AHCCCS
Arizona Health Care Cost Containment System

Douglas A. Ducey, Governor
Thomas J. Betlach, Director

December 18, 2017

Governor Douglas A. Ducey
Office of the Governor
1700 West Washington
Phoenix, Arizona 85007

Dear Governor Ducey:

Pursuant to A.R.S. 36-2923, please find the enclosed AHCCCS Report on Insurance Carrier Compliance. Please do not hesitate to contact me if I can answer any questions or provide additional information.

Sincerely,

Thomas J. Betlach
Director

cc: The Honorable Michele Reagan, Secretary of State
The Honorable Steve Yarbrough, President, Arizona State Senate
The Honorable J.D. Mesnard, Speaker, Arizona House of Representatives
Holly Henley, Director, Arizona State Library, Archives & Public Records

Report to the Arizona Legislature
Regarding Insurance Carrier Compliance with A.R.S. § 36-2923: Data Matching and Claims Payment for Third Party Liability

December 2017

Director, Tom Betlach

INTRODUCTION

The Arizona Health Care Cost Containment System (AHCCCS) is pleased to submit the following report pursuant to A.R.S. § 36-2923.B. A.R.S. § 36-2923 requires any party that by statute, contract or agreement is responsible for paying for items or services provided to an Arizona Medicaid-eligible person to comply with the claims data match and billing requirements outlined therein. This report provides: 1) a summary of State Fiscal Year 2017 Total AHCCCS Claims Cost Avoided; 2) a review of carrier compliance in terms of data matching; and 3) a review of carrier compliance in terms of fee-for-service claims processing.

I. SFY 2017 AHCCCS CLAIMS PRE-PAYMENT COST AVOIDED

During SFY 2017, AHCCCS and its health care contractors cost avoided with other commercial insurance carriers and/or with Medicare provider medical claims for members of over $1.599 billion. This amount is comprised of:

- $154.4 million of provider claims that were partially the responsibility of a commercial carrier and Medicaid;
- $1,016.0 million of provider claims that were partially the responsibility of the Medicare Program; and,
- $429.0[1] million of provider claims with no financial obligation to the health care contractors as the entire claim was the responsibility of Medicare or a commercial carrier.

[1] The $429 million of provider claims for SFY 2017 represents unaudited data reported by the AHCCCS Contractors.

As depicted in the table below, the amount of provider claims that have been cost avoided has exceeded a billion dollars in each of the past five years. In addition to these values captured in AHCCCS encounters, AHCCCS plans reported in SFY 2017 an additional $429 million in claims costs that were offset completely by third party payers and no encounter was submitted.

	State Fiscal Year (In millions)				
	2017	2016	2015	2014	2013
Provider claims that were partially the responsibility of a commercial carrier and Medicaid	$154.4	$139.5	$140.0	$125.1	$121.7
Provider claims that were partially the responsibility of the Medicare Program	1,016.0	1,092.8	991.5	1,055.2	922.4
Total	$1,170.4	$1,232.3	$1,131.5	$1,180.3	$1,044.1

II. DATA MATCHING

A.R.S. § 36-2923 Requirement

A. A health care insurer shall:

1. Provide all enrollment information necessary to determine the time period in which a person who is defined as an eligible person pursuant to A.R.S. § 36-2901, paragraph 6, subdivision (a) or that person's spouse or dependents may be or may have been covered by the health care insurer and the nature of that coverage…

Overview of the Data Matching Process

AHCCCS maintains a database of insurance coverage information with changes disseminated daily to its health care contractors. Health Management Systems, Inc. (HMS), through a competitively bid contract, is responsible for the verification and identification of health insurers that may be liable for paying all or part of the expenditures for medical assistance provided to AHCCCS eligible persons.

Daily HMS verifies new or updated health insurance information provided by AHCCCS, its health care contractors, and the member eligibility determination entities by matching demographic information against its national database of insurance information submitted by carriers who have entered into data sharing agreements with HMS. Additionally, HMS matches the entire AHCCCS population against the same database monthly to identify health insurance coverage that otherwise is unknown to AHCCCS. The HMS database is comprised of eligibility information from over 1,000 plans nationally and over a billion segments of insurance coverage. HMS provides AHCCCS daily updates to the insurance coverage database. AHCCCS then provides this data on a daily basis to the health care contractors. The contractors use this data as part of the claims payment process. Before a provider is paid, the claims system will check against the coverage database. If a member has other commercial insurance or Medicare, the system will deny the claim unless an appropriate Explanation of Benefits (EOB) form is included. Since Medicaid is the payer of last resort that payment will reflect only those items not covered by the other policy. By identifying other responsible parties and cost avoiding those claims that are their responsibility, AHCCCS only pays claims, or portions of claims, where the state is truly the payer of last resort.

Health insurers meet the claims data match compliance requirement of A.R.S. § 36-2923 by entering into data matching agreements with HMS and either submitting eligibility data to HMS or executing the data match themselves. Health insurers who do not execute a data matching agreement with HMS are considered to be non-compliant with A.R.S. § 36-2923. When an eligibility source identifies a member with coverage through a carrier with which HMS does not have a Data Use/Data Sharing Agreement (DUA), HMS contacts the carrier to verify the coverage and then begins working with the carrier to enter into a DUA to share confidential and protected information.

Overview of the Arizona Health Insurer Identification Process

Working collaboratively with AHCCCS, HMS maintains a comprehensive list of carriers compiled from multiple sources:

- The AHCCCS Master Carrier List: health insurers who have been identified by AHCCCS as currently or previously carrying policies on AHCCCS members;
- Department of Insurance Licensed Carriers: A comprehensive list of licensed insurance carriers doing business in the State of Arizona and regulated by the Department of Insurance; and,
- Health insurers that are known to HMS to provide health insurance coverage.

HMS cross references identified carriers against those currently covered by an existing DUA. If the health insurer is covered by an existing DUA and is currently data matching with AHCCCS then the Carrier is deemed compliant. If the carrier does not have an active DUA in place, HMS contacts the carrier via mail to the corporate address, notifying it of the statutory requirement to share eligibility data with the AHCCCS program. Carriers are given a reasonable amount of time to respond and either provide a reason why A.R.S. § 36-2923 is not applicable to them or to establish a DUA and begin data sharing. HMS assigns insurance carriers that are not covered by an existing DUA to one of two tiers:

- Tier I Carriers – insurance companies that have a verified insurance policy for one or more AHCCCS members within the past 36 months; and,
- Tier II Carriers – all other insurance carriers. These carriers may be registered with the Arizona Department of Insurance or identified from all other sources, but are not included in the Tier I list.

Health Insurer Compliance with the Data Sharing Requirement of A.R.S. § 36-2923

HMS continuously reviews the insurance carriers to determine who should be sharing their membership information with AHCCCS, and sends letters and makes telephone calls to the carriers that do not have an existing DUA to bring them into compliance with the claims data matching requirement. There were only two noncompliant carriers covering nine policies in SFY 2017.

As discussed later in this report, if for some reason AHCCCS and the health care contractors were not able to cost avoid with the commercial coverage pre-payment, health insurers are required to honor claims that are submitted by this state within a three-year period beginning on the date on which the item or service was furnished. The table on the following page reflects verified insurance policies that were in effect on June 30, 2017, or were terminated within the past three years that can be utilized for cost avoidance or post payment recovery. This table demonstrates that virtually all of Tier I Carriers, whose policies were active within the last 3 years, have entered into a DUA (see Appendix A).

	Verified Insurance Policies as of June 30, 2017			
	Carriers		Active Policies Within 3 Years	
	Number	%	Number	%
Compliant	204	99.0%	550,443	99.998%
Noncompliant:				
Declined a DUA	2	1.0%	9	0.002%
Unresponsive	0	0.0%	0	0.000%
Total Noncompliant	2	1.0%	9	0.002%
Totals	206	100.00%	550,452	100.00%

AHCCCS has no authority to enforce compliance with A.R.S. § 36-2923 with out-of-state carriers; however, HMS will continue to follow up with the remaining two noncompliant Tier I Carriers in an effort to bring them in compliance with the data sharing requirements of A.R.S. § 36-2923.

III. CLAIMS PROCESSING

A.R.S. § 36-2923 Requirement

A. A health care insurer shall: (continued)

2. Accept the state's right of recovery from a third party payor pursuant to section 36-2903 and the assignment to this state of any right of an individual or other entity to payment from the third party payor for an item or service for which payment has been made pursuant to this chapter…

3. Respond to any inquiry made by the director regarding a claim for payment for any health care item or service that is submitted not later than three years after the date of the provision of the health care item or service. This paragraph applies to a claim in which the administration determines there is a reasonable belief that the individual was insured by the health care insurer on the date of service referenced by the claim.

4. Not deny a claim submitted by this state solely on the basis of the date of the submission of the claim, the type or format of the claim form or the failure to present proper documentation at the point of sale that is the basis of the claim if the following conditions have been met:

(a) The claim is submitted by this state in the three-year period beginning on the date on which the item or service was furnished.

(b) An action by this state to enforce its rights with respect to the claim is commenced within six years after the state submitted the claim. The health care insurer may deny the claim submitted by the state if the health care insurer has already paid the claim in accordance with the benefit plan under which the member was covered by the health care insurer on the date of service.

Overview of Post Payment Claims Processing

While the main focus is to ensure the data is available to coordinate the benefit at the front end pre-payment, there are limited exceptions where the program pursues post payment recoveries. The post payment recovery process matches paid fee-for-service claims against the verified insurance policies with termination dates within the past 3 years. When insurance coverage is identified for a member that spans the time period the item or medical service was provided, HMS generates a bill for those items or services to the commercial carrier. The post payment recovery process insures that AHCCCS recovers its payments from a responsible party that was unknown at the time the claim was adjudicated. The fee-for-service post payment process is conducted monthly and resulted in approximately $1.1 million in recoveries during SFY 2017.

Methodology Used to Determine if the Health Insurer is Compliant

A carrier is considered to be compliant with A.R.S. § 36-2923 when the carrier adequately responds to a claim for payment as outlined by the statute. Any carrier not responding to a claim for payment or not adhering to the time periods allowed are considered non-compliant.

Based on retroactive billing efforts conducted by HMS during SFY 2017, TRICARE is the only insurance company identified that does not adhere to the State's claims payment requirement. TRICARE is the health care program serving active duty service members, National Guard and Reserve members, retirees, their families, survivors and certain former spouses worldwide. Federal TRICARE statutes have primacy over A.R.S. § 36-2923 and TRICARE is not required to honor claims that are filed after one year from the date of service.

APPENDIX A
Tier I Compliant Carriers

Carriers with Data Use Agreement in Place	Policies
AARP	108
ABS	23
AETNA HEALTHCARE	77,516
AM POST WKRS HEALTH PLAN	154
AMERI HEALTH	9
AMERIBEN	12,964
AMERICAN HEALTH INC	1
AMERICAN HERITAGE INSURANCE	19
AMERICAN NATIONAL LIFE	2
AMERITAS	10,244
ANTHEM	156
ANTHEM BC/BS OF COLORADO	1,815
ANTHEM BC/BS OF CONNECTICUT	198
ANTHEM BC/BS OF INDIANA	497
ANTHEM BC/BS OF KENTUCKY	289
ANTHEM BC/BS OF MAINE	23
ANTHEM BC/BS OF MISSOURI	360
ANTHEM BC/BS OF NEVADA	46
ANTHEM BC/BS OF VIRGINIA	276
ANTHEM BC/BS OF WISCONSIN	131
ANTHEM BLUE CROSS OF CALIFORNIA	766
ANTHEM PRESCRIPTION	36
ARGUS HEALTH SYSTEMS	19,549
AULT CARE HEALTH INS	13
AV MED	19
AVESIS INCORPORATED	3
BANNER HEALTH	11
BC/BS OF ALABAMA	42
BC/BS OF ARIZONA	31,407
BC/BS OF ARKANSAS	1,541
BC/BS OF GEORGIA	213
BC/BS OF IDAHO	147
BC/BS OF KANSAS	461
BC/BS OF LOUISIANA	220
BC/BS OF MASSACHUSETTS	2,087
BC/BS OF MICHIGAN	69
BC/BS OF MINNESOTA	57
BC/BS OF MISSISSIPPI	46
BC/BS OF NORTH CAROLINA	46
BC/BS OF NORTH DAKOTA	166

APPENDIX A
Tier I Compliant Carriers

Carriers with Data Use Agreement in Place	Policies
BC/BS OF RHODE ISLAND	136
BC/BS OF SOUTH CAROLINA	22

APPENDIX A
Tier I Compliant Carriers

Carriers with Data Use Agreement in Place	Policies
BC/BS OF TENNESSEE	125
BC/BS OF WESTERN NY	169
BC/BS OF WYOMING	1
BC/BS SOUTHWESTERN TMSTRS	434
BENEFIT ADMINISTRATORS	70
BEST LIFE & HEALTH INS CO	2
BLUE SHIELD OF CALIFORNIA	15,683
BLUE SHIELD OF NORTHEASTERN NY	11
CA IRONWORKERS INS	4
CAPITAL BLUE CROSS OF PA	5
CAPITOL ADMINSTRATORS	3
CAREFIRST BC/BS OF DC	1
CAREFIRST BC/BS OF MARYLAND	34
CAREMARK	24,765
CATAMARAN	16,221
CDPHP	30
CENTURY HEALTHCARE, LLC	1
CIGNA HEALTHCARE	33,881
CNIC HEALTH SOLUTIONS	2
COMPREHENSIVE CARE SVCS	2
COMPU SYS, INC OF AZ	1
CONSECO HEALTH INS CO	1
CORP BENEFIT SOLUTIONS	7,708
COVENTRY HEALTH AMERICA	178
COVENTRY HEALTHCARE	12
COX HEALTH PLAN	4
DAKOTA CARE	48
DELTA DENTAL OF AZ	975
DELTA DENTAL OF COLORADO	602
DELTA DENTAL OF WI	111
EMBLEMHEALTH	24
EMPIRE BC/BS OF NY	614
EMPLOYEE BENEFIT MGMT SV	17
ENVISION RX OPTIONS	1,560
EQUITABLE INSURANCE	2
EXCELLUS BC/BS OF NY	89
EXPRESS SCRIPTS	47,447
FEDERATED HEALTH CHOICE	10
FLORIDA BLUE	703
FMH BENEFIT SERVICES	27

APPENDIX A
Tier I Compliant Carriers

Carriers with Data Use Agreement in Place	Policies
FRINGE BENEFITS SERVICES	675
GEHA	1,805

APPENDIX A
Tier I Compliant Carriers

Carriers with Data Use Agreement in Place	Policies
GILSBAR INC	335
GWH-CIGNA	981
HARVARD PILGRIM HEALTHCA	109
HCSC/BCBSIL	8,217
HCSC/BCBSMT	161
HCSC/BCBSNM	979
HCSC/BCBSOK	380
HCSC/BCBSTX	5,768
HEALTH ALLIANCE MED PL	45
HEALTH EZ	31
HEALTH NET OF AZ	119
HEALTH NET OF CALIFORNIA	37,802
HEALTH PARTNERS	404
HEALTH PLAN OF NEVADA	46
HEALTH SMART	1,410
HEALTH SMART BENEFIT SOLUTIONS	3
HEALTHNET	3,120
HEALTHNOW	75
HEALTHSCOPE	3
HIGHMARK BC/BS OF DELAWARE	255
HIGHMARK BC/BS OF PENNSYLVANIA	1,743
HIGHMARK BC/BS OF WEST VIRGINIA	2
HMA, INC	13
HMSA BC/BS OF HAWAII	4
HORIZON BC/BS OF NJ	538
HUMANA HEALTH INS	10,664
I.B.E.W. NECA	7
IHC HEALTH SOLUTIONS	931
INDEPENDENT BLUE CROSS PA	199
INDEPENDENT HEALTH	1
INTERACTIVE MEDICAL SYSTEMS	4
IRON WORKERS HEALTH & WELFARE TRUST	1
ITPE-MEBA/NMU	1
KAISER PERMANENTE	16
KEY BENEFIT ADMINISTRA	13
LABORERS NATIONAL HEALTH & WELFARE FUND	1
LDI PHARMACY	26
LIFEWISE	31
LOVELACE HEALTH PLAN	4
MAIL HANDLERS BENEFIT PLAN	335

APPENDIX A
Tier I Compliant Carriers

Carriers with Data Use Agreement in Place	Policies
MASS MUTUAL	837
MAYO CLINIC HEALTH SOLUTIONS	555

APPENDIX A
Tier I Compliant Carriers

Carriers with Data Use Agreement in Place	Policies
MEDICA	126
MEDICAL BENEFITS MUTUAL	150
MEDIMPACT	8
MERITAIN HEALTH	672
MERITUS/COMPASS COOP HP	162
MET LIFE DENTAL	59
MIDWEST OPERATING ENG	1
MODA HEALTH	1
MORGAN WHITE ADMIN. INC.	11
MULTIPLAN	5
MULTI-PLAN	6
MUTUAL OF OMAHA	23
MVP HEALTH CARE	35
NATIONAL ASBESTOS WORK	1
NATIONWIDE INS.	2
NGS CORESOURCE	120
NMHC	9
NORTHWEST IRONWORKERS	65
OPERATING ENGINEERS	2
OPTUM RX	5,787
PACIFIC SOURCE	4
PAN AMERICAN LIFE	2
PHARMA CARE INS	10
PHYSICIANS MUTUAL INS CO	14
PINNACLE HEALTH SYSTEM	1
PINNACLE WEST CAPITAL	1
POMCO	5
PREMERA BC/BS OF ALASKA	6
PREMERA BC/BS OF WA	3,416
PRESBYTERIAN HEALTH PLAN	89
PRIME THERAPEUTICS	9,142
PRINCIPAL FINANCIAL GROUP	167
PRIORITY HEALTH	105
PROVIDENCE HEALTH	3
PUBLIC EMPLOYEE HEALTH PROGRAM	4
QUICK TRIP GROUP	13
REGENCE BC/BS OF IDAHO	82
REGENCE BC/BS OF OREGON	56
REGENCE BC/BS OF UTAH	101
ROYAL NEIGHBORS OF AMERIC	2

APPENDIX A
Tier I Compliant Carriers

Carriers with Data Use Agreement in Place	Policies
SAMBA INS	1
SECURE HORIZONS	6

APPENDIX A
Tier I Compliant Carriers

Carriers with Data Use Agreement in Place	Policies
SECURECARE DENTAL	1
SECURITY HEALTH PLAN	1
SELECT BENEFITS GROUP	7
SELECT HEALTH	1
SHASTA	107
SO. CALIF UFCW UNIONS	1
SPECTERA VISION	2
STANDARD INSURANCE CO.	11
TALL TREE TPA	9
TOTAL DENTAL ADMN	2
TRANSAMERICA INS CO	2
TRANSWESTERN INS ADMIN	9
TRICARE	5,962
TRIDENT	12
TUFTS HEALTH PLAN	76
UNICARE LIFE & HEALTH	19
UNIFORM MEDICAL PLAN	1
UNITED AGRICULTURAL EMP	17
UNITED AMERICAN INS CO	14
UNITED CONCORDIA	37
UNITED DENTAL CARE INSURANCE COMPANY	250
UNITED HEALTHCARE	123,327
UNITED SECURITY INS CO	369
UNITED TEACHER ASSOC	1
UNIVERA HEALTH CARE	2
UNIVERSITY PHYSICIAN'S	1
UPMC HEALTH PLAN	1
US HEALTH GROUP	69
WELL CARE	2
WELLMARK BC/BS OF IOWA	588
WELLMARK BC/BS OF SOUTH DAKOTA	97
WELLMARK INSURANCE	1
WESTERN GROWERS INS	6,802
WESTERN MUTUAL INS.	2
WPS-SELECTCARE	14
ZENITH AMERICAN SOLUTIONS	37
Number of Policies with Data Use Agreement in Place	**550,443**
Total Carriers with a Data Use Agreement in Place	**204**

APPENDIX B
Tier I Noncompliant Carriers
(Note, none of these carriers operate under the regulatory authority of the Arizona Department of Insurance)

Carrier	Policies
Carrier That Declined to Enter Into Data Use Agreement:	
BC/BS OF NEBRASKA	8
BC/BS OF VERMONT	1
Number of Policies for Carriers That Declined Data Use Agreement	**9**
Unresponsive Carriers: None	
Total Carriers that Declined to Enter Into a Data Use Agreement	2
Total Unresponsive Carriers:	0
Total of ALL Noncompliant Carriers	**2**