

August 8, 2014

Trista Loops, Interim CEO  
Health Net Access  
1230 W. Washington Street  
Tempe, AZ 85281

**SUBJECT: Compliance Action - Notice to Cure**

Dear Ms. Loops:

The Arizona Health Care Cost Containment System (AHCCCS), Division of Health Care Management (DHCM) has completed the review of the Health Net Access Operational Review (OR). Based on the OR findings, resulting concerns, and pursuant to Acute Care Contract Section D, Paragraph 72 and the AHCCCS Contractor Operations Manual (ACOM) Policy 408, AHCCCS is imposing the following regulatory action.

*Notice to Cure*

Health Net Access (HNA) is in violation of the Acute Care contract YH14-0001 for contract year ending 2014, Section D, Paragraph 71 (Operational Reviews) and the AHCCCS Medical Policy Manual (AMPM) Chapters 900 & 1000. HNA must assure AHCCCS that Arizona Medicaid is an organizational priority and that all necessary attention to operations and compliance with its AHCCCS contract will be provided. The following items require immediate actions and interventions:

**Overall Concern**

- Provide AHCCCS with assurance that Arizona Medicaid is an organizational priority.
  - *Staffing continues to be a challenge as evidenced by limited staffing in Arizona and those staff that do work on the Medicaid line of business often work with the commercial and Medicare lines of business resulting in confusion regarding AHCCCS requirements. Much work is being done by the California office and HNA (Arizona) appears to struggle to receive priority time with information systems and other administrative resources that impacts the Arizona Medicaid line of business in achieving compliance with AHCCCS requirements. HNA staff have indicated that they are not always a priority and that Arizona is considered a "project" by many that work in California.*

**Medical Management**

- Develop and implement policies and procedures demonstrating sufficient proactive discharge planning.
- Implement medical home for its members, and demonstrate how medical homes are being implemented and monitored for the effectiveness of services.
- Demonstrate coordination of care and services with community resources during discharge planning including members with special health care needs.
- Demonstrate coordination with community resources for delivery of services that are determined to not be medically necessary or covered by Medicaid, but that provide assistance to AHCCCS members in meeting daily needs.
- Demonstrate proficiency in the Notice of Action (NOA) process including the NOA letters and establish effective monitoring of both on an ongoing basis.
  - *Technical assistance has been provided, but concerns remain.*

### **Quality Management (QM)**

- Implement policies and processes to train and conduct training for all staff that may have contact with members or providers in identifying and referring potential quality of care concerns and in the referral process of potential quality of care issues to the Quality Management Department.
- Implement AHCCCS credentialing requirements related to organizational providers and implement processes to monitor delegated credentialing requirements to assure that the delegated entity is in compliance with AHCCCS credentialing requirements.
- Implement processes related to monitoring of primary care providers' provision of behavioral health services.
- Develop and implement policies and processes for medical record reviews.
- Develop and implement policies and procedures that demonstrate that it has a health information system that is accurate, reliable and timely.
- Demonstrate processes to validate the accuracy, completeness, logic and consistency of data received or data within its health information systems that would be used for quality purposes.
- Develop and implement processes related to conducting performance improvement projects.

### **Maternal and Child Health (MCH)**

- Develop and implement policies and processes that meet AHCCCS requirements for maternity outreach and follow-up.
  - *The processes utilized by the delegated vendor does not meet AHCCCS requirements in that the focus remains primarily, and perhaps exclusively, on high risk obstetrical members. Members not meeting certain criteria receive little follow-up or outreach material to ensure that they are receiving prenatal care, are monitored for missed appointment, and ensure completion of a postpartum visit.*
- Distribute the AHCCCS revised EPSDT forms to ensure that primary care providers are conducting complete EPSDT visits.
  - *Although approval was provided to delay printing of EPSDT forms until the revised forms were published by AHCCCS, HNA has failed to distribute the new forms since publication in February 2014 by AHCCCS.*
- Develop processes to identify which members have received EPSDT, maternal or other preventive health services and conduct outreach to members that have not received recommended care or services based on periodicity or other recommended schedules. Establish a process to identify members that have already received the recommended service in order to remove them from that specific reminder notification.
- Develop and implement a process that ensures outreach material is complete and accurate and is within a reading level that would be meaningful to a member in need of services.
  - *Outreach material is often incomplete or inaccurate and below a reading level that is meaningful to a member.*
- Establish relationships with community partners particularly in the areas of women's and children's health.
  - *HNA has limited community involvement related to these areas of concern.*

### **Claims Information Systems**

- Revise the automated interest calculation for hospital and non-hospital claims to ensure that they are paid at the correct rate.
- Revise contracts that are different than AHCCCS required payment terms to include interest payment terms
- Accurately apply quick pay discounts.
- Adopt a formal process for integrating provider registration data from AHCCCS that includes matching Contractor files against the most current AHCCCS files received for accuracy and omissions. The process must also include reconciliation of newly added data and identification of newly added or removed records for action.
- Develop and implement a process for accurately loading contracted and non-contracted rates into its system.
- Develop a process for periodic auditing of existing contracts to ensure system accuracy.

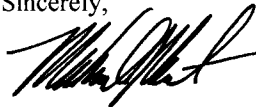
**Other Concerns**

- Develop and implement a training program for staff on AHCCCS policies and procedures which includes documented process with agendas, modules, and staff sign off sheets.
- Finalize policies and procedures to include an implementation/effective date.
  - *Policies were in draft form and not implemented.*

Please submit your corrective action plan to Karen Edgley, Operations and Compliance Officer at [Karen.edgley@azahcccs.gov](mailto:Karen.edgley@azahcccs.gov) by **August 21, 2014**. Health Net Access will have until **October 10, 2014** to correct all issues addressed in this letter. Failure to correct the deficiencies as outlined in this letter on or before October 10, 2014 may result in additional compliance action, in accordance with Acute Care Contract Section D, Paragraph 72, including but not limited to sanctions.

If you have any questions regarding this letter, you may contact Virginia Rountree, Operations Administrator, at 602-417-4122 or [Virginia.rountree@azahcccs.gov](mailto:Virginia.rountree@azahcccs.gov).

Sincerely,



Michael Veit  
Contracts and Purchasing Administrator

Cc: Trista Loops, Finance Director, Health Net Access  
Susan Gilkey, Director, Regulatory Compliance & Reporting Health Net Access  
Gay Ann Williams, Vice President Medicaid/Medicare Compliance Officer Health Net Inc.  
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  
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