



150 N. 18th Avenue
Phoenix, AZ 85007
602.417.4000

KATIE HOBBS
GOVERNOR

VIRGINIA ROUNTREE
DIRECTOR

October 24, 2025

Tad D. Gary
Chief Executive Officer
Mercy Care_ACC
4750 S. 44th Place
Phoenix, AZ 85040

Subject: Final Results of Sanctionable Pended Encounters June 2025

Dear Mr. Gary:

This attached information will provide the final aged, pending encounter sanctions for the quarter ending June 2025. According to the Contract (YH19-0001R-05), Mercy Care_ACC (MER) is required to resolve all pending 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 pending encounter is due to an Arizona Health Care Cost Containment System (AHCCCS) error. AHCCCS error is defined as a pended encounter, which AHCCCS acknowledges to be the result of its own 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. 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 July 17, 2025. The Contractor was provided with 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 pending encounters for Mercy_ACC was 616 and the final sanction number of pending encounters for this quarter is 76. The final sanction dollar amount for Mercy_ACC is \$540 sanction amount. AHCCCS has elected to waive the sanction due to the fact that it falls below our \$1000 threshold.

Even if sanctions are waived, the Contractor is liable for addressing all pending encounters (except those errors which have been identified as due to AHCCCS error or as 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 pending encounters will continue to appear in the Aging Reports.

Mr. Gary
October 24, 2025
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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 Mercy_ACC 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 150 N. 18th Ave., Phoenix, Arizona 85007, 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.

If you have any questions regarding your pended 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 #15003

cc: Devra Navas
Pamela Sullivan
Aker, Gina
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Certificate Of Completion

Envelope Id: B58DFE33-1A92-4946-B20F-9D713BBA315E		Status: Completed
Subject: Complete with Docusign: Mercy_ACC June 2025 Final Ltr.docx		
Source Envelope:		
Document Pages: 2	Signatures: 1	Envelope Originator:
Certificate Pages: 2	Initials: 0	anntonia cota
AutoNav: Enabled		801 E. Jefferson St.
Envelopeld Stamping: Enabled		Phoenix, AZ 85034
Time Zone: (UTC-07:00) Arizona		anntonia.cota@azahcccs.gov
		IP Address: 174.74.192.75

Record Tracking

Status: Original	Holder: anntonia cota	Location: DocuSign
10/23/2025 10:18:58 AM	anntonia.cota@azahcccs.gov	
Security Appliance Status: Connected	Pool: StateLocal	
Storage Appliance Status: Connected	Pool: Arizona Health Care Cost Containment System	Location: Docusign

Signer Events

Meggan LaPorte
Meggan.LaPorte@azahcccs.gov
Chief Procurement Officer
AHCCCS
Security Level: Email, Account Authentication (None)

Signature

DocuSigned by:

6720D03F007E4A8...
Signature Adoption: Uploaded Signature Image
Using IP Address: 20.245.184.185

Timestamp

Sent: 10/23/2025 10:19:46 AM
Viewed: 10/23/2025 2:10:12 PM
Signed: 10/23/2025 2:10:15 PM

Electronic Record and Signature Disclosure:
Not Offered via Docusign

In Person Signer Events

Signature

Timestamp

Editor Delivery Events

Status

Timestamp

Agent Delivery Events

Status

Timestamp

Intermediary Delivery Events

Status

Timestamp

Certified Delivery Events

Status

Timestamp

Carbon Copy Events

Status

Timestamp

Tracey Thomas
Tracey.Thomas@azahcccs.gov
Procurement Manager
AHCCCS
Security Level: Email, Account Authentication (None)

COPIED

Sent: 10/23/2025 10:19:47 AM

Electronic Record and Signature Disclosure:
Not Offered via Docusign

Witness Events

Signature

Timestamp

Notary Events

Signature

Timestamp

Envelope Summary Events

Status

Timestamps

Envelope Sent	Hashed/Encrypted	10/23/2025 10:19:47 AM
Certified Delivered	Security Checked	10/23/2025 2:10:12 PM

Envelope Summary Events	Status	Timestamps
Signing Complete	Security Checked	10/23/2025 2:10:15 PM
Completed	Security Checked	10/23/2025 2:10:15 PM
Payment Events	Status	Timestamps