December 16, 2016

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 Andy Biggs, Arizona State Senate
The Honorable David Gowan, 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 2016

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 2016 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 2016 AHCCCS CLAIMS PRE-PAYMENT COST AVOIDED

During SFY 2016, AHCCCS and its health care contractors cost avoided with other commercial insurance carriers and/or with Medicare provider medical claims for members of over $1.606 billion. This amount is comprised of:

- $139.5 million of provider claims that were partially the responsibility of a commercial carrier and Medicaid;
- $1,092.8 million of provider claims that were partially the responsibility of the Medicare Program; and,
- $373.9[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 $373.9 million of provider claims for SFY 2016 represents unaudited data reported by the AHCCCS Contractors.

As depicted in the table below, over the past five years provider claims cost avoided has grown by nearly 30% or $283 million. In addition to these values captured in AHCCCS encounters, AHCCCS plans reported in SFY 2016 an additional $373.9 million in claims costs that were offset completely by third party payers and no encounter was submitted.

	State Fiscal Year (In millions)				
	2016	2015	2014	2013	2012
Provider claims that were partially the responsibility of a commercial carrier and Medicaid	$139.5	$140.0	$125.1	$121.7	$112.0
Provider claims that were partially the responsibility of the Medicare Program	1,092.8	991.5	1,055.2	922.4	836.7
Total	$1,232.3	$1,131.5	$1,180.3	$1,044.1	$948.7

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 three noncompliant carriers covering ten policies in SFY 2016.

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, 2016, 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, 2016			
	Carriers		Active Policies Within 3 Years	
	Number	%	Number	%
Compliant	244	98.8%	393,858	99.997%
Noncompliant:				
Declined a DUA	2	0.8%	8	0.002%
Unresponsive	1	0.4%	2	0.001%
Total Noncompliant	3	1.2%	10	0.003%
Totals	247	100.00%	393,868	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 three 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 over $1.3 million in recoveries during SFY 2016.

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 2016, 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	143
ABS	17
ADMIN ENTERPRISES, INC	269
AETNA HEALTHCARE	61,408
ALLSTATE INS	1
AM POST WKRS HEALTH PLAN	104
AMERI HEALTH	11
AMERIBEN	13,781
AMERICAN FAMILY INS	1
AMERICAN HERITAGE INSURANCE	64
AMERICAN NATIONAL LIFE	2
AMERICAN REPUBLIC INS	44
AMERICAS CHOICE HP	5
AMERITAS	1,843
ANTHEM BC/BS OF COLORADO	816
ANTHEM BC/BS OF CONNECTICUT	95
ANTHEM BC/BS OF INDIANA	238
ANTHEM BC/BS OF KENTUCKY	233
ANTHEM BC/BS OF MAINE	8
ANTHEM BC/BS OF MISSOURI	167
ANTHEM BC/BS OF NEVADA	64
ANTHEM BC/BS OF VIRGINIA	219
ANTHEM BC/BS OF WISCONSIN	47
ANTHEM BLUE CROSS OF CALIFORNIA	397
ANTHEM PRESCRIPTION	44
ARGUS HEALTH SYSTEMS	12,809
ARIZONA FOUNDATION	21
ARIZONA PIPE TRADES	75
AULT CARE HEALTH INS	5
AUXIANT	7
AV MED	4
AVESIS INCORPORATED	4
BANKERS LIFE/CASUALTY	1
BANNER HEALTH	15
BC OF WESTERN PA PITTSBURGH	1
BC/BS HEALTH ADVANTAGE	27
BC/BS MISSISSIPPI	16
BC/BS OF ALABAMA	55

APPENDIX A
Tier I Compliant Carriers

Carriers With Data Use Agreement in Place	Policies
BC/BS OF ARIZONA	25,960
BC/BS OF ARKANSAS	843
BC/BS OF FLORIDA	616
BC/BS OF GEORGIA	366
BC/BS OF IDAHO	118
BC/BS OF KANSAS	334
BC/BS OF LOUISIANA	66
BC/BS OF MASSACHUSETTS	1,449
BC/BS OF MICHIGAN	81
BC/BS OF MINNESOTA	66
BC/BS OF NORTH CAROLINA	49
BC/BS OF NORTH DAKOTA	8
BC/BS OF RHODE ISLAND	101
BC/BS OF SOUTH CAROLINA	17
BC/BS OF TENNESSEE	105
BC/BS OF WESTERN NY	108
BC/BS SOUTHWESTERN TMSTRS	365
BEECH STREET	6
BENEFIT ADMINISTRATORS	1
BEST LIFE ASSURANCE CO	4
BLUE LINK TPA	4
BLUE SHIELD OF CALIFORNIA	9,745
BLUE SHIELD OF NORTHEASTERN NY	8
BOILERMAKERS NATL H&W	31
CA IRONWORKERS INS	2
CAPITAL BLUE CROSS OF PA	7
CAPITOL ADMINSTRATORS	6
CAREFIRST BC/BS OF DC	1
CAREFIRST BC/BS OF MARYLAND	26
CAREMARK	30,736
CATALYST	3,155
CBCA	4
CDPHP	23
CHESTERFIELD RESOURCES	5
CIGNA HEALTHCARE	21,005
CNIC HEALTH SOLUTIONS	1
COMPREHENSIVE CARE SVCS	2
COMPU SYS, INC OF AZ	2
CONSECO HEALTH INS CO	1

APPENDIX A
Tier I Compliant Carriers

Carriers With Data Use Agreement in Place	Policies
COOP BENEFIT ADMIN	20
CORESOURCE	24
CORP BENEFIT SOLUTIONS	5,589
COVENTRY HEALTH AMERICA	195
COX HEALTH PLAN	2
DAKOTA CARE	55
DELTA DENTAL OF AZ	1,182
DELTA DENTAL OF COLORADO	774
DELTA DENTAL OF WI	158
DESERET MUTUAL	133
EBA&M CORPORATION	3
EMBLEMHEALTH	34
EMPIRE BC/BS OF NY	665
EMPLOYEE BENEFIT MGMT SV	36
ENVISION RX OPTIONS	468
EQUITABLE INSURANCE	2
EXCELLUS BC/BS OF NY	83
EXPRESS SCRIPTS	24,618
FEDERATED INS.	11
FIRST HEALTH	20
FMH BENEFIT SERVICES	63
FREEDOM LIFE INS	4
FRINGE BENEFITS SERVICES	480
GEHA	955
GILSBAR INC	474
GROUP RESOURCES INC.	1
GWH-CIGNA	654
HARVARD PILGRIM HEALTHCA	36
HCSC/BCBSIL	4,650
HCSC/BCBSMT	64
HCSC/BCBSNM	463
HCSC/BCBSOK	205
HCSC/BCBSTX	2,846
HEALTH COMP	6
HEALTH COST SOLUTIONS	10
HEALTH EZ	35
HEALTH NET OF AZ	161
HEALTH NET OF CALIFORNIA	18,047
HEALTH PARTNERS	260

APPENDIX A
Tier I Compliant Carriers

Carriers With Data Use Agreement in Place	Policies
HEALTH PLAN OF NEVADA	43
HEALTH SMART	912
HEALTH SMART BENEFIT SOLUTIONS	1
HEALTHNET	5,424
HEALTHPLUS	1
HEALTHSCOPE	4
HIGHMARK BC/BS OF DELAWARE	234
HIGHMARK BC/BS OF PENNSYLVANIA	514
HIGHMARK BC/BS OF WEST VIRGINIA	1
HMA, INC	18
HMSA BC/BS OF HAWAII	4
HORIZON BC/BS OF NJ	420
HUMANA HEALTH INS	7,720
I.B.E.W. NECA	7
IHC HEALTH SOLUTIONS	653
INDEPENDENT BLUE CROSS PA	322
INDEPENDENT HEALTH	2
INTERACTIVE MEDICAL SYSTEMS	1
IRON WORKERS HEALTH & WELFARE TRUST	1
KAISER PERMANENTE	10
KEY BENEFIT ADMINISTRA	18
LABORERS NATIONAL HEALTH & WELFARE FUND	1
LDI PHARMACY	29
LIFEWISE	13
LINCOLN NATIONAL	1
LOOMIS COMPANY	103
LOVELACE HEALTH PLAN	18
MAIL HANDLERS BENEFIT PLAN	246
MALONEY ASSOCIATES	2
MASS MUTUAL	105
MAYO CLINIC HEALTH SOLUTIONS	160
MEDICA	19
MEDICAL BENEFITS MUTUAL	135
MEDIMPACT	4
MERITAIN HEALTH	629
MERITUS/COMPASS COOP HP	181
MET LIFE DENTAL	114
METROPOLITAN LIFE INS CO	9
MIDWEST OPERATING ENG	1

APPENDIX A
Tier I Compliant Carriers

Carriers With Data Use Agreement in Place	Policies
MORGAN WHITE ADMIN. INC.	16
MOTION PICTURE INS HLTH	1
MULTI-PLAN	7
MUTUAL OF OMAHA	37
MVP HEALTH CARE	30
NATIONAL ASBESTOS WORK	1
NATIONAL ELEVATOR IND	3
NATIONWIDE INS.	3
NATL ASSOC LETTER CARRIER	148
NCAS	1
NGS CORESOURCE	30
NMHC	7
NORTHWEST IRONWORKERS	90
ODS HEALTH PLAN	1
OPERATING ENGINEERS	3
OPTUM RX	7,892
PACIFIC SOURCE	2
PAN AMERICAN LIFE	4
PCS LIFE INS CO.	719
PHARMA CARE INS	7
PHYSICIANS MUTUAL INS CO	15
PINNACLE HEALTH SYSTEM	4
PINNACLE WEST CAPITAL	1
PLUMBERS AND STEAMFITTERS	1
POMCO	4
PREMERA BC/BS OF ALASKA	8
PREMERA BC/BS OF WA	1,924
PRESBYTERIAN HEALTH PLAN	33
PRIME THERAPEUTICS	2,514
PRINCIPAL FINANCIAL GROUP	2
PRINCIPAL MUTUAL LIFE	61
PRIORITY HEALTH	53
PROFESSIONAL BENEFIT ADM	4
PROVIDENCE HEALTH	1
PRUDENTIAL INS CO	1
PSERS HEALTH ADMIN UNIT	1
PUBLIC EMPLOYEE HEALTH	2
QUICK TRIP GROUP	10
REGENCE BC/BS OF IDAHO	82

APPENDIX A
Tier I Compliant Carriers

Carriers With Data Use Agreement in Place	Policies
REGENCE BC/BS OF OREGON	56
REGENCE BC/BS OF UTAH	86
ROYAL NEIGHBORS OF AMERIC	4
SAMBA INS	1
SCOTTSDALE HEALTHCARE	4
SECURE HORIZONS	9
SECURECARE DENTAL	2
SECURITY HEALTH PLAN	1
SELECT BENEFITS GROUP	7
SHASTA	17
SISCO	80
SO. CALIF UFCW UNIONS	1
SOUTHWEST SERVICE ADMN	24
ST. MARYS HEALTH PLAN	7
STANDARD INSURANCE CO.	7
STARBRIDGE SICKNESS	6
STERLING LIFE INS CO.	12
SUMMIT	120
SXC HEALTH SOLUTIONS	5,385
TALL TREE TPA	17
THRIVENT FIN FOR LUTHE	2
TOTAL DENTAL ADMN	5
TRANSAMERICA INS CO	2
TRANSWESTERN INS ADMIN	16
TRICARE	5,048
TRIDENT	21
TRUSTMARK	54
TUFTS HEALTH PLAN	34
UNICARE LIFE & HEALTH	6
UNIFORM MEDICAL PLAN	1
UNITED AGRICULTURAL EMP	26
UNITED AMERICAN INS CO	22
UNITED COM TRVL OF AMER	1
UNITED CONCORDIA	22
UNITED DENTAL CARE INSURANCE COMPANY	569
UNITED HEALTHCARE	92,230
UNITED SECURITY INS CO	477
UNITED TEACHER ASSOC	2
UNIVERA HEALTH CARE	2

APPENDIX A
Tier I Compliant Carriers

Carriers With Data Use Agreement in Place	Policies
UNIVERSITY PHYSICIAN'S	4
US HEALTH AND LIFE	56
WELL CARE	2
WELL POINT	210
WELLMARK BC/BS OF IOWA	288
WELLMARK BC/BS OF SOUTH DAKOTA	50
WESTERN GROWERS INS	4,904
WESTERN MUTUAL INS.	1
WESTERN TEAMSTERS	116
WPS-SELECTCARE	20
ZENITH AMERICAN SOLUTIONS	44
Number of Policies for Carriers with a Data Use Agreement in Place	**393,858**
Total Carriers with a Data Use Agreement in Place	**244**

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	2
Number of Policies for Carriers that Declined to Enter Into a Data Use Agreement	**10**
Unresponsive Carriers:	
ROBERT F KENNEDY FWMP	1
Number of Policies for Unresponsive Carriers:	**1**
Total Carriers That Declined to Enter Into a Data Use Agreement	2
Total Unresponsive Carriers	1
Total of All Noncompliant Carriers	**3**