

November 10, 2014

Trista Loops, Interim CEO
Health Net Access
1230 W. Washington St.
Tempe, AZ 85281

SUBJECT: Notice of Compliance Action – Sanction - Dispute and Appeals Manager

Dear Ms. Loops:

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 the Acute Care contract YH14-0001 for contract year ending 2015. As outlined in Section D, Paragraph 72 (Sanctions) of the Acute Care contract and the AHCCCS Contractor Operations Manual (ACOM) Policy 408, Health Net Access is hereby subject to compliance action for failure to comply with Key Staffing requirements specific to the position of Grievance and Appeal Manager as follows:

Failure to Comply with Key Staffing

Section D, Paragraph 16 of the Acute Care contract requires that the Contractor shall:

- Have in place the organizational, operational, managerial and administrative systems capable of fulfilling all contract requirements.
- Employ sufficient staff and utilize appropriate resources to achieve contractual compliance.
- Have adequate resource allocation to achieve outcomes in all functional areas within the organization. Adequacy will be evaluated based on outcomes and compliance with contractual and AHCCCS policy requirements.
- Have at a minimum the outlined Key Staff Positions including
 - g. **Dispute and Appeal Manager** who is located in Arizona and who will manage and adjudicate member and provider disputes arising under the Grievance System including member grievances, appeals and requests for hearing and provider claims disputes.

Health Net Access provided a Key Staff listing for CYE 2014 and CYE 2015 identifying a person with the title of Dispute and Appeal Manager. However, the Position Description provided for the identified Grievance and Appeal Manager states 1) Under the General Summary Section that the position, “*Supervises the activities and staff involved in providing resolution of member inquiries and appeal & grievances.*” and 2) Is titled “Health Net” description, *not* Health Net Access. Health Net Access has also confirmed that the person listed for this key

position is only responsible for managing *member* grievances and appeals and is not responsible for managing and adjudicating provider disputes and that provider disputes are in fact handled by another person who is located in California. Further, based on the information provided, the identified person listed as the Grievance and Appeal Manager has been listed in this key staff position since the effective date of the initial contract with AHCCCS on 10/01/2013 but has not held the responsibility for managing and adjudicating claims disputes as the contract requires. Health Net Access has been noncompliant with this contract requirement since 10/01/2013.

In addition, documentation of correspondence with California staff refers to the person listed as the Provider Claims Educator (Az) as the person that will represent Health Net Access on the actual hearings, not the Grievance and Appeal Manager. It is also evident from recent significant issues related to managing and adjudicating claim disputes as outlined in the November 10, 2014 AHCCCS Notice To Cure letter that Health Net Access does not have a dedicated person with not only claims knowledge, but appropriate Arizona Medicaid knowledge and skills necessary to manage and adjudicate provider disputes as required in the AHCCCS contract.

Compliance Action

- **Sanction**

Health Net Access has not demonstrated compliance in meeting the requirement of the contract. Therefore, AHCCCS will impose a **\$25,000** monetary sanction for Health Net Access' failure, since 10/01/2013 to date, to have a Grievance and Appeals Manager who is located in Arizona and who manages and adjudicates provider claim disputes arising under the Grievance System.

The total sanction amount above will be withheld from a future capitation payment. If Health Net Access 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 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 bases for the dispute as well as the relief requested.

- **Corrective Action**

Health Net Access must submit a Corrective Action Plan to AHCCCS detailing the following:

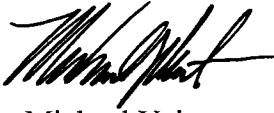
- Specific steps to fill the position of Grievance and Appeal Manager that meets the requirements of the AHCCCS contract including projected timeframe.
- Notification to AHCCCS upon hire, including a copy of the person's resume and job description.

- A plan for ensuring training and technical assistance regarding AHCCCS contract requirements is provided to the new person.

Please submit your Corrective Action Plan to Karen Edgley, Operations and Compliance Officer at Karen.edgley@azahcccs.gov by **November 24, 2014**.

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

Sincerely,



Michael Veit
Contracts and Purchasing Administrator

Cc: Susan Gilkey, Director, Regulatory Compliance & Reporting Health Net Access
Gay Ann Williams, Vice President Medicaid/Medicare Compliance Officer Health Net Inc.
Kari Price, Assistant Director, DHCM
Shelli Silver, Assistant Director, DHCM
Matt Devlin, Assistant Director, OALS
Virginia Rountree, Operations Administrator, DHCM
Diana Alvarez, Operations Manager, DHCM
Karen Edgley, Operations Compliance Officer, DHCM

