

February 13, 2015

Mark Fisher
Chief Executive Officer
Mercy Care Plan
4350 East Cotton Center Blvd., Building D
Phoenix, AZ 85040

**RE: Notification of Compliance Action (ALTCS) - Notice to Cure: Provision of Non
Emergency Transportation Services/Appointment Standards and Timeliness of
Service**

Dear Mr. Fisher:

The Arizona Health Care Cost Containment System (AHCCCS), Division of Health Care Management (DHCM) has determined that Mercy Care Plan (MCP) is in violation of the ALTCS Care Contract YH12-0001 for contract year ending 2015. As outlined in Section D, Paragraphs 33, 38 and 80 (Sanctions) of the ALTCS Care Contract, MCP is hereby subject to the following compliance action:

Notice to Cure

Effective January 24, 2015, MCP implemented a contract using a new transportation vendor, LogistiCare, for non emergency medical transportation (NEMT), for MCP members. In light of many serious complaints regarding LogistiCare since the onset of the contract, it is clear that there was a failure to effectively implement and ensure access to needed services for MCP members based on this new contract. MCP is contractually responsible for compliance with all contract requirements whether through a direct function or a subcontracted delegated function.

Not only has AHCCCS received complaints regarding the absence of any available transportation to MCP members from LogistiCare, AHCCCS has also received ongoing complaints describing LogistiCare's failure to timely provide medically necessary transportation to MCP members. Of further significance is LogistiCare's failure to properly address and resolve member calls for transportation services.

The continuing failure of LogistiCare to provide medically necessary transportation has significantly impacted not only MCP members but other AHCCCS members whose health plans also contract with LogistiCare for medically necessary transportation services. The failure to provide required transportation has caused members to miss both critical and routine medical appointments and to experience long wait times for return transportation services. The aggravated nature of the noncompliance has resulted in serious adverse outcomes for members.

The health and safety of AHCCCS members is of the utmost importance and cannot be overstated. The provision of non emergency medical transportation for members is an essential

component of the service delivery system and is integral to ensuring member access to needed services and continuity of member care. Failure to provide and effectively coordinate medically necessary transportation can result in direct harm to members and directly impacts effective delivery of services and access to care. The failed transition led to widespread disruption to the AHCCCS system and adverse consequences to AHCCCS members. It is imperative that MCP **immediately** resolve the transportation issues and ensure the provision of timely and coordinated medically necessary transportation services for its members.

MCP and AHCCCS previously discussed these concerns during a conference call on February 10, 2015. During the call, MCP communicated that it was actively involved with the transportation vendor in an effort to correct the deficiencies, but due to the continued issues, is taking immediate actions to secure an alternative vendor to ensure the provision of medically necessary transportation services. MCP submitted a Transportation Transition Plan on February 10, 2015. After review of the transition plan AHCCCS is requiring MCP to immediately submit a detailed corrective action plan to include, but not limited to, the following information:

1. A spreadsheet containing information related to LogistiCare's grievances and quality of care concerns. The spreadsheet must contain at minimum:
 - Member Name
 - AHCCCS ID#
 - Issue (late pick up, no pick up, etc.)
 - Date of Issue
 - How the issue was resolved (another transportation vendor, emergency transportation, member had to make a new appointment one month out, etc.)
 - Appointment Type (dialysis, chemotherapy, surgeries, specialists, etc.)
 - Adverse Outcomes
2. An ongoing plan for monitoring potential adverse outcomes for all members who missed their appointments as a result of this transition and appropriate follow up.
3. Daily totals for scheduled, completed, missed, cancelled NEMT trips during the period of 12/23/14 – 02/11/15.
4. Daily total of late pick ups, including the total time of delay for the period of 12/23/14 – 02/11/15.
5. Daily telephone performance measures for the period of 12/23/14 – 02/11/15.
6. Call staff center staffing totals prior to and post LogistiCare transition.
7. Effective termination date of LogistiCare's contract.
8. Listing of new transportation providers, type of transport service, contract effective dates and network sufficiency related to each of these providers.
9. Plan to ensure and assess network adequacy going forward.

MCP shall provide all the above information by **close of business, Tuesday, February 17, 2015**. Please submit item 1 to Kim Elliott at Kim.Elliott@azahcccs.gov and items 2-9 to Michelle Holmes at Michelle.Holmes@azahcccs.gov. A follow up status meeting will be held with AHCCCS and Mercy Care leadership during the week of February 16th to ensure appropriate actions have been taken.

Additionally, MCP shall conduct a comprehensive review of the LogistiCare readiness and implementation process to identify deficiencies and outline activities that MCP will implement to prevent recurrence. Please submit this review to Michelle Holmes by **close of business, Friday, March 13, 2015**.

Moreover, due to the current transition of transportation providers resulting from LogistiCare's performance concerns, AHCCCS requires the submission of the following information on a daily basis until further notice:

- 1) A spreadsheet containing information related to transportation grievances, complaints and quality of care concerns from the time period of 02/12/15 and forward. The spreadsheet must contain at minimum:
 - Member Name
 - AHCCCS ID#
 - Issue (late pick up, no pick up, etc.)
 - Date of Issue
 - How the issue was resolved (another transportation vendor, emergency transportation, member had to make a new appointment one month out, etc.)
 - Appointment Type (dialysis, chemotherapy, surgeries, specialists, etc.)
 - Adverse Outcomes

- 2) Telephone performance measures

The above items should be submitted to Kim Elliott at Kim.Elliott@azahcccs.gov. The first submission should be provided on **February 17, 2015 by 10:00 am** for the period of 02/12/15 - 02/16/15. Thereafter a daily submission must be provided by 10:00 am for the prior day's reporting.

Furthermore, in accordance with Contract, Section D, Paragraphs 29 and 43, MCP must submit a request for approval of a material change to operations and network related to the termination of LogistiCare and transition to a new transportation vendor.

In light of the significant impact to AHCCCS members caused by the failed transition and by LogistiCare's deficient performance, AHCCCS will assess MCP's corrective action plan and resulting adverse outcomes experienced by members. As a result of this assessment AHCCCS will take further compliance action up to and including sanctions.

If you have any questions or concerns, please contact Virginia Rountree at (602) 417-4122 or via email at: Virginia.Rountree@azahcccs.gov. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Veit". The signature is fluid and cursive, with a large initial "M" and a long, sweeping tail.

Michael Veit
Chief Procurement Officer

Cc: Melanie Herring, Compliance Director
Lorry Bottrill, Head of MCP Operations
Kari Price, Assistant Director, DHCM
Shelli Silver, Assistant Director, DHCM
Virginia Rountree, Operations Administrator, DHCM
Diana Alvarez, Operations Manager, DHCM
Kim Elliott, Clinical Quality Management Administrator, DHCM
Barbara Lang, Behavioral Health Administrator
Michelle Holmes, Operations Compliance Officer