



DEPARTMENT OF ECONOMIC SECURITY
Your Partner For A Stronger Arizona

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March 20, 2023

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SUBJECT: Arizona Department of Economic Security, Division of Developmental Disabilities (Division or DDD) — Request for Release from the January 7, 2019, Notice to Cure — Utilize Health Care Procedure Coding System (HCPCS) and Standard Claim Forms.

Dear Ms. LaPorte:

This correspondence is to provide the Arizona Health Care Cost Containment System (AHCCCS), Division of Health Care Management (DHCM) with information and supporting evidence from the Arizona Department of Economic Security (Department/DES), Division of Developmental Disabilities (Division/DDD) of the actions and activities that have been implemented to resolve the findings issued to the Division in the January 7, 2019, AHCCCS Notice to Cure (NTC) — Failure to Utilize Health Care Procedure Coding System (HCPCS) and Standard Claim Forms. Based on these actions executed by the Division, the Division is requesting release and closure of this NTC.

The AHCCCS issued January 7, 2019, Notice to Cure identified a failure by the Division to utilize the Health Care Procedure Coding System (HCPCS) and standard claim forms (the Centers for Medicare and Medicaid Services (CMS) 1500 and UB 04 forms), for reimbursing DES/DDD subcontracted providers consistent with federal and state requirements. These requirements include, but are not limited to, the National Correct Coding Initiative provisions and federal requirements for health information systems set forth in 42 CFR 438.242, AHCCCS Contract YH6-0014, AHCCCS Administrative Rules 9 A.A.C. 22 Article 7, 9 A.A.C 28 Article 7, AHCCCS Contractor Operations Manual (ACOM) Chapter 200, Claims Processing, the AHCCCS Encounter Manual, and the AHCCCS Provider Participation Agreement.

Notice to Cure

DES/DDD is in compliance with all Contract, Policy and CMS requirements. DES/DDD has undertaken all necessary actions to achieve compliance and to successfully implement modifications to its HCBS claims processing system to comport with the aforementioned federal and state requirements.

Action Plan

As identified in the Notice to Cure, DES/DDD undertook all necessary actions to achieve compliance with requirements for provider billing, claims processing, and

encounter submissions in alignment with contract, policy, and Centers for Medicare and Medicaid Services (CMS) requirements. After working with a technology consultant, DES/DDD pursued a commercial-off-the-shelf (COTS) solution that would allow its claims system to process claims in line with required standards. DDD is now compliant with HIPAA standards and utilization of CMS industry standards for transactions and code sets.

- DDD Qualified Vendors (QVs) now submit claims for DDD authorized services utilizing CMS standard electronic claims forms and code sets.
- DDD has mapped proprietary service codes to standard Healthcare Common Procedure Coding System (HCPCS) and associated codes for utilization by Qualified Vendors (QVs).

Method of Contract Award

DES/DDD awarded a task order and initiated work with Berry Dunn on April 23, 2019. DES/DDD's SMEs worked closely with Berry Dunn over the course of the next four and ½ months to provide an in-depth analysis of the current state, to map out a compliant future state, to identify the functional business requirements for DES/DDD to obtain that future state, to identify potential IT solutions that would allow DES/DDD to achieve compliance, and ultimately to recommend an IT solution along with an IT Road Map that assisted DES/DDD in strategic planning of the next steps to achieve compliance.

The recommended solution that DES/DDD pursued was the procurement of a commercial off the shelf (COTS) claims processing system (Wellsky) that serves as a layer between FOCUS and providers in order for providers to manage their claims using compliant HIPAA transaction formats.

To achieve a fully compliant state, there are several milestones that were achieved. These include:

- Adhering to the procurement process to award the COTS Claims Processing System
- Executing a Communication Plan for Providers and Internal Staff
- Executing a Data Migration Approach and Plan
- Executing a Transition and Parallel Processing Plan
- Configure and Develop Integration between FOCUS and Solution
- Configure and Develop Integration with Other DDD systems
- Vendor System Testing
- Vendor Integration Testing
- User Acceptance Testing
- Development of Instruction Guides for Vendor and Staff
- Conducting Training of Providers and Internal Staff

Completed Items

The DDD teams started working immediately on the design milestone with the WellSky team after the State of Arizona's Information Technology Authorization Committee's (ITAC) approval. The two teams worked on design, planning, and conversion from June, 2020 to January, 2022. The original project deadline for completion was May, 2021. The Division and WellSky encountered several issues during the planning and design phase that necessitated delaying the completion of the project. DES/DDD requested necessary extensions during the process so that time was allocated to overcoming technical issues before implementing with the vendor community.

WellSky delivered a working system ready for testing in January, 2022. DES/DDD recruited fifteen vendor representatives to begin user acceptance training of the new claim system. The vendor representatives were diverse and included all different types of services including third-party billers. The user acceptance training included overall training of the system along with opportunities for vendors to test submitting claims. The goal of this process was to get feedback on the system and identify issues. This was successful in identifying additional issues with the system. By May, 2022, WellSky updated the system for full training and testing from all vendors.

The Division began training and disseminating technical guides to the vendor community in April, 2022. The Division held daily training classes that also provided question and answer sections. A website (<https://des.az.gov/services/disabilities/developmental-disabilities/current-2-future-initiative/hipa-a-tcs>) was created to house all the guidance and updated FAQ section as a resource for the vendors.

The communication with vendors was constant and numerous. In addition to the daily training sessions, the Division met regularly with vendor associations, sent several written communications, and published information to its website. Third-party billers had dedicated meetings with the claims and technical teams twice a week. Third-party billing agencies provide assistance to over half of the vendor network so it was key to get them trained and ready for the new system.

The Division tracked the vendors who completed training, became 837P certified, and assessed the readiness of the vendors for system implementation. Through that analysis, the Division felt comfortable with vendor readiness and officially implemented the WellSky system as the official claims system on September 1, 2022.

On September 1, 2022, vendors were no longer able to bill for any dates of service with the old Focus claims process template. Vendors now submit claims on official, nationally-recognized forms using the WellSky system. Vendors have three options for submitting claims:

- Submit an electronic 837 form
- Manually enter claims directly in WellSky for each authorization
- Submit a CMS 1500 form in paper form

Vendors can only use standardized HCPCS/CPT codes and WellSky does not allow generic, non-standard codes for claims submissions. WellSky processes and edits every claim using the most current version of Medicaid NCCI edit rules to determine claims for further payment edits or generates the denial. The WellSky system generates the appropriate 835 formatted remittance advice for all claims, whether paid or denied, for each vendor. The denial codes used in the 835 remittance advice are the nationally recognized codes.

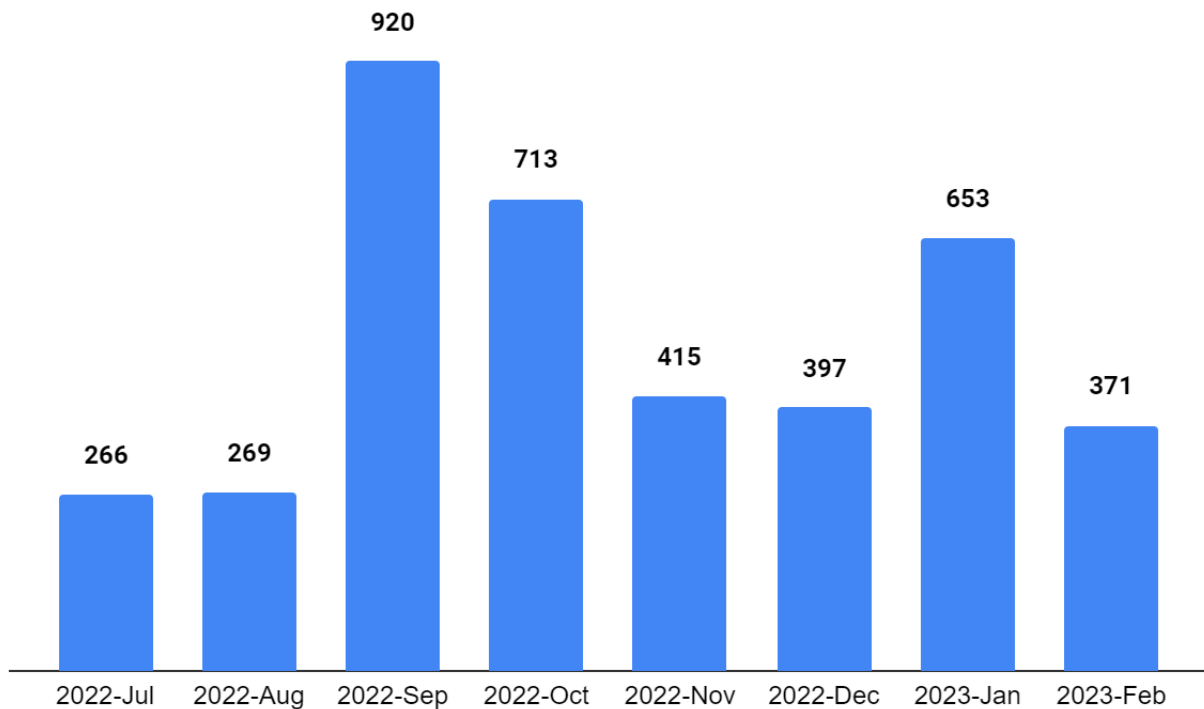
Initially, the system contained HCPCS for historically used codes for DDD covered services. In November, 2022, the code set in WellSky was fully expanded to include the complete set of therapy codes.

Post-Implementation process and monitoring

The training and technical sessions that started in April, 2022, continued post-implementation to assist vendors in the transition. As expected with any major system change, there were

technical issues with the system along with vendor readiness issues. The DDD website allowed vendors to submit questions, concerns, or technical issues via a Google Form or the vendors could call Customer Service directly. Several teams worked daily on these submissions to provide resolution back to the vendors. The teams tracked and trended the different questions that were coming into our Customer Service Center and alerted leadership of any trends. Below is a table showing the amount of inquiries and questions the Customer Service team received:

Chart 1: Vendor Inquiries



As system issues arose, the Division published and communicated with vendors any potential temporary workarounds until the system could be updated. In the event a workaround was not possible and the system update would take a significant amount of time, the Division issued manual payments to vendors that were impacted by the system issue. Over \$2 million to 10 separate vendors were paid with manual payments until the system was updated.

The Division also tracked the overall performance of the system as compared to historical performance. Three metrics were developed to track and illustrate the performance of the system. The monthly metrics include the number of vendors paid, the number of paid claims, and the total amount of payments made. Below are the three tables illustrating each metric with data as of March 15, 2023:

Table 1: Total Number of Paid Claims*

Month	# of Claims Paid Pre Implementation Sept 2021-Aug 2022	# of Claims Paid Post Implementation Sept 2022 to current
September	1,127,396	751,868
October	1,128,459	1,022,041
November	1,167,488	1,075,393
December	1,096,356	1,037,782
January	1,110,252	1,088,847
February	1,082,018	1,151,750
March	1,113,769	
April	1,170,538	
May	1,156,325	
June	1,192,320	
July	1,133,746	
August	1,463,579	

*Note: The number of paid claims does decrease slightly due to vendors being able to submit single claims for an entire month (span billing) whereas this was not possible pre-Wellsky.

Table 2a: Total Amount of Paid Claims

Month	Total Paid Pre Implementation Sept 2021-Aug 2022	Total Paid Post implementation Sept 2022 to current
September	\$133,596,074	\$108,185,091
October	\$132,632,948	\$146,369,745
November	\$133,716,381	\$152,685,308
December	\$127,970,547	\$155,106,770
January	\$132,118,510	\$170,247,041
February	\$130,420,123	\$175,672,841
March	\$132,849,737	
April	\$138,417,349	
May	\$136,801,336	
June	\$140,068,975	
July	\$131,818,391	
August	\$179,204,395	

Table 2b: Total Amount Of Paid Claims (without rate increase).

Month	Total Paid Pre Implementation Sept 2021-Aug 2022	Total Paid Post implementation Sept 2022 to current
September	\$133,596,074	\$108,185,091
October	\$132,632,948	\$146,369,745
November	\$133,716,381	\$136,326,168
December	\$127,970,547	\$138,488,188
January	\$132,118,510	\$145,510,291
February	\$130,420,123	\$150,147,727
March	\$132,849,737	
April	\$138,417,349	
May	\$136,801,336	
June	\$140,068,975	
July	\$131,818,391	
August	\$179,204,395	

Note: This normalizes the claims since there were two provider rate increases subsequent to the implementation of WellSky.

Table 3: Total Number of Paid Vendors

Month	Total Paid Pre Implementation Sept 2021-Aug 2022	Total Paid Post implementation Sept 2022 to current
September	631	526
October	633	624
November	644	645
December	636	649
January	640	653
February	631	648
March	626	628
April	634	
May	637	
June	633	
July	637	
August	646	

These tables demonstrate the successful implementation of the new claims system.

Effective September 1, 2022, the Division successfully implemented a claims system requiring vendors to use nationally recognized standardized codes and compliant formats for submitting claims. The claims system uses Medicaid National Clean Claims Initiative (NCCI) edits to reduce the likelihood of improper coding and payment of Medicaid claims. The Division has cured all areas of non-compliance identified in the January 7, 2018, Notice to Cure from AHCCCS and therefore, respectfully requests release and closure of the NTC.

Sincerely,



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CC:
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