

June 20, 2014

Scott Cummings
Chief Administrative Officer
Care 1st
2355 East Camelback, Suite 300
Phoenix, AZ 85016

SUBJECT: Final Results of Sanctionable Pended Encounters December 2013

Dear Mr. Cummings:

The attached information will provide the final aged pended encounter sanctions for the quarter ending December 2013. According to the Contract, Care 1st is required to resolve all pended encounters within 120 calendar days of the processing date. If this requirement is not met, the Contractor is subject to sanctions.

The exception to the above is when the pended encounter is due to an Arizona Health Care Cost Containment System (AHCCCS) error. AHCCCS error is defined as a pended encounter, which AHCCCS acknowledges to be the result of its own error, and requires a change to the system programming, an update to the database reference table, or further research by AHCCCS. Contractors must notify AHCCCS, in writing that the resolution of a pended encounter depends on AHCCCS instead of the Contractor. Pended encounters do not qualify as AHCCCS error if AHCCCS reviews the Contractor's notification and asks the Contractor to research the issue and provide additional substantiating documentation, or if AHCCCS disagrees with the Contractor's claims of AHCCCS error.

AHCCCS distributed the preliminary sanction results, including a summary of encounters excluded from sanctions as AHCCCS error on March 28, 2014. The Contractor was provided an opportunity to review the preliminary results, and challenge those encounters believed to be sanctioned in error. The Contractor's mitigation was considered, and when appropriate, the mitigated encounters were removed from the final sanctionable encounters. The preliminary sanctionable number of pended encounters for Care1st was 78 and the final sanction number pended encounters for this quarter is 0. No sanctions will be applied for this quarter.

Per the terms of the Contract, sanctions are not the 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.

Mr. Cummings

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If you have any questions regarding your pended encounter sanctions, please contact Gina Aker at Gina.Aker@azahcccs.gov , (602) 417-4016.

Sincerely,



Michael Veit

Contracts & Purchasing, Administrator

Division of Business and Finance

Mail Drop #5700

cc: Shelli Silver
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