

November 20, 2018

James Green, Ph.D
Assistant Director
Division of Developmental Disabilities
Department of Economic Security
1789 W. Jefferson, 4th floor
Phoenix, AZ 85007

SUBJECT: Compliance Action – Corrective Action

Dear Dr. Green,

The Arizona Cost Containment System (AHCCCS) Division of Health Care Management (DHCM) has determined that the Division of Economic Security/Division of Developmental Disabilities (DES/DDD) is in violation of its Contract YH06-0014 Section D Paragraph 40 Claims Payment/Health Information System. AHCCCS is issuing this required Corrective Action to address outstanding claims payment issues to providers related to the delivery of HAB C services.

AHCCCS Contract **Section D Paragraph 40. Claims Payment/Health Information System** and **ACOM Policy 203 Section III Policy** require the following:

The Contractor shall develop and maintain claims processes and systems that ensure the correct collection and processing of claims, analysis, integration, and reporting of data.

AHCCCS Contract **Section D Paragraph 23 Staffing Requirements** requires the Contractor to have a:

Provider Claims Educator who is located in Arizona and who facilitates the exchange of information between the grievances, claims processing, and provider relations systems.

The primary functions of the Provider Claims Educator are:

- a. *Educate contracted and non-contracted providers (professional and institutional) regarding appropriate claims submission requirements, coding updates, electronic claims transactions and electronic fund transfer,*
- b. *Educate contracted and non-contracted providers on available Contractor resources such as provider manuals, website, fee schedules, etc.,*

Background:

The Arizona Autism Coalition (AAC) contacted AHCCCS to seek assistance with the resolution of outstanding claims for HAB C services from DES/DDD for numerous providers. Subsequently AHCCCS, AAC providers and DES/DDD met on November 8, 2018 to discuss the concerns. The following summarizes the meeting:

- Providers have been working with DES/DDD to address the claims payment issues since the roll out of HAB C services in January 2018 without resolution.
- Access to care for HAB C services is impacted as providers are declining to serve members due to nonpayment of claims.

- Providers were not educated during the readiness process prior to roll out that an EOB was required in order for the claim to process.
- Education was provided by DES/DDD in June 2018 outlining requirements for EOB for HAB C claims.
- EPSDT services and pay and chase requirements were discussed; request for AHCCCS to provide guidance.
- Next Steps as outlined below.

Payment Guidance

The provision of medically necessary AHCCCS covered services is separate and apart from payment of services and coordination of benefit (COB) responsibilities. The Contractor shall not delay provision of covered medically necessary services due to the existence of another insurer or potential third party liability.

Payment of Services

In general, if the Contractor has established the probable existence of third party liability at the time the claim is filed, the Contractor must reject the claim and return it to the provider for determination of the amount of liability. Once the amount of liability from the third party is established, the Contractor must then pay the claim. This process is known as “cost avoidance.” Establishment of third liability takes place when the Contractor receives confirmation of the extent of liability from the provider or a third party resource.

When the probable existence of liability is not established at the time the claim is filed, the Contractor must pay the provider for the service and then seek reimbursement from the third party. This process is known as “pay and chase.”

However, for preventive pediatric care services for persons under age 21 (including EPSDT services), federal law requires that the Contractor pay the provider when the claim is filed and then recover payment later under the “pay and chase” method. The Contractor must “pay and chase” all preventive pediatric care services-irrespective of the liability of a third party. Preventive pediatric care includes screening and diagnostic services to identify congenital physical or mental disorders, routine examinations performed in the absence of complaints, and screening or treatment designed to avert various infectious and communicable diseases from ever occurring. Immunizations, screening tests for congenital disorders, well child visits, preventive medicine visits, preventive dental care, and screening and preventive treatment for infectious and communicable diseases are also included. HAB C is considered preventive pediatric care.

Keep in mind that for any AHCCCS service that is not preventive pediatric care and where the Contractor has not established the probable existence of third party liability at the time the claim is filed, the Contractor must pay the claim using the “pay and chase” method.

In addition, for non-preventive pediatric care services where the Contractor has established the probable existence of third party liability at the time the claim is filed, the Contractor must cost avoid the claim.

Corrective Action

Required Action:

DES/DDD must develop a comprehensive Action Plan (CAP) to address and resolve provider claims payment issues regarding the delivery of HAB C services with dates of services from January 1, 2018 to current. The CAP shall include the following items:

1. How DES/DDD will ensure payment of clean claims related to the outstanding claims payment issues for HAB C to include how DDD/DES will:
 - identify all impacted providers and claims;
 - ensure providers have submitted all impacted claims;
 - ensure impacted claims will not be denied for timely filing
 - Provider communication to each impacted provider addressing the process for resolution including an outline of provider responsibility;
 - Timeline outlining all related activities.
2. A listing of each provider impacted by the outstanding HAB C claims.
3. A weekly tracking by provider to include:
 - Number of HAB C claims outstanding;
 - Associated dollar amount;
 - Date of processing or reprocessing;
 - Payment Date;
 - Date of resolution with the provider.
 - For the purpose of this CAP resolution means agreement of payment between DES/DDD and the provider of outstanding claims.
4. Provider training and guidance specific to claims submission for HAB C services including but not limited to Coding, Third Party Liability, EPSDT, and pay and chase requirements.
5. Submission of a weekly report to include:
 - the status of claims payment and resolution as outlined in #2 above;
 - the status of CAP activities related to the timeline;
 - and updates on provider communication and training activities.

DES/DDD shall submit the **Corrective Action Plan**, all requested information and ongoing reporting to Scott Jewart Operations, Compliance Officer, at scott.jewart@azahcccs.gov. The **Corrective Action Plan** shall be submitted by **COB Wednesday December 5, 2018 and required CAP Status Updates** shall be submitted weekly by **COB Mondays beginning on Monday December 17, 2018**.

Failure to address these deficiencies as delineated in this letter may result in additional compliance action, in accordance with the Contract, Section D Paragraph 76, Arizona Administrative Rule R9-28-606, and AHCCCS Contractor Manual Policy 408, including but not limited to imposition of sanctions.

If you have any questions or concerns, please contact Scott Jewart at (602) 417-4646 or via email at: scott.jewart@azahcccs.gov.

Thank you,

Virginia Rountree
Virginia Rountree
Assistant Director DHCM
AHCCCS

Cc:

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