438 - ADMINISTRATIVE SERVICES SUBCONTRACTOR EVALUATION

EFFECTIVE DATES: 10/01/14, 06/01/15, 07/01/16, 10/01/18, 10/01/20, 10/01/21, 10/01/23

APPROVAL DATES: 05/07/15, 02/04/16, 10/04/18, 05/07/20, 04/22/21, 06/15/23

I. PURPOSE

This Policy applies to ACC, ACC-RBHA, ALTCS E/PD, DCS/CHP (CHP), and DES/DDD (DDD) Contractors. This Policy establishes requirements for Contractors entering into an Administrative Services Subcontract or Management Services Agreement (MSA), and monitoring subcontractor performance, reporting performance review results, and notifying AHCCCS of subcontractor non-compliance and Corrective Action Plans (CAPs). Requirements outlined in this policy for Administrative Services Subcontracts also applies to MSA unless otherwise stated.

II. DEFINITIONS

Refer to the AHCCCS Contract and Policy Dictionary for common terms found in this Policy:

ADMINISTRATIVE SERVICES SUBCONTRACTOR	**CHANGE IN ORGANIZATIONAL STRUCTURE**	**CORRECTIVE ACTION PLAN (CAP)**
MANAGEMENT SERVICES AGREEMENT (MSA)	**MEDICAID ACCOUNTABLE CARE ORGANIZATION (ACO)**	**MEMBER**
QUALITY OF CARE (QOC)	**REQUEST FOR PROPOSAL (RFP)**	**SUBCONTRACTOR**

III. POLICY

A. APPROVAL OF SUBCONTRACTS

All Management Services Agreements (MSA) and Administrative Services Subcontracts shall be submitted to the AHCCCS/DHCS for prior approval as noted below and as specified in the Contract.

1. An unredacted copy of the proposed Subcontract shall be submitted with Attachment A.

2. The local CEO shall retain the authority to direct and prioritize all work performed through a delegated contract.

3. The Contractor shall require that Administrative Services Subcontractors meet any performance standards applicable to the delegated services as mandated by AHCCCS.

   A change in the organizational structure of an Administrative Services Subcontractor requires notification to AHCCCS. AHCCCS will review the notification and determine if a complete Attachment A submission is required. If required, the Contractor shall follow the process for the review and approval of newly proposed Administrative Services Subcontracts as defined in this Policy.

IMPLEMENTATION 10/01/23

4. If a change in organizational structure is related to the Contractor's MSA, the Contractor shall submit the proposed change for prior approval as further specified in ACOM Policy 317.

5. CHP and DDD shall:
   a. Upon request, submit copies of Request for Proposals (RFPs) at the time of formal issuance to the public including any RFP amendments,
   b. Submit final, signed copies of each contract which it enters into with Administrative Services Subcontractors and any subsequent amendments within 30 days of signature date,
   c. Ensure its Administrative Services Subcontractors communicate with the provider network regarding program standards, changes in laws, policies, and contract changes, and
   d. Submit a cover letter that contains a high-level summary of the proposed changes when providing an amendment to an Administrative Services Subcontract.

B. SUBCONTRACTOR MONITORING AND REPORTING

The Contractor shall adhere to all contractual requirements as listed in 42 CFR 438.230. Additionally, the Contractor shall monitor the Administrative Services Subcontractor's performance on an ongoing basis and subject the Administrative Services Subcontractor to a formal review at least annually. If at any time during the period of the Administrative Service Subcontract, the Subcontractor is found to be in non-compliance, the Contractor shall notify AHCCCS as specified in the Contract.

1. The notification shall include the following:
   a. Administrative Service Subcontractor's name,
   b. Delegated duties and responsibilities,
   c. Identified areas of non-compliance and whether the non-compliance affects member services or causes a Quality of Care (QOC) concern,
   d. The scope and estimated impact of the non-compliance upon members,
   e. The length of time that the Administrative Service Subcontractor has been in non-compliance,
   f. The Contractor's Corrective Action Plan (CAP) that will be implemented to bring the Administrative Services Subcontractor into compliance, and
   g. Sanction actions that may or have been taken because of the non-compliance.

2. AHCCCS reserves the right to request follow-up on any open CAP.

3. The results of a CAP shall be communicated to AHCCCS upon closure of the CAP.

4. DDD and CHP shall monitor their Subcontracted Health Plans and Administrative Subcontractor's performance on an ongoing basis and complete a formal review at least annually or more frequently if requested by AHCCCS.

IMPLEMENTATION DATE 10/01/23

C. ADMINISTRATIVE SERVICES SUBCONTRACTOR EVALUATION REPORT

The Contractor shall submit a completed Administrative Services Subcontractor Evaluation Report utilizing Attachment B, as specified in the Contract. The comprehensive summary of the evaluation of the performance (operational and financial) of the Administrative Services Subcontractor shall include the type of audit performed. The full audit report shall be made available upon request from AHCCCS. When identifying areas of deficiencies, the Contractor shall address at a minimum, deficiencies which affect member services and/or those which cause a QOC concern.

In addition, for each CAP identified in Attachment B, Contractors shall provide a summary that shall include:

1. Date CAP was reported to AHCCCS.
2. A detailed description of the reason(s) the Subcontractor was placed on a CAP.
3. A description of the steps taken by the Subcontractor to address the CAP.
4. The current status and expected completion time of the CAP.

D. ADDITIONAL REQUIREMENTS

1. Before entering into an Administrative Services Subcontract the Contractor shall evaluate the prospective Administrative Services Subcontractor's ability to perform the delegated duties.
2. All Administrative Services Subcontracts shall reference and require compliance with the AHCCCS Minimum Subcontract Provisions available on the AHCCCS website.
3. In the event of a modification to AHCCCS Policy, Guidelines, and Manuals, or to the AHCCCS Minimum Subcontract Provisions, the Contractor shall issue a notification of the change to its subcontractors within 30 calendar days of the published change and ensure amendment of any affected subcontracts. Affected Administrative Services Subcontracts shall be amended on the regular renewal schedule or within six calendar months of the update, whichever comes first.
4. All Administrative Services Subcontracts shall reference and require compliance with the Disclosure of Ownership and Control and Disclosure of Information on Persons Convicted of Crimes requirements as specified in Contract and 42 CFR 455.101 through 106, 42 CFR 455.436, and State Medicaid Director Letter (SMDL) 09-001. Administrative Services Subcontractors shall disclose to AHCCCS/Office of the Inspector General (OIG) the identity of any excluded person.
5. All Administrative Services Subcontracts for services rendered to Medicaid members shall incorporate by reference the applicable terms and conditions specified in AHCCCS Contract.

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6. The Contractor shall maintain a fully executed original or electronic copy of all Administrative Services Subcontracts, which shall be accessible to AHCCCS within five business days of the request by AHCCCS.

7. The Contractor shall ensure that all member communications furnished by the Administrative Services Subcontractor include the Contractor's name and comply with member notification requirements as specified in ACOM Policy 404.

8. In the event the Contractor terminates an Administrative Services Subcontract, the Contractor shall ensure compliance with all aspects of the AHCCCS Contract notwithstanding the Administrative Services Subcontractor termination, including availability and access to all covered services and provision of covered services to members within the required timeliness standards.

IMPLEMENTATION DATE 10/01/23