

414 – NOTICES OF ACTION AND NOTICES OF EXTENSION FOR SERVICE AUTHORIZATIONS

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STAFF RESPONSIBLE FOR POLICY: DHCM MEDICAL MANAGEMENT

I. PURPOSE

This Policy applies to Acute Care, ALTCS/EPD, CRS, DCS/CMDP, DES/DDD (DDD), and RBHA Contractors. This Policy provides clarification regarding required content of a Notice of Action relating to Title XIX/XXI coverage and authorization of services. The Contractor must follow all other requirements regarding Notice of Action set forth in Contract.

II. DEFINITIONS

ACTION	The denial or limited authorization of a service request, or the reduction, suspension or termination of a previously approved service.
APPEAL	A request for review of an action.
APPEAL COMPUTATION OF TIME	Computation of time for appeals is in calendar days and begins the day after the act, event, or decision and includes all calendar days and the final day of the period. For purposes of computing member appeal dates, if the final day of the period is a weekend or legal holiday, the period is extended until the end of the next day that is not a weekend (Saturday or Sunday) or a legal holiday. The first day of the “count” always begins on the day after the event.
EXPEDITED SERVICE AUTHORIZATION REQUEST	A request for services in which either the requesting provider indicates or the Contractor determines that following the standard timeframes for issuing an authorization decision could seriously jeopardize the member’s life or health or ability to attain, maintain, or regain maximum function. In these circumstances, the authorization decision must be expedited and must be made within three working days from the date of receipt of the service request.

LEGAL HOLIDAYS

Legal holidays as defined by the State of Arizona are:

- New Year's Day – January 1;
- Martin Luther King Jr./Civil Rights Day – 3rd Monday in January;
- Lincoln/Washington Presidents' Day – 3rd Monday in February;
- Memorial Day – Last Monday in May;
- Independence Day – July 4;
- Labor Day – 1st Monday in September;
- Columbus Day – 2nd Monday in October;
- Veterans Day – November 11;
- Thanksgiving Day – 4th Thursday in November;
- Christmas Day – December 25.

When a holiday falls on a Saturday, it is recognized on the Friday preceding the holiday and when a holiday falls on a Sunday, it is recognized on the Monday following the holiday.

NOTICE OF ACTION

The written notice to the effected member regarding an action by the Contractor.

NOTICE OF EXTENSION

The written notice to a member to extend the timeframe for making either an expedited or standard authorization decision by up to fourteen days if criteria for a service authorization extension are met.

**RECEIPT OF A SERVICE
AUTHORIZATION REQUEST**

The date the Contractor receives the service request is considered the date of receipt. The Contractor may use electronic date stamps or manual stamping for logging the receipt. If the Contractor sub-contracts prior authorization to a delegated entity, the date the delegated entity receives the request is the date of the request.

**SERVICE REQUEST
COMPUTATION OF TIME**

Computation of time for standard authorization requests (both with and without extensions of time) is in **calendar** days, and begins the day after the act, event (the receipt of request), or decision and includes all calendar days and the final day of the period. The first day of the “count” always begins on the day after the event. However, if the due date for a decision falls on a weekend (Saturday and Sunday) or legal holiday as defined by the State of Arizona, the decision must be made on the day preceding the weekend or holiday. The due date for a decision is the working day immediately *prior* to the last day of the “count” if the last day falls on a weekend or legal holiday. If the last day of the “count” falls on a weekday, then that weekday is the due date. Computation of time for expedited requests is computed in **working days** and begins the day after the act, event or decision and includes all working days as defined by this Policy.

**STANDARD SERVICE
AUTHORIZATION REQUEST**

A request from the member, their representative, or a provider for a service for the member. The authorization decision must be made within 14 calendar days from the date of receipt of the service request.

WORKING DAYS

“Working Day” as defined in A.A.C. R9-34-202. Monday, Tuesday, Wednesday, Thursday, or Friday unless:

- A legal holiday falls on one of these days; or
- A legal holiday falls on Saturday or Sunday and a Contractor is closed for business the prior Friday or following Monday.

III. POLICY

When a Contractor makes a decision to deny or limit an authorization request or reduce, suspend, or terminate previously authorized services, the Contractor shall provide a written Notice of Action (NOA) to the member. Refer to Attachment A, Notice of Action of this Policy.

When a Contractor requires more information to make a decision and it is in the member’s best interest, the Contractor shall provide a written Notice of Extension (NOE) to the member. Refer to Attachment D, Notice of Extension of this Policy.

The NOA must contain, in easily understood language, the information necessary for the member to understand what decision and action the Contractor has made, and how to appeal that decision. Members must be able to understand from the NOA the reason for the action to help them decide if they want to appeal the decision, and how to best argue their case if

they decide to appeal. Additionally, if the reason for the denial is a lack of necessary information, the member must be informed so that they can provide the necessary information.

The NOE must contain, in easily understood language, the information that the Contractor requires to make the service determination and how to grieve the NOE decision. The member must be able to understand what information is required to make the service determination so they can provide necessary information in the event they have access to the information.

The Contractor must use the templates incorporated in this Policy. The templates cannot be altered except for the areas designated in the templates.

The Contractors' Member Handbooks must inform the members that they can complain to the Contractor about an inadequate NOA. Additionally, the Contractor must inform the member that if the Contractor does not resolve the complaints about the NOA to the member's satisfaction the member may complain to AHCCCS Division of Health Care Management (DHCM), Medical Management (MM). Member Handbooks must also note that Contractors and their providers are prohibited from taking punitive action against persons exercising their right to appeal.

IV. RIGHT TO BE REPRESENTED

The Contractor must acknowledge the member's right to be assisted by a third party representative, including an attorney, during an appeal of an action. A list of legal aid services available to the member is provided in Attachment B, Legal Services Program. The Contractor's appeals process must register the existence of the third party and the Contractor must ensure that the required communications related to the appeals process occur between the Contractor and the representative. The member's representatives, upon request, must be provided timely access to documentation relating to the decision under appeal. Consistent with federal privacy regulations, Contractors must make reasonable efforts to verify the identity of the third party and the authority of the third party to act on behalf of the member. This verification may include requiring that the representative provide a written authorization signed by the member; however, if the Contractor questions the authority of representative or the sufficiency of a written authorization, it must promptly communicate that to the representative.

V. NOTICE OF ACTION CONTENT REQUIREMENTS

A. THE NOA MUST CONTAIN AND CLEARLY EXPLAIN IN EASILY UNDERSTOOD LANGUAGE THE FOLLOWING INFORMATION:

1. The requested service,
2. The reason/purpose of that request,

3. The action taken by the Contractor (denial, limited authorization, reduction, suspension or termination) with respect to the service request
4. The effective date of a service reduction, suspension, or termination
5. The reason for the action, including factual findings about the member's condition that were the basis for the Contractor's action,
6. The legal basis for the action,
7. Where members can find copies of the legal basis (the local public library and the web page with links to legal authorities; when a legal authority or an internal reference to the Contractor's policy manual is available on-line, the Contractor shall provide the accurate URL site to enable the member to find the reference on-line),
8. The right to appeal a decision and the process for filing an appeal, and
9. A listing of legal aid resources.

It is unacceptable to cite lack of medical necessity as a reason for denial, without an explanation of why the service is not medically necessary. Failure to provide a reason for an action will result in regulatory action by AHCCCS, including but not limited to sanction per event (notice) and/or capping of enrollment. Refer to Section II of the Guide for examples where medical necessity is appropriately used in denying/limiting services.

NOAs that do not explain why the service has been denied/reduced and merely refer the member to a third person for more information are unacceptable. The NOA must state the reasons supporting the denial/reduction. The Contractor may include a statement referring a member to a third person for more help when the third person can explain treatment alternative in more detail.

B. EPSDT

The Contractor must cite Early Periodic Screening, Diagnosis and Treatment (EPSDT) Rule A.A.C. R9-22-213 and Federal law 42 U.S.C. 1396d(r)(5) when denying, reducing or terminating a service for a Title XIX member who is younger than 21 years of age when these provisions are applicable.

The Contractor must explain why the requested EPSDT services do not meet the conditions as described in this Policy and the AMPM Chapter 400, Policy 430.

The Contractor must specify why the requested services do not meet the EPSDT criteria and are not covered and must also specify that EPSDT services include coverage of screening services, vision services, dental services, hearing services and such other

necessary health care, diagnostic services, treatment and other measures described in Federal law subsection 42 U.S.C. 1396(r)(5) to correct or ameliorate defects and physical and mental illnesses and conditions discovered by the screening services, whether or not such services are covered under the AHCCCS State Plan.

C. MEMBER COMPLAINTS REGARDING THE ADEQUACY AND/OR UNDERSTANDABILITY OF NOA

If a member complains about the adequacy of a NOA, the Contractor shall review the initial notice against the content requirements of this Policy. If the Contractor determines that the original notice is inadequate or deficient, the Contractor must issue an amended NOA consistent with the requirements of this Policy. Should an amended notice be required, the timeframe for the member to appeal and continuation of services starts from the date of the amended notice.

If the member complains to the Contractor regarding the adequacy of the amended NOA, the Contractor must promptly inform AHCCCS, DHCM, MM of the complaint. Additionally, the Contractor must inform the member of their right to contact AHCCCS, DHCM, MM, if the issue is not resolved to the member's satisfaction.

VII. TIMEFRAMES FOR DECISIONS AND THE NOTICE OF ACTION

The Contractor must meet the following timeframes for issuing a decision.

A. STANDARD AUTHORIZATION DECISION TIMEFRAME

For standard authorization decisions, the Contractor must provide a decision as expeditiously as the member's condition warrants but no later than 14 days from receipt of the request.

The Contractor may issue a NOE of up to 14 additional calendar days, if the criteria for a service authorization extension are met.

Refer to Service Request Computation of Time under "Definitions" for further information when the end date falls on a weekend or legal holiday.

B. EXPEDITED AUTHORIZATION DECISION TIMEFRAME

For expedited authorization decisions, the Contractor must provide a decision as expeditiously as the member's health condition warrants but no later than three **working** days from the receipt of the request, with a possible extension of up to 14 additional calendar days, if the criteria for an extension are met. Refer to Service Request Computation of Time under "Definitions" for further information when the end date falls on a weekend or legal holiday.

C. EXPEDITED AUTHORIZATION REQUEST DOWNGRADED TO A STANDARD REQUEST

When a Contractor receives an expedited request for a service authorization and the requested service is not of an expedited medical nature, the Contractor may downgrade the expedited authorization request to a standard request. The Contractor must have a process included in the Contractor's policy for prior authorization that describes how the requesting provider will be notified of the downgrade and given an opportunity to disagree. The requesting provider must be allowed to send additional documentation supporting the need for an expedited authorization.

D. SERVICE AUTHORIZATION DECISIONS NOT REACHED WITHIN THE TIMEFRAMES

A decision that is not reached within the required timeframes for a standard or expedited request constitutes a denial. The Contractor must issue a NOA denying the request on the date that the timeframe expires. Refer to Service Request Computation of Time under "Definitions" for further information when the end date falls on a weekend or legal holiday [42 CFR 438.404(c)(5)].

E. SERVICE AUTHORIZATION DECISIONS NOT REACHED WITHIN THE EXTENDED TIMEFRAMES

A decision that is not reached within the timeframe noted in the NOE constitutes a denial. The Contractor must issue a NOA denying the request on the date that the timeframe expires. Refer to Service Request Computation of Time under "Definitions" for further information when the end date falls on a weekend or legal holiday [42 CFR 438.210 (d)(1 and 2)].

F. THE CONTRACTOR MUST MAIL THE NOTICE WITHIN THE FOLLOWING TIMEFRAMES:

1. For termination, suspension, or reduction of a previously authorized service, the notice must be mailed at least 10 days before the date of the proposed termination, suspension, or reduction except for situations in 42 CFR 210 providing exceptions to advance notice. [42 CFR 431.213; 42 CFR 431.214; 42 CFR 438.404 (c)(1)].
2. For standard service authorization decisions that deny or limit services, the Contractor must provide notice no later than 14 days from the receipt of the request; unless there is a NOE (refer to Notice of Extension in this Policy) [42 CFR 438.404 (c)(3)].
3. For decisions when an NOE has been sent, the Contractor must mail the notice by the end date of the NOE, not to exceed 14 additional calendar days from the end of the standard or expedited decision timeframe, and may never exceed 28 calendar days.

VIII. Notice of Extension

- A.** The Contractor may extend the timeframe to make a service authorization determination for both the standard and expedited request when the member or provider requests an extension, or when the Contractor can justify that the need for additional information is in the member's best interest. [42 CFR 438.404] The Contractor may extend the 14 calendar day timeframe to make a decision for a standard authorization request by up to an additional 14 calendar days, not to exceed 28 calendar days from the service request date. The Contractor may extend the three working day timeframe to make a decision for an expedited authorization request by up to an additional 14 calendar days, not to exceed 17 days from the service request date. The NOE must not be sent until the Contractor has made sufficient attempts to obtain the necessary information from the requesting provider. The NOE must be sent on the 14th day from receipt of the standard authorization request and on the 3rd day from receipt of an expedited authorization request. Refer to Service Request Computation of Time under "Definitions" for further information when the end date falls on a weekend or legal holiday.
- B.** If the Contractor extends the timeframe in order to make a decision, the Contractor must:
1. Give the member written notice of the reason for the decision to extend the timeframe,
 2. Include what information is needed in order to make a determination,
 3. Inform the member of the right to file a grievance (complaint) if he or she disagrees with the decision to extend the timeframe, and
 4. Make the decision as expeditiously as the member's condition and no later than the date the extension expires.

NOTE: For examples of easily understood NOA language, please refer to Attachment C, Guide to Language in Notices of Action and access the following link on the AHCCCS website: [AHCCCS Guide to Language in Notices of Action \(NOA\)](#)

IX. REFERENCES

- Acute Care Contract, Section D
- ALTCS/EPD Contract, Section D
- CRS Contract, Section D
- CMDP Contract, Section D
- DES/DDD Contract, Section D
- RBHA Contract, Scope of Work
- A.A.C. R9-22-213

- A.A.C. R9-34-202
- 42 CFR 431.242
- 42 CFR 438.210
- 42 CFR 438.404
- 42 U.S.C. 1396
- AMPM Chapter 400
- Attachment A, Notice of Action
- Attachment B, Legal Services Programs
- Attachment C, AHCCCS Guide to Language in Notices of Action
- Attachment D, Notice of Extension
- www.azlawhelp.org/

IMPLEMENTATION 07/01/16

ATTACHMENT A: NOTICE OF ACTION

SEE THE ACOM WEBPAGE FOR ATTACHMENT A OF THIS POLICY

IMPLEMENTATION 07/01/16

ATTACHMENT B: LEGAL SERVICES PROGRAM

SEE THE ACOM WEBPAGE FOR ATTACHMENT B OF THIS POLICY

IMPLEMENTATION 07/01/16

ATTACHMENT C: AHCCCS GUIDE TO LANGUAGE IN NOTICES OF ACTION

SEE THE ACOM WEBPAGE FOR ATTACHMENT C OF THIS POLICY

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ATTACHMENT D: NOTICE OF EXTENSION

SEE THE ACOM WEBPAGE FOR ATTACHMENT D OF THIS POLICY

IMPLEMENTATION 07/01/16