

*Letter sent electronically*

July 24, 2017

Paul Barnes  
Chief Executive Officer  
Bridgeway Health Solutions  
1850 W. Rio Salado Parkway  
Suite 201  
Tempe, AZ 85281

**RE: Bridgeway Health Solutions Advantage Dual-Special Needs Plan - REVISED**

Dear Mr. Barnes:

In a September 12, 2016 letter, Bridgeway Health Solutions' (Bridgeway) informed the Arizona Health Care Cost Containment System that Bridgeway's service area expansion to Pinal County will not occur by January, 2017. As a result, AHCCCS is imposing a monetary sanction of **\$75,000** for this contract non-compliance for failure to offer a D-SNP plan that provides Medicare benefits to dual eligible members in Pinal County.

As required in the ALTCS Contract YH12-0001-01 (Contract), Section D, Paragraph 72 Medicare Requirements,

“ALTCS members who are also enrolled in Medicare are considered dual eligible. In an effort to improve care coordination for dual eligible members, AHCCCS requires the Contractor, or its corporate affiliate, to be a Medicare Advantage Dual Eligible Special Needs Plan (D-SNP) that manages and provides Medicare benefits to ALTCS dual eligible members in its Geographic Service Area(s).”

The sanction follows three previous sanctions for failure to offer its dual eligible AHCCCS members services through an associated Bridgeway D-SNP. On October 10, 2013 AHCCCS imposed a \$150,000 sanction to Bridgeway for a failure to offer a D-SNP in Pinal, Gila, Graham, Greenlee and Cochise counties. By June 24, 2014 Bridgeway did not offer a D-SNP in these counties, and AHCCCS doubled the previous sanction to \$300,000.

In 2015, Bridgeway offered a D-SNP to all dual eligible members except those in Pinal County. As a result, on December 22, 2015 AHCCCS imposed a \$75,000 sanction for Pinal County only. At that time, AHCCCS indicated:

“The Contractor is expected to be in full compliance with the requirement to operate a MA D-SNP effective January 2017. Accordingly, Bridgeway Health Solutions is strongly encouraged to commence frequent and continuing collaboration with the Centers for Medicare and Medicaid Services (CMS) to ensure all contractual requirements are fulfilled in advance of the posted deadlines.”

Bridgeway's September 12, 2016 letter indicated that while Bridgeway submitted an application with CMS for a D-SNP service expansion in Pinal County for 2017, due to a clerical error, the expansion could not be applied to its existing D-SNP. Bridgeway indicated that its members can enroll in a different

Medicare contract operated by Health Net Inc., a company recently merged with Bridgeway, until 2018 when Bridgeway will apply again for its D-SNP expansion into Pinal County.

### ***Sanction***

Bridgeway is found to be in non-compliance with the terms of ALTCS Contract Section D, Paragraph 72 Medicare Requirements and will be subject to a monetary sanction of **\$75,000**. Based upon this failure to meet contractual standards, the sanction was determined as follows:

- **Assessed monetary sanction: Doubling of the previous Pinal County sanction - \$75,000**

Full compliance with the stated requirements to operate a MA D-SNP was required to be effective January, 2017.

### ***Future Performance***

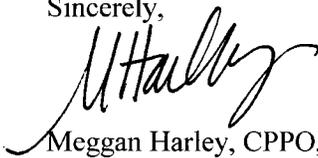
The Contractor is expected to be in full compliance with the requirement to operate a MA D-SNP effective January, 2018. Per the terms of your Contract, sanctions are not AHCCCS' exclusive remedy. Regulatory actions may include continuation of the actions above, including additional sanctions, as specified in the Contract. In addition, and without limiting future actions, if any legal action is brought against AHCCCS as a result of the Contractor's non-compliance with the Contract, AHCCCS will seek compensation for any damages arising from such legal action, including but not limited to AHCCCS' cost of representation, as well as the cost of any attorney's fees and costs.

The total Sanction of **\$75,000** will be withheld from a future capitation payment.

If Bridgeway disagrees with this decision, the Contractor 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 and Legal Service 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 basis for the dispute as well as relief requested.

Should you have any question regarding this matter, please contact Virginia Rountree at [Virginai.Rountree@azahcccs.gov](mailto:Virginai.Rountree@azahcccs.gov) or (602) 417-4122.

Sincerely,



Meggan Harley, CPPO, MSW  
Chief Procurement Officer

Cc: James Stover, Centene  
Cheyenne Ross, Centene  
Susan Gilkey, Centene  
Virginia Rountree, AHCCCS  
Shelli Silver, AHCCCS  
Christina Quast, AHCCCS  
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