

Letter sent electronically

September 29, 2016

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

RE: Compliance Action: Sanction, Deliverable Accuracy

Dear Mr. Barnes:

The Arizona Health Care Cost Containment System (AHCCCS), Division of Health Care Management (DHCM) has determined that Health Net Access (HNA) is in violation of Contract YH14-0001-03. As outlined in Section D, Paragraph 72, Sanctions, of the Acute Care Contract, Health Net AHCCCS is hereby subject to compliance action as outlined below.

On November 25, 2015, AHCCCS issued a \$10,000 monetary Sanction (November Sanction) for HNA's failure to submit a correct Provider Affiliation Transmission File (PAT File). This sanction stemmed from a June 29, 2015 Notice to Cure (Notice to Cure), during which, at AHCCCS' request, HNA reviewed its Quarter 2, 2015 PAT file submission and determined that 184 providers identified in the PAT File as under contract with HNA were actually not contracted. Further, when AHCCCS selected a sample of 13 contracted providers, HNA could not provide a signed contract or provider roster for two of the providers. As a result, to address both the Notice to Cure and the issues outlined in the November Sanction, AHCCCS required HNA to submit its process for ensuring the accuracy of its PAT File submission.

On April 19, 2016, AHCCCS required HNA to respond to a member complaint in which contracted provider offices were informing the member that they did not accept HNA insurance. Specifically, the member related that dermatologists identified as contracted with HNA were indicating that they were not in HNA's provider network. Subsequently, AHCCCS contacted 10 dermatologists and primary care providers listed in HNA's PAT File and found on HNA's online provider directory. Of the 10 provider offices contacted, staff at 4 offices indicated that they were not contracted with HNA.

Additionally, AHCCCS selected four providers determined under the June 29, 2015 Notice to Cure and the November Sanction as non-contracted, and searched for these providers in HNA's Quarter 2, 2016 PAT File and online provider directory. All four providers continued to be reported as contracted.

On May 3, 2016, HNA responded to both issues identified above. Regarding the providers in the member complaint, HNA indicated the providers were in the HNA network. HNA further explained that the provider office staff was unaware of indirect contracts the providers had with

other entities that held agreements with HNA. HNA indicated it educated the staff at these offices to ensure awareness of their participation in the HNA network. While HNA indicated that it educated the providers contacted by AHCCCS, it appears that a significant portion of staff at provider offices may be unaware of their participation in HNA's network.

With regard to the PAT File inaccuracy, HNA indicated staff did not follow correct procedures for updating and generating the PAT File due errors in the oversight, monitoring and organization of the process. This process generates provider data used in both the PAT File and in HNA's searchable online provider directory. HNA corrected the status of the identified providers, but also indicated that the current process was being replaced with an entirely new data system as part of the Centene acquisition of HNA.

HNA proposed the following actions as a result of AHCCCS' findings:

- Development and adoption of a formal plan policy for submission and quality review of the PAT File submission
- Training applicable staff on the adopted formal plan policy for PAT reporting
- For the remainder of CY16, adding an errata sheet to the .pdf Provider Directory to identify any known updates to provider demographics
- For CY17, removing the .pdf Provider Directory from HNA's website and relying on the website's provider search function
- Tracking these issues in HNA's compliance program tracking module
- Auditing the provider directory each quarter
- Reporting this issue regularly to its Quality Management Performance Improvement Committee and its Board of Directors

In addition to the above actions, HNA must provide its process for educating staff at all provider offices serving HNA members. HNA must submit a status update of the above listed items and the process for educating provider staff to Jay Dunkleberger at jay.dunkleberger@azahcccs.gov by **October 28, 2016**.

While implementing its proposed actions, HNA should also consider the following:

- Take into account contract requirements when removing the .pdf version of the Provider Directory from the website. Under the terms of the Contract YH14-0001-03, Section D, paragraph 18, "Member Information", HNA must either provide new members a written Provider Directory in hard copy format, or include in the initial member packet how members can obtain one via the website, electronic mail or postal mail. Members can also request a printed copy of the Provider Directory.
- Ensure all subcontractors are reported to AHCCCS. HNA indicated that a subcontractor played a role in the generation of the PAT File; however, HNA's submission under the AHCCCS Contractor Operations Manual, Policy 438, Attachment B, Administrative Subcontractor Evaluation Report does not identify any subcontractor responsible for this function. While HNA has indicated its new process will not use this subcontractor, HNA must ensure it reports all Administrative Services Subcontracts in this deliverable.

As a result of HNA's reporting of inaccurate data on the PAT File deliverable and failure to correct issues identified in a prior compliance action, AHCCCS is imposing a \$20,000 monetary sanction. The sanction will be withheld from a future capitation payment.

If HNA 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.

If you have questions regarding this matter, please feel free to contact Virginia Rountree at: (602) 417-4122.

Sincerely,



Meggan Harley CPPO, MSW
Acting Chief Procurement Officer

Cc: Cheyenne Ross
Susan Gilkey
Virginia Rountree
Christina Quast
Jay Dunkleberger