I. PURPOSE

This Policy applies to AHCCCS Complete Care (ACC), ALTCS E/PD, DCS/CMGP (CMDP), DES/DDD (DDD), and RBHA Contractors. This Policy establishes requirements for 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:

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

A person (individual or entity) who holds an Administrative Services Subcontract is an Administrative Services Subcontractor.

Providers are not Administrative Services Subcontractors.

**DELEGATED AGREEMENT**

A type of subcontract agreement with a qualified organization or individual 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. Changes to business operations may include, but are not limited to, policy, process, and protocol, such as prior authorization or retrospective review. Additional changes may also include the addition or change in:

- PBM,
- Dental Benefit Manager,
- Transportation vendor,
- Claims Processing system,
- System changes and upgrades,
- Member ID Card vendor,
- Call center system,
- Covered benefits delivered exclusively through the mail, such as mail order pharmaceuticals or delivery of medical equipment,
- MSA, and
- Any other Administrative Services Subcontract.

MATERIAL CHANGE TO THE PROVIDER NETWORK

Any change in composition of or payments to a Contractor’s provider network that affects, or can reasonably be foreseen to affect, the Contractors’ adequacy of capacity and services necessary to meet the performance and/or provider network standards as required in Contract. Changes to provider network may include, but are 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.
- Any change impacting 5% or less of the membership but involving a provider or provider group who is the sole provider of a service in a service area, or operates in an area with limited alternate sources of the service.
Two or more health care professionals who practice their profession at a common location (whether or not they share facilities, supporting staff, or equipment).

A material change that was not anticipated by the Contractor. Examples of unexpected changes to the provider network include a provider giving less than 30 days to the Contractor that they would no longer serve Medicaid members, or the Contractor’s failure to reach an agreement with a provider on a contract renewal less than 30 days before the previous contract expires. An example of an unexpected material change to business operations includes the unexpected closure of an administrative services subcontractor.

III. POLICY

The Contractor shall have efficient and effective business operations and a provider network to ensure that performance and provider network standards are met to support a member’s individual needs as well as the needs of the membership as a whole [42 CFR 438.207]. The Contractor shall develop a process to determine when changes to business operations or to the provider network constitute a material change.

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 changes, to determine if the change is a material change.

2. For changes impacting members and/or providers regarding the provider network and/or business operations the Contractor shall:
   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, and
   d. Maintain documentation of evaluation of all provider network and business operations changes.
3. AHCCCS may request and review documentation of established methodology, criteria, and evaluation results for all provider network and business operations changes even for those changes that the Contractor determines does not constitute a material change.

4. For all changes which have a member impact, the Contractor is required to provide member notification as stipulated in ACOM Policy 404.

5. Implementation must be planned to ensure continuity of care to members.

6. A Material Change to Business Operations may also constitute a Material Change to the Provider Network.

7. AHCCCS reserves the right to identify any operations or network change as a material change.

B. CONTRACTOR REPORTING REQUIREMENTS

1. The Contractor shall request, in writing, prior approval of a material change to the provider network or business operations in accordance with this Policy. A request for approval shall include a detailed description of the proposed change and all requirements outlined above and summarized in Attachment A.

2. For all material changes, the Contractor shall include an accessibility analysis of the services impacted by the provider change:
   a. For services the member must travel to receive - The Contractor shall provide the average time and distance that members in the impacted areas must travel for the service before and after the change,
   b. For services provided in the member’s home – The Contractor shall address the geographic coverage and sufficiency of providers in the impacted area before and after the change, and
   c. For transportation services – The Contractor shall address the availability of vehicles dedicated to the Contractor’s line of business in the impacted area before and after the change

3. The Contractor shall request prior approval, in writing, of a material change that involves major system changes and upgrades to the Contractor’s information system that, at a minimum, affects claims processing, payment or other major business component as specified in Contract, or system changes that impact member or provider interactions with the Contractor. A request for approval shall include a system change plan that includes a timeline, milestones and outlines adequate testing to be completed before implementation.
4. 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(g)(4)].

5. In the event of an unexpected material change to the provider network and/or business operations, the Contractor shall submit written notification to AHCCCS no later than one business day of the Contractor becoming aware of the change. Notification shall be submitted as specified in Contract. The notification shall include a detailed description of the change, address why it was unexpected and include all of the requirements identified in Attachment A. If the Contractor is unable to provide some or all of the Attachment A requirements in its initial notification, the remaining requirements must be provided to AHCCCS within one week of the initial notification. The Contractor shall also identify its plan for notifying members or providers of the unexpected change.

6. For any provider termination, when appropriate, the Contractor shall 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)(1)].

7. AHCCCS will review and respond to Contractor requests for approval within 30 days of the submission. Incomplete submissions will not be approved and additional information may be requested. The approval process will be expedited upon request for emergency situations.

8. The Contractor may be required to provide periodic updates on the status of the change or implementation.

9. 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.