

November 25, 2015

Gay Ann Williams Vice President, Plan Administrator  
Health Net Access  
1230 W. Washington Street  
Tempe, AZ 85281

**SUBJECT: Compliance Action:** Notice to Cure and Contracted Provider Network and Sanction, Deliverable Accuracy

Dear Ms. Williams:

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 contract YH14-0001-03 during Contract Year Ending (CYE) 2015. As outlined in Section D, Paragraph 72 (Sanctions) of the Acute Care Contract, Health Net Access is hereby subject to compliance action as outlined below.

On June 29, 2015 AHCCCS issued a Notice to Cure to HNA for failing to demonstrate it had valid written agreements with its provider network and failure to provide complete documentation of these contracts when requested. The Notice to Cure resulted from the 2014 Operational Review and follow-up compliance actions where HNA failed to provide complete contracts and other documents to validate a contracted network despite repeated requests and meetings with AHCCCS.

Included with the Notice to Cure was a sample of 13 providers selected from HNA's Provider Affiliation Transmission File (PAT File). The PAT File is a list of contracted providers submitted by HNA that is used to validate compliance with AHCCCS network standards. HNA was required to provide evidence of a valid contract and associated documentation for these 13 providers.

After reviewing the documentation submitted by HNA for this Notice to Cure, AHCCCS has determined the following:

- AHCCCS agrees that the documentation submitted generally addressed the concerns outlined in the original June 29, 2015 Notice to Cure related to disclosure of information and developing and maintaining a provider network that is supported by written agreements.
- HNA failed to accurately report its provider network through the PAT File.

Specifically, HNA was able to provide contracts related to each of the providers currently contracted with HNA. Nearly all of the providers in the sample did not hold contracts directly with HNA; instead they participated in HNA's network through their association with a provider group or hospital that did have a contract with HNA. In these cases, HNA attempted to provide documentation such as a roster to demonstrate the provider's affiliation with the contracted group/hospital. However, while the PAT File was submitted during the second quarter of CYE 2015, the documentation demonstrating their association with the provider group or hospital (such as a roster) was inconsistent in format and timeframe.

While HNA's documents generally support the presence of a network recorded in a written agreement, the process of obtaining and reviewing these documents indicates HNA's PAT File submission is inaccurate and raises questions about HNA's process for validating and updating these providers for its network. As outlined in contract YH14-0001, Attachment F3. Contractor Chart of Deliverables, AHCCCS may assess sanctions if it is determined that late, inaccurate, or incomplete data is submitted.

- On April 10, 2015, at AHCCCS' request, HNA resubmitted its PAT File with additional information specifying the date each provider was contracted with HNA. At that time, HNA self-identified that 184 providers (approximately 2%) in the file were actually not under contract with HNA.
- AHCCCS used the remaining 98% of providers to select 13 for review through the Notice to Cure. However, documentation provided in response to the Notice to Cure indicated that 2 of the providers (approximately 15%) were no longer associated with their physician's group and as a result no longer in HNA's network. While one had only recently terminated their association with the contracted group, the other had not worked with the group since January 2013.

As a result, AHCCCS is imposing a \$10,000 monetary sanction for inaccurate data reported in the PAT File deliverable. The sanction will be withheld from a future capitation payment.

If HNA 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 Administrative and Legal Service at 701 E. Jefferson, Phoenix, AZ 85034, no later than 60 days from the date of this letter. The dispute shall specify the legal and factual basis for the dispute as well as relief requested.

To address this Compliance Action and the Notice to Cure issued June 29, 2015, by Monday, December 14, 2015 HNA must submit, in detail, its process for ensuring providers reported in the PAT File accurately reflect its contracted network. This process should also include how HNA obtains and integrates provider rosters into its submission.

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

Sincerely,

  
Meggan Harley  
AHCCCS Procurement Manager

Cc:

Susan Gilkey, Director, Regulatory Compliance & Reporting, Health Net Access\  
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Shelli Silver, Assistant Director, DHCM  
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