

November 10, 2014

Trista Loops, Interim CEO  
Health Net Access  
1230 W. Washington St.  
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 determined that Health Net Access (HNA) is in violation of the Acute Care contract YH14-0001 for contract year ending 2015. As outlined in Section D, Paragraphs 67 and 72 (Sanctions) of the Acute Care contract Health Net Access is hereby subject to the following compliance action.

*Notice to Cure*

***Failure to Accurately Process Claim Disputes***

Section D, Paragraph 13 of the Acute Care contract clearly stipulates that Health Net Access must comply with all requirements set forth in AHCCCS guidelines, policies and manuals. Section D, Paragraph 26 Grievance System requires the Contractor to have a dispute process for subcontractors and non-contracted providers that includes a claim dispute process and access to the State's fair hearing process as outlined in Attachment F2, Provider Claim Dispute Standards. The Contractor is responsible for compliance with all requirements set forth in Attachments F1, Enrollee Grievance System Standards, F2, Provider Claim Dispute Standards, and 42 CFR Part 438 Subpart F.

In an email communication response to AHCCCS dated August 26, 2014, Health Net Access provided a "letter" showing proof that it had responded to a provider regarding a claim dispute. The Health Net Access response "letter" to the provider's claim dispute did not meet the regulatory (A.A.C. R9-34-405(C.)) or contractual requirements. The Acute Care contract, Section F, Attachment F2 #9, requires:

- A copy of the Contractor's Notice of Decision "Decision" shall be mailed to all parties no later than 30 days after the provider files a claim dispute with the Contractor, unless the provider and Contractor agree to a longer period. The Decision must include and describe in detail, the following:
  - a. The nature of the claim dispute.
  - b. The specific factual and legal basis for the dispute, including but not limited to, an explanation of the specific facts that pertain to the claim

- dispute, the identification of the member name, pertinent dates of service, dates and specific reasons for Contractor denial / payment of the claim, and whether or not the provider is a contracted provider.
- c. The reasons supporting the Contractor Decision, including an explanation of 1) how the Contractor applies the relevant and specific facts in the case to the relevant laws to support the Contractor's decision and 2) the applicable statutes, rules, contractual provisions, policies, and procedures, if applicable. Reference to general legal authorities alone is not acceptable.
  - d. The Provider's right to request a hearing by filing a written request to the Contractor no later than 30 days after the date the provider receives the Decision.
  - e. If the claim dispute is overturned, in full or in part, the requirement that the Contractor shall reprocess and pay the claim(s) in a manner consistent with the decision within 15 business days of the date of the Decision.

The Health Net Access response letter was deficient and failed to meet contract requirements as follows. The response letter

- was not identified as a Notice of Decision
- failed to describe the nature of the dispute
- failed to cite a legal basis
- failed to provide hearing rights

Attachment F(2) (Provider Claim Dispute Standards) of the Acute Care contract requires that Health Net Access develop a claim dispute policy which ensures that each claim dispute is "thoroughly investigated using the applicable statutory, regulatory, contractual and policy provisions." The response letter addressed only a sampling of the claims submitted by the provider and although it acknowledged the provider letter as a claim dispute letter, Health Net Access failed to investigate the associated claims and closed the dispute indicating that the information provided in the dispute letter was incomplete.

#### ***Failure to Submit Accurate and Complete Reports –Claims Disputes***

Section D, Paragraph 67 of the Acute Care contract requires the submission of timely, accurate and complete reports. The AHCCCS Grievance System Reporting Guide, Section A, (Claim Dispute Summary), Number A2, requires that Health Net Access report the ***total*** number of claim disputes received during the reporting period. Health Net Access' October 15, 2014 Grievance System Report did not reflect the claim dispute volume submitted by the provider. Failure to include all claim disputes received is a violation of the reporting requirements.

#### ***Failure to Respond to Provider Inquiries and Concerns***

Health Net Access has failed, on multiple occasions, over the last three months to demonstrate responsiveness to the provider inquiries and concerns. As a result, AHCCCS had to intervene on several occasions, in instances where an appropriate and timely response on Health Net Access' part would have prevented the need for such intervention.

Health Net Access must submit a Corrective Action Plan outlining the specific steps that it will take to ensure

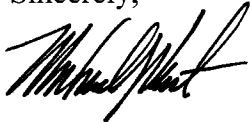
- Compliance with the Claims Dispute process including all requirements in AHCCCS contract and policy;
- Compliance with reporting requirements for the Grievance System Reporting Guide; and
- Responsiveness to all provider inquiries and concerns.

In addition, Health Net Access must submit a tracking log of claims disputes received from July 01, 2014 through November 15, 2014.

Please submit your corrective action plan to Karen Edgley, Operations and Compliance Officer at [Karen.edgley@azahcccs.gov](mailto:Karen.edgley@azahcccs.gov) by November 24, 2014. Failure to correct the deficiencies as outlined in this letter 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  
Karen Edgley, Operations Compliance Officer, DHCM

