

September 17, 2014

Mr. Mike Uchrin  
Health Choice Arizona  
410 North 44<sup>th</sup> Street Suite 900  
Phoenix, Arizona 85008

**RE: Performance for Acute-Care Clinical Quality Measures**

Dear Mr. Uchrin:

The Arizona Health Care Cost Containment System (AHCCCS) has completed the review and evaluation of Contractor results of the contractual Clinical Quality Performance Measures for Contract Year End (CYE) 2012. Performance measure rates were evaluated in two ways: whether they met the Minimum Performance Standard (MPS) outlined in Contract and whether there was a statistically significant decline in the rate from the previous measurement period. Based upon the results of the review, Contractors are subject to regulatory action including over \$1.4 million in financial sanctions.

AHCCCS places significant emphasis on the selected Performance Measures in contract as it is believed that those measures have the greatest ability to positively impact member health outcomes. For the CYE 2012 Measurement Period<sup>(1)</sup>, a specific subset of Contract Performance Measures were selected for evaluation and reporting as AHCCCS was beginning the transition process to the new measure vendor and wanted to ensure appropriate allocation of resources to support both efforts. With such in mind, the CYE 2012 measurement period results that are included in Attachment A are only for those measures that AHCCCS officially evaluated. Regulatory action on the KidsCare performance measures is not being taken for the CYE 2012 measurement period; however, data related to KidsCare performance is provided for your review in Appendix B.

In August 2012, AHCCCS notified Contractors of Notices to Cure based on continued non-compliance with Minimum Performance Standards (MPS) outlined in contract. Over \$2.75 million in financial sanctions were initially assessed although some were waived so that resources could be redirected to the measures; additionally, Contractors were required to participate in quarterly technical assistance sessions with AHCCCS staff. While mandated technical assistance is not being required as part of this evaluation, Contractors are encouraged to reach out to AHCCCS staff for assistance if barriers exist that prevent improving and/or sustaining performance measure rates.

***Notice to Cure***

AHCCCS has evaluated each Contractor's final results of the Contract Performance Measures for the CYE 2012 measurement period and compared them with the CYE 2011 measurement period and the Minimum Performance Standards in the CYE 2012 Contract. Measures that are

below the MPS have been issued a Notice to Cure. This action will be reflected in subsequent measurement period evaluations as part of the regulatory action consideration process and could lead to additional Contractor reporting requirements if deemed necessary.

### ***Sanctions***

Measure rates that do not meet the MPS and measure rates that show a statistically significant decline are subject to sanctions for this measurement period. Each rate that did not meet the MPS was assessed a full sanction. Each rate that showed a statistically significant decline but remained above the MPS was assessed a sanction at 50 percent of the full sanction amount.

AHCCCS is sanctioning the Contractor a total of **\$250,000** for the following measures, as allowed in Contract:

- Well-child Visits – First 15 months \$50,000
- Well-child Visits 3-6 years \$50,000
- Adolescent Well Care \$50,000
- EPSDT Participation \$100,000

**This sanction will be withheld from an upcoming capitation payment.**

### ***Corrective Action Plans***

Per Attachment A, the Contractor will note the measures that should have a Corrective Action Plan (CAP). However, due to the timing of this Notice, the CAPs are being waived. Please note that Contractors should have internal processes in place to ensure ongoing evaluation of measures as well as implementation of effective interventions if measures are at risk of not meeting the MPS or having a statistically significant decline. CAPs will be required for the CYE 2013 Measurement Period, as appropriate.

### ***Future Performance***

It is expected that all Performance Measures meet or exceed the Minimum Performance Standards outlined in the Contract. Additionally, it is expected that measures do not show a statistically significant decline from year to year. At least annually, AHCCCS may take additional regulatory action if the Minimum Performance Standards are not met and/or statistically significant improvement is not shown. Regulatory actions may include continuation of actions listed above, including additional sanctions, as allowed in the Contract.

Per the terms of your contract, sanctions are not AHCCCS' exclusive remedy. In particular and without limiting possible future actions, if any legal action is brought against AHCCCS as the result of Contractor non-compliance with the Contract, AHCCCS will seek compensation from the Contractor for any damages arising from such legal action, including but not limited to

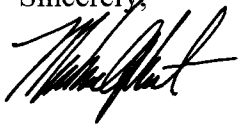
AHCCCS' cost of representation, as well as the cost of any attorney's fees and costs payable to the party bringing the action.

If you disagree with this sanction, you may file a dispute with AHCCCS 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 AHCCCS 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. Dispute letters should be sent to:

AHCCCS  
Office of Administrative Legal Services  
701 E. Jefferson  
Phoenix, AZ 85034

If you have any questions regarding this letter, please contact Kim Elliott at 602-417-4782 or [Kim.Elliott@azahcccs.gov](mailto:Kim.Elliott@azahcccs.gov).

Sincerely,



Michael Veit,  
Contracts and Purchasing Administrator

cc: Nicole Larson, Contract Compliance Officer, Health Choice Arizona  
Kim Elliott, PhD, CPHQ, Clinical Quality Administrator, DHCM, AHCCCS  
Kari Price, Assistant Director, DHCM, AHCCCS  
Shelli Silver, Assistant Director, DHCM, AHCCCS



**Attachment A: Health Choice Performance Measure Review**

<b>Performance Analysis</b>										<b>Regulatory Action</b>	
<b>Performance Measure</b>	<b>CYE 2011 Performance (10/01/10-09/30/11)</b>	<b>CYE 2012 Performance (10/01/11-09/30/12)</b>	<b>Relative Percent Change</b>	<b>Significance Level (p value)</b>	<b>Minimum Performance Standard (MPS)</b>	<b>Current Statewide Average</b>	<b>Sanction (Y/N)</b>	<b>Notice to Cure (Y/N)</b>			
Children's Access to Care (12-24 mo.)	96.2%	95.7%	-0.5%	0.282	93%	97.0%	N	N			
Children's Access to Care (25 mo. - 6 yrs.)	83.4%	84.4%	1.2%	<b>0.002</b>	83%	87.7%	N	N			
Children's Access to Care (7 - 11 yrs.)	86.3%	87.2%	1.1%	<b>0.015</b>	83%	89.9%	N	N			
Children's Access to Care (12 - 19 yrs.)	83.5%	83.9%	0.5%	<b>0.319</b>	81%	87.7%	N	N			
Well Child Visits (6+ by 15 mo. of age)	48.6%	52.2%	7.4%	<b>0.001</b>	65%	67.8%	Y	Y			
Well Child Visits (3-6 years of age)	59.1%	60.9%	3.0%	<b>&lt;0.001</b>	66%	66.8%	Y	Y			
Adolescent Well Care Visits	30.3%	32.3%	6.3%	<b>&lt;0.001</b>	42%	38.0%	Y	Y			
Annual Dental Visits	64.2%	65.3%	1.7%	<b>&lt;0.001</b>	57%	61.8%	N	N			
EPSDT Participation	59.8%	58.2%	-2.7%	<b>&lt;0.001</b>	68%	65.7%	Y	Y			
EPSDT Dental Participation	45.9%	46.8%	2.0%	<b>&lt;0.001</b>	46%	44.1%	N	N			

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CAP Required (Y/N)
N
N
N
N
N
Y
Y
Y
N
Y
N

**Attachment B: Health Choice Performance Measure Review**

<i>Performance Analysis</i>							
<b>Performance Measure</b>	<b>CYE 2011 Performance (10/01/10-09/30/11)</b>	<b>CYE 2012 Performance (10/01/11-09/30/12)</b>	<b>Relative Percent Change</b>	<b>Significance Level (p value)</b>	<b>Minimum Performance Standard (MPS)</b>	<b>Current Statewide Average</b>	
Children's Access to Care (12-24 mo.)	100.0%	—	n/a	n/a	93%	100.0%	
Children's Access to Care (25 mo. - 6 yrs.)	93.1%	93.7%	0.6%	0.789	83%	93.9%	
Children's Access to Care (7 - 11 yrs.)	91.8%	95.6%	4.2%	<b>0.011</b>	83%	95.9%	
Children's Access to Care (12 - 19 yrs.)	91.5%	93.5%	2.2%	0.121	81%	94.0%	
Well Child Visits (6+ by 15 mo. of age)	—	0.0%	n/a	n/a	65%	0.0%	
Well Child Visits (3-6 years of age)	68.9%	72.0%	4.5%	0.457	66%	76.6%	
Adolescent Well Care Visits	49.4%	54.0%	8.6%	<b>0.049</b>	42%	55.1%	
Annual Dental Visits	78.3%	81.6%	4.0%	<b>0.016</b>	57%	77.8%	

