

September 20, 2024

Heather Carter
Chief Executive Officer
BCBSAZ Health Choice Arizona
8220 N 23rd Ave
Phoenix, AZ 85021

Subject: Compliance Action - Sanction: National Committee for Quality Assurance (NCQA) Accreditation Denial

Dear Ms. Carter:

The Arizona Health Care Cost Containment System (AHCCCS) has determined that BCBSAZ Health Choice Arizona (Health Choice) is in violation of its AHCCCS Complete Care (ACC) Contract No. YH19-0001-03. As outlined in Section D, Paragraph 68, Administrative Actions, Health Choice is hereby subject to an Administrative Action as delineated below.

Second D, Paragraph 22, Quality Management and Performance Improvement provides:

National Committee for Quality Assurance Accreditation: *The Contractor shall achieve NCQA First Health Plan Accreditation, inclusive of the NCQA Medicaid Module, by October 1, 2023. The Contractor shall also achieve NCQA Health Equity Accreditation by October 1, 2025.*

Renewal Survey Denied Status: *For Renewal Surveys, if the Contractor receives a Denied status, the Contractor shall be subject to Administrative Actions. Additionally, the Contractor shall apply for an Expedited Survey with NCQA within six months of the date of the initial Denied status. If NCQA denies the request for an Expedited Survey, the Contractor shall submit the denial to AHCCCS and shall re-apply for accreditation status within one year from the date of the initial Denied status.*

AHCCCS has been made aware that NCQA issued a Decision Letter dated April 17, 2024 to Health Choice that *DENIED* its renewal survey for Health Plan Accreditation due to scoring under 55% in the Quality Management and Improvement (QI) standards category including the following standards: ▪ QI3A Identifying Opportunities ▪ QI3B Acting on Opportunities ▪ QI3C Measuring Effectiveness Not Met ▪ QI3D Transition to Other Care Not Met ▪ QI4A Data Collection Not Met ▪ QI4B Collaborative Activities Not Met ▪ QI4C Measuring Effectiveness.

Additionally, Health Choice failed the following Utilization Management (UM) requirements, including six must-pass elements: ▪ UM 1B Annual Evaluation ▪ UM 5A Notification of Nonbehavioral Healthcare Decisions ▪ UM 7B Written Notification of Nonbehavioral Healthcare Denials ▪ UM 7C Written

Notification of Nonbehavioral Healthcare Appeal Rights/Process ▪ UM 7E Written Notification of Behavioral Healthcare Denials ▪ UM 7F Written Notification of Behavioral Healthcare Appeal Rights/Process ▪ UM 9D Notification of Appeal Decision/Rights ▪ UM 12B UM Denial System Controls Oversight ▪ UM 12D UM Appeal System Controls Oversight and the following standards.

The following standards of the NCQA Medicaid (MED) Module were also not met: ▪ MED 1D – Out of Network Services and ▪ MED 2C – Practice Guidelines – Application of Guidelines.

Health Choice filed for reconsideration with NCQA; however, NCQA upheld the Accreditation Denial per NCQA Decision Letter dated July 1, 2024.

Sanction

Due to Health Choice's failure to comply with Contract requirements regarding Health Plan Accreditation, Health Choice is hereby subject to a monetary sanction in the amount of **\$150,000**. This monetary sanction will be withheld from a future capitation payment.

Corrective Action Plan

As outlined in NCQA's Decision Letter dated August 26, 2024, Health Choice submitted a Corrective Action Plan (CAP) to NCQA. NCQA determined the status of the CAP is "Approved – with additional information required" related to staffing resources and expertise to meet requirements of the CAP. The CAP addresses the QI, UM, and MED Module standards cited above. Health Choice is tentatively scheduled for submission of the CAP Survey Tool to NCQA on April 22, 2025, with subsequent NCQA onsite dates of June 9-10, 2025.

While AHCCCS is not requiring Health Choice to draft and submit a separate CAP related to this Administrative Action, Health Choice must continue to submit to AHCCCS its NCQA CAP updates and related documentation.

AHCCCS will continue to closely monitor Health Choice's ongoing performance and compliance with contractual requirements, NCQA CAP process and CAP Resurvey results.

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, Administrative Actions, including, but not limited to, further Sanctions.

If Health Choice disagrees with this decision, the Contractor may file a dispute with the AHCCCS Administration by using the process outlined in AAC R9-34-401 et. seq. The dispute must be filed in writing and must be received by the AHCCCS Administration, Office of General Counsel 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.



Katie Hobbs, Governor
Carmen Heredia, Director

If you have any questions regarding this correspondence, please contact Christina Quast at Christina.Quast@azahcccs.gov.

Sincerely,
DocuSigned by:

Tracey Thomas
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Tracey Thomas, Procurement Manager

On behalf of

Meggan LaPorte, CPPO, MSW

Chief Procurement Officer

Division of Business and Finance

Mail Drop #5700

cc: Jakenna Lebsack, Christina Quast, Dr. Eric Tack, Julie Ambur