

**Janice K. Brewer, Governor**  
**Thomas J. Betlach, Director**

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*Our first care is your health care*  
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

July 26, 2011

Ms. Carolyn Rose  
Chief Executive Officer  
Health Choice Arizona  
410 N. 44th St., Ste. 900  
Phoenix, AZ 85008

**RE: Contractor's Performance for Acute-care Clinical Quality Measures**

Dear Ms. Rose:

The Arizona Health Care Cost Containment System (AHCCCS) has completed an evaluation of Contractor results for Clinical Quality Performance Measures reported in 2010. This is to advise you of regulatory action based on your contract with AHCCCS.

*Notice to Cure*

In July 2010, AHCCCS responded to Acute-care Contractors regarding their Performance Measure Notices to Cure and related corrective action plans (CAPs). At the time, AHCCCS stated that, "your Performance Measure Notice to Cure applies to pediatric measures and the measure of Timeliness of Prenatal Care. AHCCCS may impose a sanction of up to \$100,000 for each measure included in this Notice to Cure, beginning with results of the CYE 2009 measurement period, which will be reported at the end of calendar year 2010. If, at that time, the Contractor has not met the MPS (Minimum Performance Standard)... or has not achieved a statistically significant improvement from the CYE 2008 measurement period for any measure reported, the Contractor may be sanctioned for that measure."

AHCCCS has evaluated each Contractor's final results for Healthcare Effectiveness Data and Information Set (HEDIS) measures and the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) Participation Rate measure for the measurement period of CYE 2009, compared with the period of CYE 2008 and contractual Minimum Performance Standards. Based on these results, AHCCCS is continuing the Notice to Cure for Clinical Quality Performance Measures issued in May 2010 and advising you of a financial sanction related to these measures.

The following table demonstrates how AHCCCS applied minimum standards in evaluating Contractor performance for the most recent measurement:

<b>Data Collected in Contract Year</b>	<b>Measurement Period</b>	<b>Contract in which MPS is Specified</b>	<b>Report Published</b>
CYE 2010	CYE 2009	CYE 2009	December 2010

While the current Notice to Cure applies to pediatric measures and the measure of Timeliness of Prenatal Care, AHCCCS may take action on other measures, including measures of chronic disease care, based on the measurement period of CYE 2010.

The attached table shows the Contractor's data for the Performance Measures and measurement periods included in the current Notice to Cure.

### *Notice of Sanction*

Based on the Contractor's failure to meet the MPS in the most recent measurement and/or show statistically significant improvement from the previous measurement, AHCCCS will sanction the Contractor a total of \$100,000 for one measure of the Medicaid population that is included in the existing NTC, as allowed in your contract:

- Adolescent Well Care Visits

This sanction will be withheld from an upcoming capitation payment.

### *Corrective Action Plans Required*

Per the attached table, the Contractor must submit to AHCCCS new or updated CAPs for the pediatric and Timeliness of Prenatal Care measures for which it did not meet the MPS in the most recent measurement. Using the same format it previously utilized, it should document the status of all existing CAP activities to date, an evaluation of the effectiveness of each activity/intervention based on analysis of data and trends, and a determination as to whether the intervention will continue or be replaced with another intervention in order to improve the effectiveness of the CAP.

AHCCCS is not requiring CAPs for EPSDT Participation for this measurement because of a change in methodology for calculating the rate with the addition of adolescent visits every year. CAPs and sanctions may be applied if the Contractor does not show improved performance in the next measurement.

**All required Corrective Action Plans must be submitted to the AHCCCS Division of Health Care Management (DHCM), Clinical Quality Management (CQM) Unit, within 30 days of the date of this notice.** CAPS should be submitted via the secure server with a notification directed to the attention of Kim Elliott, PhD, CPHQ, Clinical Quality Management Administrator, at [Kim.Elliott@azahcccs.gov](mailto:Kim.Elliott@azahcccs.gov).

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Per the terms of your contract, sanctions are not the AHCCCS Administration's exclusive remedy. In particular and without limiting possible future actions, if any legal action is brought against the Administration as the result of your non-compliance with the contract, the Administration will seek compensation from you for any damages arising from such legal action including but not limited to the Administration's cost of representation, as well as the cost of any attorneys' fees and costs payable to the party bringing the action.

If you disagree with this sanction, you 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 Legal Services, at MD 6200, 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.

If you have any questions, please contact Kim Elliott at 602-417-4782, or [Kim.Elliott@azahcccs.gov](mailto:Kim.Elliott@azahcccs.gov).

Sincerely,



Michael Veit  
Contracts & Purchasing Administrator

cc: Linda Ross, Contract Compliance Officer, HCA  
Kim Elliott, PhD, CPHQ, Clinical Quality Management Administrator, DHCM, AHCCCS  
Kari Price, Assistant Director, DHCM  
Shelli Silver, Assistant Director, DHCM

## Performance Measure Review for Health Choice Arizona

2009 Performance  
(meas. Period Oct. 1, 2007, to Sept. 30, 2008)  
2010 Performance  
(meas. period Oct. 1, 2008, to Sept. 30, 2009)<sup>1</sup>

Relative  
Percent  
Change

Significance  
Level<sup>2</sup>  
(p value)

Minimum  
Performance  
Standard<sup>3</sup>

Current  
Statewide  
Ave.

Performance Measure

NTC with the following:

### Medicaid

Children's Access to PCPs									
12-24 Months	82.7%	86.5%	4.6%	p<.001	93%	87.5%	CAP		
25 Months-6 Years	78.7%	81.0%	2.9%	p<.001	83%	84.0%	CAP		
7-11 Years	75.7%	79.5%	5.0%	p<.001	83%	82.8%	CAP		
12-19 Years	77.2%	79.1%	2.6%	p=.005	81%	83.5%	CAP		
Well-Child Visits—First 15 Months	58.0%	61.0%	5.2%	p=.020	65%	64.2%	CAP		
Well-Child Visits—3, 4, 5, 6 Years	61.4%	63.4%	3.4%	p=.001	64%	69.4%	CAP		
Adolescent Well-Care Visits	36.3%	37.1%	2.3%	p=.149	41%	43.0%	Sanction & CAP; currently under NTC		
Annual Dental Visits—2-21 Years	60.5%	66.6%	10.1%	p<.001	55%	64.0%			
Timeliness of Prenatal Care	75.0%	82.4%	9.8%	p<.001	80%	71.0%			
EPSDT Participation	70.9%	63.5%	-10.4%	p<.001	68%	66.1%	Waive CAP and sanction because of change in methodology; if rate does not improve in next measurement, AHCCCS will require CAP and may issue sanction		

### KidsCare

Children's Access to PCPs (Total)							
12-24 Months	92.9%	94.0%	1.2%	p=.618	93%	93.0%	
25 Months-6 Years	85.6%	87.7%	2.4%	p=.131	83%	89.0%	
7-11 Years	81.8%	88.6%	8.4%	p<.001	83%	89.8%	
12-19 Years	83.8%	88.3%	5.3%	p=.012	81%	88.8%	
Well-Child Visits—First 15 Months	65.2%	68.7%	5.3%	p=.251	65%	71.0%	
Well-Child Visits—3, 4, 5, 6 Years	68.0%	71.9%	5.7%	p=.034	64%	73.7%	

Adolescent Well-Care Visits	44.4%	50.0%	12.7%	p<-.001	41%	51.7%
<b>Performance Measure Review for Health Choice Arizona</b>						
Performance Measure	2009 Performance (meas. Period Oct. 1, 2007, to Sept. 30, 2008)	2010 Performance (meas. period Oct. 1, 2008, to Sept. 30, 2009) <sup>1</sup>	Relative Percent Change	Significance Level <sup>2</sup> (p value)	Minimum Performance Standard <sup>3</sup>	Current Statewide Ave.
Annual Dental Visits—2–21 Years	70.9%	75.5%	6.4%	p<.001	55%	74.3%
EPSDT Participation	83.8%	71.7%	-14.4%	p<.001	68%	73.1%

NTC with the following:

Waive CAP because of change in methodology; if rate does not improve in next measurement, AHCCCS will require CAP

<sup>1</sup> Data in red show that, for the Medicaid population, the Contractor did not meet the AHCCCS Minimum Performance Standard (MPS) in the current measurement, did not show a statistically significant improvement from the previous measurement, and is performing below the statewide average.

<sup>2</sup> Values in bold indicate statistically significant changes from the previous to current measurement (p< .05).

<sup>3</sup> The Minimum Performance Standard specified in the CYE 2009 Acute-care contract.