

**439 – MATERIAL CHANGES: PROVIDER NETWORK AND BUSINESS OPERATIONS**

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

REVISION DATE: 04/21/16

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 guidelines for AHCCCS Contractors regarding the identification and assessment of material changes to a Contractor’s provider network and business operations and the approval process for such changes.

**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:

- a. Claims processing, including pharmacy claims,
- b. Credentialing, including those for only primary source verification (i.e. Credential Verification Organization),
- c. Management Service Agreements,
- d. Service Level Agreements with any Division or Subsidiary of a corporate parent owner,
- e. DDD acute care and behavioral health subcontractors,

Providers are not Administrative Services Subcontractors.

**DELEGATED AGREEMENT** A type of subcontract agreement with a qualified organization or person to perform one or more functions required to be performed by the Contractor pursuant to this contract.

**GEOGRAPHICAL SERVICE AREA (GSA)** An area designated by AHCCCS within which a Contractor of record provides, directly or through subcontract, covered health care services to a member enrolled with that Contractor of record, as defined in 9 A.A.C. 22, Article 1.

**MANAGEMENT SERVICES AGREEMENT (MSA)** A type of subcontract with an entity in which the owner of the Contractor delegates some or all of the comprehensive management and administrative services necessary for the operation of the Contractor.

**MATERIAL CHANGE TO  
BUSINESS OPERATIONS**

Any change in overall operations that affects, or can reasonably be foreseen to affect, the Contractor's ability to meet the performance standards as required in contract including, but not limited to, any change that would impact or is likely to impact more than 5% of total membership and/or provider network in a specific GSA.

**MATERIAL CHANGE TO  
THE PROVIDER NETWORK**

Any change that affects, or can reasonably be foreseen to affect, the Contractors' ability to meet the performance and/or provider network standards as required in contract including, but not limited to, any change that would cause or is likely to cause more than 5% of the members in a GSA to change the location where services are received or rendered.

**PROVIDER GROUP**

Two or more health care professionals who practice their profession at a common location (whether or not they share facilities, supporting staff, or equipment).

**III. POLICY**

The Contractor must have efficient and effective business operations and provider networks to ensure that performance and provider network standards are met to support an individual's needs as well as the needs of the membership as a whole [42 CFR 438.207]. Changes to business operations or to the provider network must be evaluated for the impact to members and providers. Implementation must be planned to ensure continuity of care to members.

AHCCCS-initiated changes, such as changes in reimbursement methodologies (e.g. APR-DRG) or changes to reference tables impacting claims payment, and Industry-initiated changes, such as CPT/Diagnosis code changes, are excluded from these Policy requirements.

**A. IDENTIFYING A PROVIDER NETWORK AND/OR BUSINESS OPERATIONS MATERIAL  
CHANGE**

1. The Contractor is responsible for evaluating all business operational and provider network changes, including unexpected or significant changes, and determining whether those changes are material changes to the provider network or business operations.
2. For changes impacting members and/or providers regarding the provider network and/or business operations the Contractor must:
  - a. Establish criteria and/or methodology for determining the impact of the change to members and providers.

- b. Evaluate the impact of the change to its membership and provider network, by GSA and as a whole, utilizing the established criteria and/or methodology established under III (A)(2)(a.) above.
  - c. Determine, based on the evaluation results, if the change meets the definition of a material change as outlined in this Policy and determine if it complies with Contract and Policy requirements.
  - d. Maintain documentation of evaluation of all provider network and business operations changes.
3. Provider Network changes may include, but are not limited to, changes in services, GSA, payments or eligibility of a new population. Changes may also include the addition or change in:
  - a. Pharmacy Benefit Manager (PBM),
  - b. Dental Benefit Manager,
  - c. Transportation Vendor,
  - d. Provider Contracts (e.g. Hospital, Nursing Facility, assisting living facility, primary care or specialty providers),
  - e. Lab Contracts,
  - f. Crisis Services Vendor, and
  - g. Any other delegated agreements.
4. Business Operations changes may include, but are not limited to, policy, process, and protocol, such as prior authorization or retrospective review. Changes may also include the addition or change in:
  - a. PBM,
  - b. Dental Benefit Manager,
  - c. Transportation vendor,
  - d. Claims Processing system,
  - e. System changes and upgrades,
  - f. Member ID Card vendor,
  - g. Call center system,
  - h. MSA, and
  - i. Any other Administrative Services Subcontract.
5. AHCCCS may request and review documentation of established methodology, criteria, and evaluation results for all provider network and business operations changes.
6. For all changes which have a member impact, the Contractor is required to provide member notification as stipulated in ACOM Policy 404.
7. The Contractor must request in writing, prior approval of a material change to the provider network and/or business operations in accordance with this Policy.

- a. A material change in the provider network and/or business operations requires a 30 day advance written notice from the Contractor to members and providers [42 CFR 438.10(f)(4)]. In the event unforeseen circumstances prevent the Contractor from providing 30 days advance written notice to members and providers, the Contractor shall notify AHCCCS within one business day of identifying the material change to the provider network for AHCCCS determination of notification requirements.
  - b. Additionally, when appropriate, the Contractor must make a good faith effort to give written notice to enrollees within 15 days after receipt or issuance of a provider termination notice, to each member who received their primary care from, or is seen on a regular basis by, the terminated provider [42 CFR 438.10(f)(5)].
8. A material change to operations may **also** constitute a material change to the provider network.

#### **B. CONTRACTOR REPORTING REQUIREMENTS**

1. The Contractor must request, in writing, prior approval of a material change to the provider network or business operations as specified in Contract, Section F, Attachment F3, Contractor Chart of Deliverables and RBHA Contract, Exhibit-9, Deliverables. A request for approval shall include a detailed description of the proposed change and all requirements outlined above and summarized in Attachment A, Provider Network/Business Operations Material Change Plan Checklist.
2. The Contractor must request prior approval, in writing, of a material change that involves major system changes and upgrades to the Contractor's information system that affects claims processing, payment or other major business component as specified in Contract, Section F, Attachment F3, Contractor Chart of Deliverables and RBHA Contract, Exhibit-9, Deliverables. A request for approval must include a system change plan that includes a timeline, milestones and outlines adequate testing to be completed before implementation.
3. In the event of an unexpected change that is likely to cause or may reasonably be foreseen to cause a material change to the provider network and/or business operations, the Contractor must submit written notification to AHCCCS no later than one business day of the Contractor becoming aware of the unexpected change. Notification must be submitted as specified in Contract, Section F, Attachment F3, Contractor Chart of Deliverables and RBHA Contract, Exhibit-9, Deliverables. The Contractor shall include the information known at the time of the notice and complete follow-up information regarding the change shall be provided no later than 10 business days after initial notification.

4. AHCCCS will review and respond to the Contractor within 30 days of the submission. Incomplete submissions will not be approved and additional information may be requested. The approval process will be expedited for emergency situations.
5. The Contractor may be required to provide periodic updates on the status of the change or implementation.
6. The Contractor may be required to conduct meetings with providers and/or members to provide general information, technical assistance or address issues related to changes to business operations, changes in policy, reimbursement matters, prior authorizations and other matters as identified or requested by AHCCCS.

#### **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, Provider Network/Business Operations Material Change Plan Checklist
- 9 A.A.C. 22, Article 1
- 42 CFR 438.10(f)(4)
- 42 CFR 438.10(f)(5)
- 42 CFR 438.207
- ACOM Policy 404

**ATTACHMENT A, PROVIDER NETWORK AND/OR BUSINESS OPERATIONS CHANGES PLAN  
CHECKLIST**

**SEE THE ACOM WEBPAGE FOR ATTACHMENT A OF THIS POLICY**

IMPLEMENTATION 07/01/16