

June 13, 2014

Kent Monical, President  
UnitedHealthcare Community Plan  
1 E. Washington Suite 900  
Phoenix, Arizona 85004

**RE: Notification of Compliance Action**

Dear Mr. Monical:

The Arizona Health Care Cost Containment System (AHCCCS), Division of Health Care Management (DHCM), has determined that UnitedHealthcare Community Plan is in violation of Contract YH14-0001 for Acute Care services. As outlined in Section D, Paragraph 72 (Sanctions) of the Acute Care contract, UnitedHealthcare Community Plan is hereby subject to the following compliance actions.

***Failure to Identify and Report a Material Network Change***

As outlined in Section D, Paragraphs 29 and 44 of the Acute Care Contract, UnitedHealthcare Community Plan must:

- assess the impact of any network change and identify if it meets the definition of a material change which includes any change that would cause more than 5% of members in the GSA or district to change location where services are received or rendered, and
- request approval from AHCCCS for the material change.

On December 23, 2013 UnitedHealthcare Community Plan submitted a letter to AHCCCS providing notification of a change to its pharmacy network effective February 1, 2014 and advising AHCCCS that the proposed change was anticipated to impact less than 5% of UnitedHealthcare Community Plan's total membership by GSA. As a result of further correspondence with UnitedHealthcare Community Plan, AHCCCS determined that the change to the pharmacy network constituted a material change as described in contract.

UnitedHealthcare Community Plan is subject to sanction for failing to identify its pharmacy network change as a material change affecting more than 5% of members in a GSA, to report the change as material, and to request approval of its pharmacy network change as a material change consistent with the aforementioned contractual provisions. Accordingly, AHCCCS will impose a **\$150,000** monetary sanction for UnitedHealthcare Community Plan's failure to comply with contractual requirements. The total sanction amount above will be withheld from a future capitation payment. This notification of compliance action supersedes the AHCCCS correspondence dated April 29, 2014.

If UnitedHealthcare Community Plan disagrees with this determination, 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.

If you have any questions regarding this letter, you may contact Virginia Rountree, Operations Administrator, at 602-417-4122 or [Virginia.Rountree@azahcccs.gov](mailto:Virginia.Rountree@azahcccs.gov)

Sincerely,



Michael Veit  
Chief Procurement Officer

Cc: Kimulet Winzer, West Region Compliance Director, UnitedHealthcare Community Plan  
Jennifer Palumbo, Contract Compliance Officer, UnitedHealthcare Community Plan  
Kari Price, Assistant Director, DHCM  
Shelli Silver, Assistant Director, DHCM  
Virginia Rountree, Operations Administrator, DHCM  
Diana Alvarez, Operations Manager, DHCM  
Christina Quast, Operations Compliance Officer, DHCM