

December 9, 2016

James V. Stover
Chief Executive Officer
University of Arizona Health Plans
2701 East Elvira Road
Tucson, AZ 85756

SUBJECT: Compliance Action – Notice to Cure Claims Processing

Dear Mr. Stover:

The Arizona Health Care Cost Containment System (AHCCCS) Division of Health Care Management (DHCM) has identified that the University of Arizona Health Plans, University Family Care (UFC) is in violation of its Acute Care Contract YH14-0001-02 for contract year ending 2016 and 2017 as outlined below. As a result of these violations and pursuant to Acute Care Contract YH14-0001-02 Section D, Paragraph 72, AHCCCS is imposing the following regulatory action:

Notice to Cure

In late 2015 and throughout 2016, UFC indicated in its Claims Dashboard Cover Letters that it experienced increased claim volumes related to Federally Qualified Healthcare (FQHC) rate changes, urgent care facility claims and staff turnover of high performing employees. UFC reported that it focused its attention on reducing the claim backlog; however, overall production was adversely impacted. As a result, UFC reported that it implemented several counter measures to reduce pending claims and timeliness issues, including requiring mandatory overtime and realignment of staff responsible for processing daily inventory. However, these measures have not resulted in compliance with claims processing standards.

Upon review of the Claims Dashboard submitted for the month of October 2016, and retrospective review to December 2015, UFC has been out of compliance for eight of eleven months for claims adjudicated within 30 days and nine of eleven months for claims adjudicated within 60 days. The table below summarizes UFC’s performance. Cells depicted in gray denote non-compliance.

	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16
% of Claims Processed in 0 to 30 Days	93.3%	92.3%	92.3%	94.6%	95.7%	97.3%	90.7%	97.2%	92.5%	66.3%	69.1%
% of Claims Processed in 0 to 60 Days	96.1%	95.0%	95.2%	99.4%	97.3%	98.7%	94.8%	99.0%	98.5%	98.4%	98.0%

UFC has failed to comply with claims processing performance requirements as required in the Acute Care Contract, Section D:

Paragraph 16, Staff Requirements and Support Services:

The Contractor must employ sufficient staff and utilize appropriate resources to achieve contractual compliance. The Contractor’s resource allocation must be adequate to achieve outcomes in all functional areas within the organization.

Claims Processing staff to ensure the timely and accurate processing of original claims, resubmissions and overall adjudication of claims.

Paragraph 38, Claims Payment/Health Information System, General Claims Processing Requirements:

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.

UFC must develop an Action Plan to immediately address and resolve claims processing non-compliance. The Action Plan must be comprehensive and include, at a minimum:

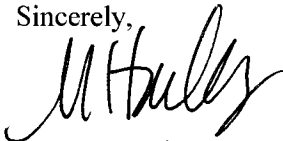
- Specific actions to come into compliance with claims processing timeliness standards within **60 days** from the issuance of this notice.
- Any remedies or corrections made to internal processes to ensure ongoing compliance with claims processing standards.
- Specific actions for internal monitoring of claims processing performance to ensure compliance with 30 and 60 day standards.

Failure to correct deficiencies and demonstrate compliance with contract requirements as outlined in this letter may result in further compliance action, in accordance with Acute Care Contract Section D, Paragraph 72, including but not limited to sanctions and/or cap on enrollment.

Please submit your Action Plan by **Friday, January 6, 2017** to Brenda Gobeli, Operations Compliance Officer at Brenda.Gobeli@azahcccs.gov.

If you have any questions regarding this letter, you may contact Virginia Rountree, Assistant Director Operations, at 602-417-4122 or Virginia.Rountree@azahcccs.gov.

Sincerely,



Meggan Harley, CPPO, MSW
Chief Procurement Officer

- cc: Mary Consie, UAHP
Virginia Rountree, AHCCCS
Shelli Silver, AHCCCS
Christina Quast, AHCCCS
Michelle Holmes, AHCCCS
Brenda Gobeli, AHCCCS