

August 12, 2021

James V. Stover
Chief Executive Officer
Arizona Complete Health-Complete Care Plan
1870 W. Rio Salado Parkway
Tempe, AZ 85281

RE: Compliance Action – Sanction

Dear Mr. Stover:

The Arizona Health Care Cost Containment System, Division of Health Care Management, (AHCCCS) has determined that Arizona Complete Health-Complete Care Plan (AzCH-CCP) is in violation of its AHCCCS Complete Care (ACC) Contract YH19-0001-04. AzCH-CCP failed to provide AHCCCS with accurate data of its member assignment files for calculation of year three Targeted Investments (TI) financial incentive payments (CYE 2019). As a result, two providers were issued inaccurate TI payments, and accurate TI payments to both providers are still outstanding and unnecessarily delayed. Pursuant to Section D, Paragraph 68 of the ACC Contract, AzCH-CCP is hereby subject to compliance action as delineated below.

Section D, Paragraph 60, Systems and Data Exchange Requirements of the ACC Contract provides:

***Contractor Responsibilities:** The Contractor is responsible for any incorrect data, delayed submission or payment (to the Contractor or its subcontractors), and/or penalty applied due to any error, omission, deletion, or incorrect data submitted by the Contractor. Any data that does not meet the standards required by AHCCCS shall not be accepted by AHCCCS.*

...

Neither the State of Arizona nor AHCCCS shall be responsible for any incorrect or delayed payment to the Contractor's subcontractors resulting from error, omission, deletion, or erroneous input data caused by the Contractor in the submission of AHCCCS claims.

The Contractor is also responsible for identifying any inconsistencies immediately upon receipt of data from AHCCCS. If any unreported inconsistencies are subsequently discovered, the Contractor shall be responsible for the necessary adjustments to correct its records at its own expense.

Section D, Paragraph 63 Periodic Reporting requirements of the ACC Contract provides:

Under the terms and conditions of its CMS grant award, AHCCCS requires periodic reports, encounter data, and other information from the Contractor. The submission of late, inaccurate, or otherwise incomplete reports shall constitute failure to report subject to the penalty provisions specified in Section D, Paragraph 68, Administrative Actions.

Standards applied for determining adequacy of required reports are as follows [42 CFR 438.242(b)(2)]:

- 1. Timeliness: Reports or other required data shall be received on or before scheduled due dates.*
- 2. Accuracy: Reports or other required data shall be prepared in strict conformity with appropriate authoritative sources and/or AHCCCS defined standards.*
- 3. Completeness: All required information shall be fully disclosed in a manner that is both responsive and pertinent to report intent with no material omissions.*

The Contractor shall comply with all reporting requirements contained in this Contract. The Contractor shall submit any other data, documentation, or information relating to the performance of the entity's obligations as required by the state or Secretary [42 CFR 457.1285, 42 CFR 438.604(b), 42 CFR 438.606]. AHCCCS requirements regarding reports, including but not limited to, report content, report frequency, and report submission, are subject to change at any time during the term of the Contract. The Contractor shall comply with all changes specified by AHCCCS, including those pertaining to subcontractor reporting requirements. The Contractor shall be responsible for continued reporting beyond the term of the Contract.

Section D, Paragraph 50, Compensation of the ACC Contract provides:

Targeted Investments: *The Targeted Investments (TI) program is authorized under AHCCCS' Section 1115 Demonstration Waiver for five years beginning in CYE 17. The TI program is AHCCCS' strategy to provide financial incentives to eligible AHCCCS providers to develop systems for integrated care. Federal regulation mandates that these payments be prior approved by CMS before they shall be implemented.*

...
AHCCCS will compute the participating provider financial incentives after completion of the contract year and will make available to the Contractor a list of TI providers and associated amounts of financial incentive payments owed for the contract year. Also after completion of the contract year, AHCCCS will adjust capitation rates in the form of a lump sum payment to the Contractor in an amount equal to the financial incentive payments due to TI providers plus an administrative payment for the Contractor. Requirements are further specified in ACOM Policy 324.

In order to calculate the TI financial incentive payment amount for each qualifying provider for TI year three (CYE 2019), AHCCCS required all Contractors to submit files in November 2019 outlining the number of members assigned to each contracted Primary Care Provider (PCP) site

as of September 1, 2019 (the “snapshot date”). The importance of accurate PCP files consisting of correct member assignment counts cannot be overstated. Therefore, it was incumbent upon Contractors to submit files to AHCCCS which identified the correct member assignment for each particular PCP for the specified snapshot date. Prior to year three TI payments being issued, AHCCCS contacted TI PCP participating providers to review and confirm final membership counts. AHCCCS was notified of concerns by providers regarding their AzCH-CCP member assignments and shared these concerns with AzCH-CCP, requesting from the Contractor a revised PCP assignment file that addressed the identified concerns. On August 28, 2020, AzCH-CCP submitted a revised PCP assignment file, based on the original snapshot date, and responded to the concerns via memo as summarized below:

- *Provider A - it appears that most of the discrepancy is due to a large number of member enrollments reported on the Y2 report were terminated by the time Y3 was produced.*
- *Provider B - We have requested the Y3 roster from the provider. A member reassignment was completed with an effective date 9/25/2019 which does not impact the 9/1/2019 snapshot. We are in contact with this provider.*

The revised PCP assignment files provided by AzCH-CCP on August 28, 2020 were then utilized to calculate year three TI provider payments. After year three TI payments were issued in November 2020, two TI participating providers resurfaced concerns to AHCCCS regarding the accuracy of their TI payment from AzCH-CCP. Both providers identified unique issues with the AzCH-CCP provider database prior to the original snapshot date that affected their member assignment panels that were identified on the snapshot date. AHCCCS then requested that both providers submit documentation of their correspondence with AzCH-CCP summarizing the accuracy issues of their member assignments. Although AzCH-CCP identified inaccuracies associated with the member assignment rosters for these providers, the resolution did not take place until after the original snapshot date, which was used for purposes of calculating the year three TI payments.

Provider A:

- 10/29/2019- Provider A contacted AzCH-CCP to raise concern about observed drop in assigned membership after June 2019. Topic is added to Joint Operation Committee meetings.
- 12/27/2019- AzCH-CCP confirms plan to reassign 1900 members to providers by the following Thursday.
- 1/6/2020- AzCH-CCP confirms assignment panels have not yet been corrected.
- 1/27/2020- Provider roster confirms 1130 AzCH-CCP members; AzCH-CCP confirms correction was made for all members still enrolled with AzCH-CCP that were not opposed to reassignment.

Provider B:

- 2/18/2019- Provider B contacted AzCH-CCP to raise concern with assigned membership and the providers’ designation in AzCH-CCP’s provider database. AzCH-CCP acknowledged that the issue (later defined as “hat code error”) in their provider database prevented membership from being assigned to the provider’s PCPs.
- 10/3/2019- AzCH-CCP resolves the “hat code error” and makes the first attempt (internal EPSDT analysis) to retroactively correct assigned membership effective

9/25/2019. Provider and AzCH-CCP continue working to identify membership appropriate for PCP re-assignment based on the last provider delivering EPSDT services.

- 9/28/2020- Provider roster confirms most membership was reassigned to the last EPSDT provider by this date, with the exception of member-initiated requests for PCP reassignment submitted after 11/2019.

AzCH-CCP’s continuing system failures resulted in provision of inaccurate member assignment data. Despite ultimate resolution of the integrity of the member assignment data by AzCH-CCP, which included reassignment of members to the appropriate providers subsequent to the original snapshot date, AzCH-CCP’s failure to timely identify, address, and resolve the accuracy of its member assignment data resulted in erroneous TI payments. The improper TI payments adversely affected providers and continuing scrutiny and intervention by AHCCCS were necessary to resolve the deficiencies. For purposes of year three TI payment calculation, AHCCCS is utilizing the corrected membership assigned to the aforementioned providers.

AHCCCS compared the number of members assigned to these providers as of the TI year three snapshot date and the roster the participants received from AzCH-CCP after the database issues were resolved for each provider. AHCCCS excluded membership ineligible for payment due to: assignment to a Physician Assistant, assignment to a PCP that was not enrolled with AHCCCS as of the snapshot date, membership not enrolled with AzCH-CCP as of the snapshot date, membership reported on the revised PCP assignment file submitted to AHCCCS (already considered in year three payment) and membership that failed to meet age-band requirements for each participant. AHCCCS assessed a net variance of eligible assigned membership between the two:

Number of Assigned Members per Affected TI Participant and File Effective Date						
Participant	Y3 Snapshot (9/1/2019)		Provider Roster After Issue Resolution			Variance of Eligible Membership Reported (Eligible after Resolution - Eligible Duplicates from Y3 Snapshot)
	Total	Eligible	Total	Eligible	Eligible Duplicates Reported on Both Files	
Provider A	220	121	1,132	659	17	642
Provider B	133	129	455	406	96	310

AzCH-CCP’s extended delay in resolving provider database issues directly resulted in inaccurate reporting of member assignment data to AHCCCS which, in turn, resulted in incorrect TI payment calculations for these providers. AHCCCS’ analysis confirmed that both provider organizations received payment amounts which were lower than the amounts they would otherwise have received had accurate data been considered, with the aggregate amount of the variance in payments totaling \$177,032.24.

Sanction

AzCH-CCP failed to provide accurate member assignment data to AHCCCS for calculation of TI financial incentive payments despite having been notified, on multiple occasions, of concerns regarding the reliability and accuracy of its member assignment data. The continuing failure of AzCH-CCP to provide AHCCCS with correct member assignment data resulted in inaccurate payments to providers, multiple calculations of TI financial incentive payments by AHCCCS staff, ongoing delays in the calculation and distribution of accurate TI payment to providers, and significant concerns regarding the integrity of AzCH-CCP data. Accordingly, AzCH-CCP is hereby subject to a monetary sanction in the amount of **\$10,000** and required to make **\$177,032.24** in payments as allocated in the attached document and described below:

<i>Payment</i>	<i>Amount</i>	<i>Method of Payment</i>
Inaccurate data impacting calculation of TI incentives	\$177,032.24	Make payments directly to providers as outlined in attached document
<i>Sanction</i>	<i>Amount</i>	<i>Method of Payment</i>
Failure to report accurate data	\$10,000	Withhold from future capitation payment
Total	\$187,032.24	

AzCH-CCP shall follow guidance provided by AHCCCS in the attached document to make payments of \$177,032.24 directly to providers in a timely manner. AzCH-CCP shall not recoup or otherwise adjust any other TI payments.

Future Performance

AzCH-CCP is required to submit a detailed Action Plan delineating the specific activities it will immediately institute to ensure accurate member assignment data is provided in the future. The Action Plan shall be submitted to AzCH-CCP's assigned Operations Compliance Officer, Lola Davis, no later than close of business August 27, 2021.

Failure to correct the deficiencies outlined in this notice as well as identification of other contractual noncompliance may result in additional Administrative Actions, as outlined in the ACC Contract Section D, Paragraph 68, Administrative Actions including, but not limited to, further sanctions.

If AzCH-CCP disagrees with this decision, the Contractor may file a dispute with the AHCCCS Administration by using the process outlined in A.A.C. R9-34-401 et. seq. The dispute must be filed in writing and must be received by the AHCCCS Administration, Office of Administrative Legal Services at 801 E. Jefferson, Phoenix AZ 85034, no later than 60 days from the date of this

letter. The dispute shall specify the legal and factual bases for the dispute as well as the relief requested.

Should AzCH-CCP have any questions regarding this correspondence, please contact Christina Quast at Christina.Quast@azahcccs.gov or (602) 417-4527.

Sincerely,



Alice McLain (Aug 25, 2021 08:35 PDT)

Alice McLain for Meggan LaPorte CPPO, MSW
Chief Procurement Officer

Cc: Rodd Mas, AzCH-CCP
Jakenna Lebsock, AHCCCS
Christina Quast, AHCCCS
Michelle Holmes, AHCCCS
Lola Davis, AHCCCS