

414 REQUIREMENTS FOR SERVICE AUTHORIZATION DECISIONS AND NOTICE OF ADVERSE BENEFIT DETERMINATION

REVISION DATES: 06/28/2023, 7/28/2021

EFFECTIVE DATE: October 1, 2019

REFERENCES: Section F3, Contractor Chart of Deliverables; 42 CFR 438; 42 CFR 431.211; 42 U.S.C. 1396d(r)(5); A.A.C. R9-34-202, A.A.C. R9-22-213; ACOM Policy 414-Attachments A, B, and C

PURPOSE

This policy sets forth the Division's Administrative Services Subcontractors (AdSS) requirements for service authorization decisions and a Notice of Adverse Benefit Determination relating to Title XIX/XXI coverage of services. The AdSS shall follow all other requirements regarding a Notice of Adverse Benefit Determination set forth in Contract and referred to as a Notice of Adverse Benefit Determination throughout.

DEFINITIONS

1. "Adverse Benefit Determination" means the denial or limited authorization of a service request, or the reduction, suspension, or termination of a previously approved service.
2. "Appeal" means a request for review of an Adverse Benefit Determination.
3. "Calendar Days" means every day of the week including

weekends and holidays.

4. "Expedited Service Authorization Request" means a request for services in which either the requesting provider indicates, or the Division determines, that following the standard timeframes for issuing an authorization decision could seriously jeopardize the Member's life or health or ability to attain, maintain, or regain maximum function and requires the authorization decision within 72 hours from the receipt of the service request.
5. "Legal Holidays" means Legal Holidays, as defined by the State of Arizona are:
 - a. New Year's Day – January 1
 - b. Martin Luther King Jr./Civil Rights Day – 3rd Monday in January
 - c. Lincoln/Washington Presidents' Day – 3rd Monday in February
 - d. Memorial Day – Last Monday in May
 - e. Independence Day – July 4
 - f. Labor Day – 1st Monday in September
 - g. Columbus Day – 2nd Monday in October
 - h. Veterans Day – November 11

- i. Thanksgiving Day – 4th Thursday in November
- j. Christmas Day – December 25

When a holiday falls on a Saturday, it is recognized on the Friday preceding the holiday and when a holiday falls on a Sunday, it is recognized on the Monday following the holiday.

- 6. “Member” means the same as “Client” as defined in A.R.S. §36-551.
- 7. “Notice of Adverse Benefit Determination” means a written notice provided to the Member that explains the reasons for the Adverse Benefit Determination made by the AdSS regarding the service authorization request and includes the information required by this Policy.
- 8. “Notice of Extension” or “NOE” means a written notice to a Member to extend the timeframe for making either an expedited or standard authorization decision by up to 14 days if criteria for a service authorization extension are met.
- 9. “Responsible Person” means the parent or guardian of a minor with a developmental disability, the guardian of an adult with a developmental disability or an adult with a developmental

disability who is a member or an applicant for whom no guardian has been appointed.

10. "Service Authorization Request" means a request by the Member, the representative, or a provider for a physical or behavioral health service for the Member that requires Prior Authorization (PA) by the AdSS.
11. "Working Days" means "Working Day" as defined in A.A.C. R9-34-202. Monday, Tuesday, Wednesday, Thursday, or Friday unless:
 - a. A legal holiday falls on one of these days; or
 - b. A legal holiday falls on Saturday or Sunday and the Division is closed for business the prior Friday or following Monday.

POLICY

A. NOTICE OF ADVERSE BENEFIT DETERMINATION

1. The AdSS shall provide a written Notice of Adverse Benefit Determination to the Responsible Persons described in 42 CFR 438.404, when the AdSS decides to deny or limit an authorization request or reduce, suspend, or terminate

previously authorized services.

2. The AdSS shall use the AHCCCS-developed Member Notice of Adverse Benefit Determination templates specified in 42 CFR 438.10(c)(4)(ii).
 - a. The templates shall not be altered except for the areas designated in the template that permit alteration and the removal of the header.
 - b. Refer to ACOM Policy 414 Attachment A for the Notice of Adverse Benefit Determination template.
3. The AdSS shall provide a Member Handbook that informs the Responsible Person:
 - a. Of their right to make a complaint to the AdSS about an inadequate Notice of Adverse Benefit Determination.
 - b. If the AdSS does not resolve the complaint about the Notice of Adverse Benefit Determination to the Responsible Person's satisfaction, the Responsible Person may complain to AHCCCS Division of Health Care Management (DHCM), Medical Management (MM) at:
MedicalManagement@azahcccs.gov, and
 - c. That the AdSS and its providers shall be prohibited from

taking punitive action against Responsible Persons exercising their right to Appeal.

- d. That the AdSS shall inform the Responsible Person that oral interpretation services are available in any language, and alternative communication formats are available for Responsible Persons that are deaf or hard of hearing or blind or have low vision.

B. RIGHT TO BE REPRESENTED

1. The AdSS shall acknowledge the Responsible Person's right to be assisted by a third-party representative, including an attorney, during an Appeal of an Adverse Benefit Determination.
2. The AdSS shall have an Appeals process that registers the existence of the third party representative.
3. The AdSS shall ensure the required communications related to the Appeals process occur between the AdSS and the third party representative.
 - a. The AdSS shall provide the Responsible Person's third party representative, upon request, timely access to documentation relating to the decision at Appeal.
 - b. The AdSS shall be consistent with federal privacy laws, by

making reasonable efforts to verify the identity of the third party representative and the authority of the third party representative to act on behalf of the Responsible Person.

The AdSS may require the third party representative to provide a written authorization signed by the Responsible Person.

- c. The AdSS shall promptly communicate to the third party representative when the AdSS questions the authority of the third party representative or the sufficiency of a written authorization.

C. NOTICE OF ADVERSE BENEFIT DETERMINATION CONTENT REQUIREMENTS

1. The AdSS shall provide a Notice of Adverse Benefit Determination that meets the language requirements as outlined in AdSS Operations Policy 404.
2. The AdSS shall provide a Notice of Adverse Benefit Determination that clearly explains the Member specific reason for the AdSS' determination and the information needed so the Responsible Person can make an informed decision regarding Appealing the determination, and how to Appeal the decision.

3. The AdSS shall clearly inform the Responsible Person when the reason for the denial of a Service Authorization Request is due to the lack of necessary information and will give the Responsible Person the opportunity to provide the necessary information.
4. The AdSS shall provide a Notice of Adverse Benefit Determination that is consistent with 42 CFR 438.404 which includes an explanation of the specific facts that pertain to the decision:
 - a. The requested service;
 - b. The level of service which may include a request for an enhanced staffing ratio.
 - c. The reason or purpose of the requested service;
 - d. The reasons for the Adverse Benefit Determination the AdSS made or intends to make with respect to the requested service consistent with 42 CFR 438.404(b)(1);
 - e. The effective date of a service denial, limited authorization, reduction, suspension, or termination;
 - f. The right of the Responsible Person to be provided, upon request and free of charge, reasonable access to and copies of all documents, records, and other information

relevant to the Member's Adverse Benefit Determination.

Such information includes medical necessity criteria, and any processes, strategies, or evidentiary standards used in setting coverage limits as required in 42 CFR

438.404(b)(2);

- g. The legal basis for the Adverse Benefit Determination including the applicable statutes, rules, contractual provisions, policies, and procedures, if applicable, reference to the general legal authorities alone is unacceptable;
- h. Where the Responsible Person can find copies of the legal basis including.
 - i. Reference to the benefit provision, guideline, protocol, or other criterion which the denial is based upon;
 - ii. An accurate URL site, when a legal authority or an internal reference to the AdSS' policy manual is available online, to enable the Member to find the reference online;
- i. A listing of legal aid resources;

- j. The Responsible Person's right to request an Appeal and procedures for filing an Appeal of the AdSS Adverse Benefit Determination, including information on exhausting the AdSS' Appeals process described in 42 CFR 438.402(b) and the right to request a state fair hearing consistent with 42 CFR 438.402(c) including when the AdSS fails to make a decision in a timely manner regarding the Member's Appeal request;
- k. The procedures for exercising the Responsible Person's rights as described in 42 CFR 438.404(b)(4);
- l. The circumstances under which an Appeal process can be expedited and how to request it; and
- m. Explanation of the Responsible Person's right to have benefits continue pending the resolution of the Appeal as specified in 42 CFR 438.420, how to request that benefits be continued, and the circumstances, consistent with state policy, under which the Responsible Person may be required to pay the costs of continued services if the Appeal is denied as specified in 42 CFR 438.420(d).
- n. A statement that the provider who requested the Service

Authorization Request has the option to request a peer-to-peer discussion with the AdSS' Medical Director.

- i. The AdSS shall allow the provider sufficient time for a peer-to-peer to occur before the AdSS issues its decision regarding the service authorization request.
 - ii. The AdSS shall allow at least 10 business days for the provider to request a peer-to-peer.
5. The AdSS shall not cite the lack of medical necessity as a reason for denial, unless the Notice of Adverse Benefit Determination also provides a complete explanation for the particular Member in this instance.
 6. The AdSS shall include potential alternative options for consideration that may address the Member's condition when citing lack of medical necessity as a reason for the Adverse Benefit Determination.
 7. The AdSS shall utilize a board-certified professional when citing lack of medical necessity and provide evidence of such upon AHCCCS request.
 8. The AdSS shall provide a Notice of Adverse Benefit Determination that states the reasons supporting the denial,

reduction, limitation, suspension, or termination of a service.

9. The AdSS shall not provide a Notice of Adverse Benefit Determinations that does not give an explanation of why the service has been denied, reduced, limited, suspended, or terminated and merely refer the Responsible Person to a third party for more information.
10. The AdSS shall include a statement referring a Responsible Person to a third party for more help when the third party can explain treatment alternatives in more detail.

D. EPSDT

1. The AdSS shall cite Early Periodic Screening, Diagnosis, and Treatment (EPSDT) Federal law 42 U.S.C. 1396d(r)(5) when denying, reducing, limiting, suspending, or terminating a service for a Title XIX Member who is younger than 21 years of age when these provisions are applicable and shall specify the reason(s) why the service fails to correct or ameliorate defects or physical or behavioral health conditions or illnesses.
2. The AdSS shall explain the denial, reduction, limitation, suspension, or termination of the requested EPSDT service in accordance with AMPM 430 and this Policy.

3. The AdSS shall specify why the requested service does not meet the EPSDT criteria and is not covered.
4. The AdSS shall also specify that EPSDT services include coverage of screening services, vision services, dental services, hearing services, and such other necessary health care, diagnostic services, treatment, and other measures described in Federal law to correct or ameliorate defects and physical and mental illnesses and conditions discovered by the screening services, whether or not such services are covered under the AHCCCS State Plan.

E. RESPONSIBLE PERSON COMPLAINTS REGARDING THE ADEQUACY OR UNDERSTANDABILITY OF THE NOTICE OF ADVERSE BENEFIT DETERMINATION

1. The AdSS shall review the initial Notice of Adverse Benefit Determination against the content requirements of this Policy when a Responsible Person complains about the adequacy of a Notice of Adverse Benefit Determination.
2. The AdSS shall issue an amended Notice of Adverse Benefit Determination consistent with the requirements of this Policy when the AdSS determines that the original Notice of Adverse

Benefit Determination is inadequate or deficient.

3. The AdSS shall begin the timeframe for the Responsible Person to Appeal and continuation of services shall start from the date of the amended Notice of Adverse Benefit Determination when an amended Notice of Adverse Benefit Determination is required.

F. TIMEFRAMES FOR SERVICE AUTHORIZATION DECISIONS

All references to “days” in this Policy mean “Calendar Days” unless otherwise specified.

1. The AdSS shall ensure completion and issuance of the Service Authorization Request decision when a Service Authorization Request is submitted, within the following timeframes, standard requests, expedited requests, and whether the Service Authorization Requests relates to medications.
 - a. The AdSS shall consider the date and time the AdSS or the Division receives the request to be considered the date and time of receipt, whichever is earlier, to be considered the date and time of receipt.
 - b. The AdSS shall use the date and time to determine the due date for completion of the authorization decision,

depending on the timeframe applicable to the particular type of service request. The AdSS shall use electronic date stamps or manual stamping for logging the receipt.

2. The AdSS shall make sufficient attempts to obtain the information or clarification and document all attempts for Service Authorization Requests lacking sufficient clinical information necessary to render the decision or the required clarification.
3. The AdSS shall have a process for standard and Expedited Service Authorization Requests that do not involve medications. Service authorization decisions pertaining to requests for medication shall be completed within the timeframe specified below and do not follow the standard or expedited timeframes used for other Service Authorization Requests.
4. The AdSS shall prioritize the authorization decision and make the determination within the 72-hour Expedited Service Request timeframe as described in this section for Expedited Service Requests that meet these requirements.
5. A Standard Authorization Request is a request for a service that is not medication and does not meet the definition of an Expedited Service Authorization Request. For standard Service

Authorization Requests, the date the AdSS receives the request is considered the date of receipt and is used to determine the due date for completion of the decision for standard Service Authorization Request.

6. The AdSS shall use the date and time the request is received to determine the completion time for the decision for an Expedited Service Authorization Request and medication requests.
7. Service Authorization Decision Timeframe for Medications:
 - a. The AdSS shall issue service authorization decision for medication no later than 24 hours from receipt of the submitted request for prior authorization regardless of whether the due date for the medication authorization decision falls on a weekend (Saturday and Sunday) or Legal Holiday as defined by the State of Arizona.
 - b. The AdSS shall send a request for additional information to the prescriber no later than 24 hours from receipt of the request when the prior authorization request lacks sufficient information for the AdSS to render a decision for the medication.
 - c. The AdSS shall issue a final decision no later than seven

working days from the initial date of request. Refer to 42 CFR 438.3(s).

2. Standard authorization decision timeframe for Service Authorization Requests that do not pertain to medications:
 - a. The AdSS shall issue service authorization decisions as expeditiously as the Member's condition requires but no later than 14 Calendar Days from receipt of the request for the service regardless of whether the 14th day falls on a weekend (Saturday and Sunday) or Legal Holiday as defined by the State of Arizona.
 - b. The AdSS shall issue a Notice of Extension of up to 14 additional Calendar Days , utilizing ACOM 414 Attachment C, when the criteria for a service authorization extension are met as specified in section (H) of this Policy.
3. The AdSS shall treat the following Service Authorization Requests as an expedited request.
 - a. Behavioral Health Residential Facility (BHRF)
 - b. Determination for Member participation in a clinical trial shall be treated as an expedited request regardless the location or if the provider is in-network, and

- c. Requests for services when a Member is awaiting disposition into an emergency department.
4. Expedited service authorization decision timeframe for Service Authorization Requests that do not pertain to medications:
 - a. The AdSS shall issue an expedited service authorization decision as expeditiously as the Member's health condition requires, but no later than 72 hours from receipt of the request for service consistent with 42 CFR 438.210(d)(2)(i) and 42 CFR 438.404(c)(6)] regardless of whether the due date falls on a weekend (Saturday and Sunday) or Legal Holiday as defined by the State of Arizona.
 - b. The AdSS shall issue a Notice of Extension (NOE) of up to 14 additional Calendar Days, utilizing ACOM 414 Attachment C, when the criteria for a service authorization extension are met as specified in this Policy.
5. Expedited Service Authorization Request treated as a Standard Authorization Request:
 - a. The AdSS shall treat the Expedited Service Authorization Request as a Standard Authorization Request when the

- Service Authorization Request fails to meet the requirements for an expedited consideration.
- b. The AdSS shall have a process included in the AdSS' policy for prior authorization that describes how the Responsible Person shall be notified of the change to a Standard Authorization Request and be given an opportunity to provide additional information.
 - c. The AdSS shall permit the requesting provider to send additional documentation supporting the need for an Expedited Service Authorization.
6. Service authorization decisions not reached within the timeframes:
- a. The AdSS shall consider a Service Authorization Request decision that is not reached within the required timeframes for a standard, or expedited request, as a denial when the AdSS has not made a decision.
 - b. The AdSS shall issue a Notice of Adverse Benefit Determination denying the request on the date that the timeframe expires.
7. Service authorization decisions not reached within the extended

timeframes:

- a. The AdSS shall consider a service authorization decision that is not reached within the timeframe noted in the NOE as a denial.
- b. The AdSS shall issue a Notice of Adverse Benefit Determination denying the service request on the date that the timeframe expires [42 CFR 438.404(c)(5)].

G. TIMEFRAMES FOR COMPLETING NOTICES OF ADVERSE BENEFIT DETERMINATIONS

1. The AdSS shall mail the Notice of Adverse Benefit Determination within the following timeframes:
 - a. For termination, suspension, or reduction of a previously authorized service, the Notice of Adverse Benefit Determination shall be mailed at least 10 Calendar Days before the date of the proposed termination, suspension, or reduction except for situations in 42 CFR 438.210 providing exceptions to advance notice [42 CFR 431.211, 42 CFR 438.404(c)(1)].
 - b. For standard service authorization decisions that deny or limit services, the AdSS shall provide a Notice of Adverse

Benefit Determination:

- i. No later than 24 hours from the receipt of the request for authorization of medication regardless of whether the due date falls on a weekend (Saturday and Sunday) or Legal Holiday as defined by the State of Arizona. When the prior authorization request for a medication lacks sufficient information from the prescriber no later than 24 hours from receipt of the request. A final decision and a Notice of Adverse Benefit Determination shall be rendered no later than seven Working Days from the initial date of the request.
- ii. For a non-medication request for authorization, as expeditiously as the Member's health condition requires but no later than 14 Calendar Days from the receipt of the request, regardless of whether the due date falls on a weekend (Saturday and Sunday) or Legal Holiday as defined by the State of Arizona unless there is a NOE. For the NOE timeframes, refer to NOE requirements in this Policy [42 CFR

438.404(c)(3) and (4), 42 CFR 438.210(d)(1)].

- iii. As expeditiously as the Member's health condition requires, but no later than 72 hours from receipt of an Expedited Service Authorization Request consistent with 42 CFR 438.210(d)(2)(i) and 42 CFR 438.404(c)(6), regardless of whether the due date falls on a weekend (Saturday and Sunday) or Legal Holiday as defined by the State of Arizona unless there is a NOE. Refer to NOE Requirements in section (H) of this Policy for NOE timeframes.
- iv. As expeditiously as the Member's health condition requires, but no later than 72 hours from receipt of an Expedited Service Authorization Request consistent with 42 CFR 438.210(d)(2)(i) and 42 CFR 438.404(c)(6), regardless of whether the due date falls on a weekend (Saturday and Sunday) or Legal Holiday as defined by the State of Arizona unless there is a NOE. For extension timeframes, refer to NOE Requirements in this Policy.

H. NOTICE OF EXTENSION (NOE) REQUIREMENTS

1. Notice of Extension (NOE) timeframes:
 - a. The AdSS shall extend the timeframe to make a service authorization decision for both standard and Expedited Service Authorization Requests when the Responsible Person or provider, with the written consent of the Responsible Person, requests an extension, or
 - b. The AdSS shall document all attempts made to the requesting provider for the needed information.
 - c. The AdSS shall notify the Responsible Person of the reason for the extension and attempt to obtain the Member's approval before the AdSS pursues an extension due to lack of sufficient clinical information.
2. The AdSS shall not pursue the NOE until the AdSS has made sufficient attempts to first obtain the necessary information from the Responsible Person within the standard or expedited timeframe, whichever is applicable. 42 CFR 438.404(c)(4) and 438.210(d).
3. The AdSS shall document all attempts made to the requesting provider for the needed information.

4. The AdSS shall notify the Member of the reason for the extension and attempt to obtain the Responsible Person's approval before the AdSS pursues an extension due to lack of sufficient clinical information.
5. The AdSS shall not send the NOE until the AdSS has made sufficient attempts to obtain the necessary information from the requesting provider [42 CFR 438.404(c)(6), 42 CFR 438.210(d)(2)(ii)];
 - a. For Standard Service Authorization Requests, the AdSS may extend the 14 Calendar Day timeframe to make a decision by up to an additional 14 Calendar Days, not to exceed 28 Calendar Days from the service request date, regardless of whether the due date falls on a weekend (Saturday and Sunday) or Legal Holiday as defined by the State of Arizona;
 - b. For an Expedited Service Authorization Request, the AdSS may extend the 72-hour timeframe to make a decision by up to an additional 14 Calendar Days, regardless of whether the due date falls on a weekend (Saturday and Sunday) or Legal Holiday as defined by the State of

Arizona;

- c. When the AdSS justifies the need for additional information is in the Member's best interest. The NOE shall not be sent until the AdSS has made sufficient attempts to obtain the necessary information from the requesting provider [42 CFR 438.404(c)(6), 42 CFR 438.210(d)(2)(ii)].
- d. For standard Service Authorization Requests, requests that do not involve medications, the AdSS may extend the 14 Calendar Day timeframe to make a decision by up to an additional 14 Calendar Days, not to exceed 28 Calendar Days from the Service Authorization Request date, regardless of whether the due date falls on a weekend (Saturday and Sunday) or Legal Holiday as defined by the State of Arizona.
- e. For Service Authorization requests involving medication, refer to Timelines for Completing Notices of Adverse Benefit Determinations (F)(6) in this Policy when the prior authorization requests lack sufficient information from the prescriber.
- f. For an Expedited Service Authorization Request, requests

that do not involve medication, the AdSS may extend the 72-hour timeframe to make a decision by up to an additional 14 Calendar Days, regardless of whether the due date falls on a weekend (Saturday and Sunday) or Legal Holiday as defined by the State of Arizona.

6. When the AdSS extends the timeframe in order to make a decision, in accordance with 42 CFR 438.210(d)(1) the AdSS shall:
 - a. Provide the Responsible Person with written notice of the reason for the decision to extend the timeframe, including what information is needed in order to make a decision, and in easily understood language, refer to Division Operations Policy 404;
 - b. Inform the Responsible Person of the right to file a grievance (complaint) when the Responsible Person disagrees with the decision to extend the timeframe as described in 42 CFR 438.210(d)(1)(ii); 42 CFR 438.404(c)(4)(i); and
 - c. Issue and carry out the decision as expeditiously as the Member's condition requires and no later than the date the

NOE expires consistent with 42 CFR438.210(d)(1)(ii); 42 CFR 438.404(c)(4)(ii).

I. NOTICE OF ADVERSE BENEFIT SELF-MONITORING REQUIREMENT

1. The AdSS shall audit Notice of Adverse Benefit Determinations that have been issued as outlined below:
 - a. Utilizing the AHCCCS provided Reporting Form;
 - b. Reporting Notice of Adverse Benefit Determinations issued within the quarter prior;
 - c. Report the Division's line of business when submitting the Scores and Summary described below;
 - d. The auditor shall not be a staff member that writes or issues the Notice of Adverse Benefit Determination;
 - e. The sample includes a Notice of Adverse Benefit Determinations from each of the following categories:
 - i. Medical,
 - ii. Dental,
 - iii. Pharmacy, and
 - iv. Behavioral Health
 - f. The AdSS shall randomly select 30 Notice of Adverse

Benefit Determinations from each of the categories;

- i. The AdSS shall randomly select eight From the 30 to be audited.
 - ii. The AdSS shall not audit the remaining 22 Notice of Adverse Benefit Determinations when the initial eight Notice of Adverse Benefit Determinations are all found to be in compliance, 95% or above;
 - iii. The AdSS shall audit the remaining 22 Notice of Adverse Benefit Determinations when any one of the eight Notice of Adverse Benefit Determinations issued are found to be out of compliance.
 - g. The AdSS shall submit a Notice of Adverse Benefit Determination Self-Audit Scores and Executive Summary to the Division as specified in the Contract.
2. The AdSS shall provide an Executive Summary that includes an analysis of the audit including:
- a. A methodology for pulling the sample,
 - b. Deficiencies,
 - c. Plan of action to bring back into compliance,
 - d. Staff member involved in audit and credentials or role in

the organization, and

- e. Score sheet
3. The AdSS shall submit a Notice of Adverse Benefit Determination Self-Audit Scores and Executive Summary to the Division as specified in the Contract.
 4. The Division shall reserve the right to request specific Notice of Adverse Benefit Determinations and associated records for further review.