AHCCCS requires periodic reports, encounter data and other information from the Contractor. The submission of late, inaccurate, or otherwise incomplete reports shall constitute failure to report subject to the penalty provisions described in Section D, Paragraph 71, Administrative Actions.

Standards applied for determining adequacy of required reports are as follows [42 CFR 438.242(b)(2)]:

- 1. Timeliness: Reports or other required data shall be received on or before scheduled due dates.*
- 2. Accuracy: Reports or other required data shall be prepared in strict conformity with appropriate authoritative sources and/or AHCCCS defined standards.*
- 3. Completeness: All required information shall be fully disclosed in a manner that is both responsive and pertinent to report intent with no material omissions.*

The Contractor shall comply with all reporting requirements contained in this Contract. The Contractor shall submit any other data, documentation, or information relating to the performance of the entity’s obligations as required by the state or Secretary [42 CFR 438.604(b); 42 CFR 438.606]. AHCCCS requirements regarding reports, including but not limited to, report content, report frequency, and report submission, are subject to change at any time during the term of the Contract. The Contractor shall comply with all changes specified by AHCCCS, including those pertaining to subcontractor reporting requirements. The Contractor shall be responsible for continued reporting beyond the term of the Contract.

Section D, Paragraph 76 of the October 1, 2017 Acute Contract Renewal, “Special Provisions for Payment” provides, in part:

Targeted Investments: *The Targeted Investments (TI) program is authorized under AHCCCS’ 1115 Waiver for five years beginning in CYE 17. The TI program is AHCCCS’ strategy to provide financial incentives to eligible AHCCCS providers to develop systems for integrated care.*

The Contractor will provide financial incentives to eligible providers who demonstrate performance improvement by meeting certain benchmarks for integrating and coordinating physical and behavioral health care. AHCCCS will compute the participating provider financial incentives after completion of the contract year and will make available to the Contractor a list of TI providers and associated amounts of financial incentive payments owed for the contract year. Also after completion of the

contract year, AHCCCS will adjust capitation rates in the form of a lump sum payment to the Contractor in an amount equal to the financial incentive payments due TI providers plus an administrative payment for the Contractor. Requirements are further delineated in ACOM Policy 324.

AHCCCS Contractor Operations Manual (ACOM) Policy 324, “Targeted Investments Program” provides:

Targeted Investment Payments:

Contractor Responsibility

- a. The Contractor shall make TI payments at least on an annual basis to participating providers in the amounts by payee as prescribed by AHCCCS. Provider payments will be based on requirements that vary over the five years of the TI Program, which runs from October 1, 2016 through September 30, 2021,*
- b. Each provider payment shall be accompanied by a clear written explanation that the payment is for the TI Program. The Contractor may determine the method used to communicate this written explanation,*
- c. The Contractor shall make TI payments to providers within 30 days of receipt of payment detail from AHCCCS, and*
- d. The Contractor shall notify AHCCCS, DHCM Financial Consultant, when payments are completed, including the amount of each payment by provider.*

The Targeted Investments Program Provider Eligibility Requirements provides:

Primary Care Provider Eligibility Requirements: *To participate in the TI Program, Primary Care Provider sites must have a minimum threshold of assigned AHCCCS members across all health plans with which they are contracted, must attest to a) having an Electronic Health Record (EHR) which has the ability to exchange and use electronic health information from other systems without special effort on part of the user and b) having completed a Behavioral Health integration assessment using one of the AHCCCS-specified tools.*

Background

In order to calculate the TI financial incentive payment amount for each qualifying provider for TI year two (CYE 2018), AHCCCS required all Contractors to submit files in January 2019 outlining the number of members assigned to each contracted Primary Care Provider (PCP) site as of May 1, 2018 (the “snapshot date”). The member assignment files provided by Contractors would be utilized for the purpose of calculating appropriate TI payments. The importance of accurate PCP files consisting of correct PCP counts cannot be overstated. Therefore, it was incumbent upon Contractors to submit files to AHCCCS which identified the correct member assignment for each particular PCP for the specified date. The member assignment files from BUFC were received by AHCCCS in January 2019 and utilized to calculate year two TI provider payments.

After TI payments were issued, an individual provider presented concerns to AHCCCS regarding the accuracy of its TI payment from BUFC because no BUFC members had been identified as assigned to this provider's site. At the time, AHCCCS identified that BUFC had utilized an incorrect address for this particular provider, resulting in the reporting of inaccurate member assignment data to AHCCCS, and thus an incorrect TI payment calculation was computed by AHCCCS for this provider.

Due to this information, AHCCCS requested BUFC to submit a revised member assignment file in May 2019 which reflected the impacted provider's correct address, but still reflecting member assignment using the May 1, 2018 snapshot date. The resubmitted file by BUFC again included an incorrect address for the impacted provider. Utilizing the resubmitted data by BUFC, AHCCCS calculated a revised TI payment to the provider in September 2019 which, due to the inaccurate information from BUFC, was not correct. The provider again advised AHCCCS that the recalculated payment failed to reflect its correct assigned membership for the operative date. BUFC had shared a list of members with the provider that reflected 217% more member assignments for the May 1, 2018 snapshot date than the "revised" number reported to AHCCCS in May 2019.

In response to AHCCCS' request to BUFC for clarification of the member assignment file discrepancies, BUFC confirmed that it again used the wrong address for the provider in question, and used an incorrect snapshot date for the May 2019 member assignment file provided to AHCCCS. In October 2019, BUFC submitted a third member assignment file to AHCCCS for all TI recipients assigned to each contracted PCP site as of the May 1, 2018 snapshot date, which was subsequently determined to once again include inaccurate address data.

When the October 2019 assignment file from BUFC was compared to the May 2019 file, a variance of 154 assigned members was noted for the specific provider. This variance resulted in a payment to this individual provider of more than \$14,000 less than it would have otherwise been for the year two TI incentive payment.

Additionally, AHCCCS compared the October 2019 BUFC member assignment file to the January 2019 file which was used to compute the year two payments for all providers. Upon completion of this undertaking, AHCCCS identified three additional participating provider addresses that were excluded from payment due to erroneous data provided by BUFC.

AHCCCS' analysis determined that a total of nine TI participating provider organizations received payment amounts lower than they would otherwise have received, with the aggregate amount of the variance in payments totaling \$332,680.10. The nine TI providers impacted resulted from BUFC's under-reporting of 3,259 assigned members. In addition to the nine providers negatively impacted, five provider organizations received payments that were higher than they otherwise would have been in the aggregate amount of \$317,163.37, which corresponded to an over-reporting of 3,703 assigned members by BUFC.

Sanction

BUFC repeatedly failed to provide accurate member assignment data to AHCCCS for calculation of TI financial incentive payments despite having been notified, on multiple occasions, of concerns regarding the reliability and accuracy of its member assignment data. The continuing failure of BUFC to provide AHCCCS with correct member assignment data resulted in inaccurate payments to providers, multiple calculations of TI financial incentive payments by AHCCCS staff, ongoing delays in the payment to providers of accurate TI payments, and concerns regarding the integrity of BUFC data. Accordingly, BUFC is hereby subject to a monetary sanction in the amount of **\$342,680.10**, as allocated below:

<i>Sanction</i>	<i>Amount</i>	<i>Method of Payment</i>
Incorrect data impacting calculation of TI incentives	\$332,680.10	Make payments directly to providers as outlined in attached document
Failure to report accurate data	\$10,000	Withhold from future capitation payment
Total	\$342,680.10	

BUFC shall follow specific guidance provided by AHCCCS to make payments of \$332,680.10 directly to providers in a timely manner. Banner shall not recoup or otherwise adjust any other TI payments, except those it is directed to do so by AHCCCS.

Future Performance

BUFC is required to submit a detailed Action Plan delineating the specific activities it will immediately institute to ensure accurate member assignment data is provided in the future. Additionally, a root cause analysis shall be completed to identify the causes that lead to the inaccurate reporting of data to AHCCCS on multiple occasions over an extended time period. The Action Plan shall be submitted to BUFC's assigned Operations Compliance Officer, Ena Binns, no later than close of business April 27, 2020.

Failure to correct the deficiencies outlined in this notice as well as identification of other contractual noncompliance may 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 BUFC 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 BUFC have any questions regarding this correspondence, please contact Christina Quast at Christina.Quast@azahcccs.gov or (602) 417-4527.

Sincerely,


Megan LaPorte (Apr 10, 2020)

Meggan LaPorte CPPO, MSW
Chief Procurement Officer

Cc: Ryan Thomsen, BUFC
Jakenna Lebsock, AHCCCS
Matthew Isiogu, AHCCCS
Christina Quast, AHCCCS
Michelle Holmes, AHCCCS
Ena Binns, AHCCCS