438 – ADMINISTRATIVE SERVICES SUBCONTRACTOR EVALUATION

EFFECTIVE DATE: 10/01/14, 06/01/15,07/01/16

REVISION DATE: 05/07/15, 02/04/16

STAFF RESPONSIBLE FOR POLICY: DHCM OPERATIONS

I. PURPOSE

This Policy applies to Acute Care, ALTCS/EPD, CRS, DCS/CMDP (CMDP), DES/DDD (DDD), and RBHA Contractors. This Policy establishes management guidelines and requirements for Contractors entering into Administrative Services Subcontracts, monitoring subcontractor performance, reporting performance review results, and notifying AHCCCS of subcontractor non-compliance and corrective action plans.

II. DEFINITIONS

ADMINISTRATIVE SERVICES SUBCONTRACTS

An agreement that delegates any of the requirements of the contract with AHCCCS, including, but not limited to the following:

1. Claims processing, including pharmacy claims,
2. Credentialing, including those for only primary source verification (i.e. Credential Verification Organization).
3. Management Service Agreements;
4. Service Level Agreements with any Division or Subsidiary of a corporate parent owner;
5. DDD acute care subcontractors.

Providers are not Administrative Services Subcontractors.

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CHANGE IN ORGANIZATIONAL STRUCTURE

Any of the following:

- Merger
- Acquisition
- Reorganization
- Change in Articles of Incorporation
- Joint Venture
- Change in Ownership
- State Agency reorganization resulting from an act of the Governor of the State of Arizona or the Arizona State Legislature
- Change of MSA Subcontractor (to the extent management of all or substantially all plan functions has been delegated
- To meet AHCCCS contractual requirements).
- Other applicable changes which may cause:
  - A change in the Employer Identification Number/Tax Identification Number (EIN/TIN),
  - Changes in critical member information, including the website, member or provider handbook and member ID card,
  - A change in legal entity name.

MANAGEMENT SERVICE AGREEMENT

A type of subcontract with an entity in which the owner of the Contractor delegates all or substantially all management and administrative services necessary for the operation of the Contractor.

PROVIDER

Any person or entity that contracts with AHCCCS or a Contractor for the provision of covered services to members according to the provisions A.R.S. §36-2901 or any subcontractor of a provider delivering services pursuant to A.R.S. §36-2901.

SUBCONTRACTOR

1. A provider of health care who agrees to furnish covered services to members.
2. A person, agency or organization with which the Contractor has contracted or delegated some of its management/administrative functions or responsibilities.
3. A person, agency or organization with which a fiscal agent has entered into a contract, agreement, purchase order or lease (or leases of real property) to obtain space, supplies equipment or services provided under the AHCCCS agreement.

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III. POLICY

A. APPROVAL OF SUBCONTRACTS

All Administrative Services Subcontracts shall be submitted to the AHCCCS Division of Health Care Management for prior approval as noted below and as specified in Contract, Section F, Attachment F3, Contractor Chart of Deliverables and RBHA Contract, Exhibit-9, Deliverables. Additionally, DDD shall adhere to requirements outlined in number 6 below.

1. A copy of the proposed Administrative Service Subcontract must be submitted with Attachment A, Administrative Services Subcontract Checklist, of this Policy.

2. The Contractor must retain the authority to direct and prioritize any delegated contract requirements.

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

4. The CRS Contractor must ensure the integration of acute care, behavioral health, and specialty services within the key functional areas identified in Section D of the AHCCCS Medicaid Contract.

5. A Change in Organizational Structure of an Administrative Services Subcontractor requires prior approval of AHCCCS. The Contractor is to follow the process for the review and approval of newly proposed Administrative Services Subcontracts as defined in this Policy. Additionally, if the Change in Organizational Structure is related to the Contractor's Management Service Agreement (MSA), to the extent management of all or substantially all plan functions has been delegated to meet AHCCCS contractual requirements, the Contractor must submit the proposed change for prior approval as further outlined in ACOM Policy 317.

6. DDD shall:
   a. Upon request, submit copies of RFPs at the time they are formally issued 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.

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B. SUBCONTRACTOR MONITORING AND REPORTING

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 as required by 42 CFR 438.230.

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 Contract, Section F, Attachment F3, Contractor Chart of Deliverables and RBHA Contract, Exhibit-9, Deliverables.

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 concern,
   d. The scope and estimated impact of the change 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,
   g. Sanction actions that may be taken because of the non-compliance.

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

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

4. DDD shall monitor its Acute care subcontractors' performance on an ongoing basis and complete a formal review at least annually, or more frequently if requested by AHCCCS.

C. ADMINISTRATIVE SERVICES SUBCONTRACTOR EVALUATION REPORT

The Contractor must submit a completed Administrative Services Subcontractor Evaluation Report annually utilizing Attachment B, Administrative Services Subcontractor Evaluation Report Template, as specified in Contract, Section F, Attachment F3, Contractor Chart of Deliverables and RBHA Contract, Exhibit-9, Deliverables.

The Administrative Services Subcontractor Evaluation Report shall include the following.

1. Administrative Services Subcontractor name,

2. Delegated duties and responsibilities,

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3. Most recent formal review date of the duties, responsibilities and financial position of the Administrative Services Subcontractor,

4. A comprehensive summary of the evaluation of the performance (operational and financial) of the Administrative Services Subcontractor, including the type of audit performed. The full report shall be made available upon request from AHCCCS.

5. Next scheduled formal review date.

6. All identified areas of deficiency; including, but not limited to:
   a. Those which affect member services; and/or
   b. Those which cause a quality of care concern.

7. CAP Information:
   a. Any Corrective action plans that occurred since the last Administrative Services Subcontractor Evaluation Report;
   b. CAPs resulting from the annual formal review; and
   c. Date reported to AHCCCS.

8. Current status of CAPs.

D. ADDITIONAL REQUIREMENTS

1. All Administrative Services Subcontracts must reference and require compliance with the AHCCCS Minimum Subcontract Provisions available on the AHCCCS website.

2. In the event of a modification to the AHCCCS Minimum Subcontract Provisions the Contractor shall issue a notification and amend Administrative Services Subcontracts as specified in Contract.

3. All Administrative Services Subcontracts must reference and require compliance with the Disclosure of Ownership and Control and Disclosure of Information on Persons Convicted of Crimes requirements as outlined in contract and 42 CFR 455.101 through 106, 42 CFR 436 and SMDL09-001. Administrative Services Subcontractors shall disclose to AHCCCS-OIG the identity of any excluded person.

4. All Administrative Services Subcontracts for services rendered to Medicaid members shall incorporate by reference the applicable terms and conditions outlined in the corresponding AHCCCS Medicaid Contract.

5. 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 according to contract requirements.

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6. 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 outlined in ACOM Policy 404.

7. Before entering into an Administrative Services Subcontract the Contractor must evaluate the prospective Administrative Services Subcontractor's ability to perform the delegated duties.

8. In the event the Contractor terminates an Administrative Services Subcontract, the Contractor must ensure compliance with all aspects of the AHCCCS Medicaid 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.

IV. REFERENCES

- Acute Care Contract, Section D
- ALTCS/EPD Contract, Section D
- CRS Contract, Section D
- DCS/CMDP Contract, Section D
- DES/DDD Contract, Section D
- Contract, Section F, Attachment F3, Contractor Chart of Deliverables
- RBHA Contract, Scope of Work
- RBHA Contract, Exhibit-9, Deliverables
- Attachment A, Administrative Services Subcontract Checklist
- Attachment B, Administrative Services Subcontractor Evaluation Report Template
- AHCCCS Minimum Subcontract Provisions
- A.R.S. §36-2901
- 42 CFR 438.230
- 42 CFR 455.101 through 106
- 42 CFR 436
- SMDL09-001
- ACOM Policy 317
- ACOM Policy 404
- ACOM Policy 416

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ATTACHMENT A, ADMINISTRATIVE SERVICES SUBCONTRACT CHECKLIST

SEE THE ACOM WEBPAGE FOR ATTACHMENT A OF THIS POLICY

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ATTACHMENT B, ADMINISTRATIVE SERVICES SUBCONTRACTOR EVALUATION REPORT TEMPLATE

SEE THE ACOM WEBPAGE FOR ATTACHMENT B OF THIS POLICY

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