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**KATIE HOBBS**  
GOVERNOR

**CARMEN HEREDIA**  
DIRECTOR

February 19, 2025

Tad D. Gary, CEO  
Mercy Care\_ACC  
4750 S. 44th Place  
Phoenix, AZ 85040

SUBJECT: Revised Final Results of Sanctionable Pended Encounters September 2024

Dear Mr. Gary:

This attached information will provide the final aged, pended encounter sanctions for the quarter ending September 2024. According to the Contract YH19-0001R-05, Mercy Care HP (MER) is required to resolve all pended encounters within 120 calendar days of the processing date. If this requirement is not met, the Contractor is subject to sanctions.

The exception to the above is when the pended encounter is due to an Arizona Health Care Cost Containment System (AHCCCS) error. An AHCCCS error is defined as a pended encounter, which AHCCCS acknowledges the result of its error, and requires a change to the system programming, an update to the database reference table, or further research by AHCCCS. Contractors must notify AHCCCS, in writing, that the resolution of a pended encounter depends on AHCCCS instead of the Contractor. However, pended encounters do not qualify as AHCCCS error if AHCCCS reviews the Contractor's notification and asks the Contractor to research the issue and provide additional substantiating documentation, or if AHCCCS disagrees with the Contractor's claims of AHCCCS error.

AHCCCS distributed the preliminary sanction results, including a summary of encounters excluded from sanctions as AHCCCS error, on October 29, 2024. The Contractor was provided an opportunity to review the preliminary results, and challenge those encounters believed to be sanctioned in error. The Contractor's submitted mitigation was considered, and when appropriate, the mitigated encounters were removed from the final sanctionable encounters. The preliminary sanctionable number of pended encounters for Mercy\_ACC was 1,629, and the final sanction number of pended encounters for this quarter is 139. The final sanction dollar amount for Mercy\_ACC is \$1,320.00.

Even if sanctions are waived, the Contractor is liable for addressing all pended encounters (except those errors identified as due to AHCCCS error or being under review by AHCCCS). When error codes are identified as an AHCCCS error and are corrected or are identified as being under AHCCCS review and then released, the Contractor is responsible for addressing any remaining error codes and will be afforded a new 120-day clock for resolution. However, the true age for these pended encounters will continue to appear on the Aging Reports.

Mr. Gary  
February 5, 2025  
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Enclosed is a summary of the final sanction results. Please retrieve your waived encounter sanction information from AHCCCS' FTP server. The path is sftp.state.medicaid.us\MER\OTHER\ and the file name:

- Mercy\_ACC 2024 Sept. Final Sanctions.xlsx.


Note: the spreadsheet now contains all reports: Pend Age Category; Pend Error Summary; Pend CRN

If Mr. Gray disagrees with this decision, the Contractor may file a dispute with the AHCCCS Administration 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 General Counsel at 801 E. Jefferson Street, Phoenix, Arizona 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.

Per the terms of the Contract, sanctions are not the Administration's exclusive remedy. In particular and without limiting possible future actions, if any legal action is brought against the Administration as the result of your non-compliance with the Contract, the Administration will seek compensation from you for any damages arising from such legal action including but not limited to the Administration's cost of representation as well as the cost of any attorneys' fees and costs payable to the party bringing the action.

If you have any questions regarding your pending encounter sanctions, please contact Gina Aker at Gina.Aker@azahcccs.gov, (602) 417-4016.

Sincerely,

DocuSigned by:  
  
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Meggan LaPorte, CPPO, MSW  
Chief Procurement Officer  
Division of Business and Finance  
Mail Drop #5700

cc: Devra Navas  
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