

1 **439 MATERIAL CHANGES: PROVIDER NETWORK AND BUSINESS**
2 **OPERATIONS**
3

4 REVISION DATE: XX/XX/XXXX

5 REVIEW DATE: 10/27/2023

6 EFFECTIVE DATE: October 1, 2019

7 REFERENCES: ~~A.A.C. R9-22-101; 42 § C.F.R. 457.1207; 42 § C.F.R.~~

8 ~~438.10(f)(4); 42 § C.F.R. 457.1207; and 207 A.A.C. R9-22-101; ACOM 439;~~

9 Contract

10 ~~DELIVERABLES: Material Change to Business Operations; Material Change to~~
11 ~~Provider Network~~

12
13 PURPOSE

14 ~~This policy applies to the Division's Administrative Services Subcontractors~~

15 ~~(AdSS).~~ This policy establishes requirements for the AdSS regarding the

16 identification and assessment of ~~M~~material ~~C~~changes to the AdSS's ~~P~~provider

17 network and business operations and the approval process for such changes.

18 ~~Definitions~~ **DEFINITIONS**

19 ~~1.A. "Administrative Services Subcontracts" or "AdSS" means— a~~An

20 agreement that delegates any of the requirements of the

21 contract with Division, including:

22 ~~a1.~~ Claims processing, including pharmacy claims;

23 ~~b2.~~ Credentialing, including those for only primary source

24 verification;

- 25 ~~c3.~~ Management Service Agreements; and
- 26 ~~d4.~~ Service ~~I~~Level aAgreements with any division or subsidiary
- 27 of a corporate parent owner. Providers are not AdSSs.
- 28 2. "AHCCCS" means the Arizona Health Care Cost Containment
- 29 System.
- 30 3. "Attachment A" means the AHCCCS Provider Network/Business
- 31 Operations Material Change Plan Checklist template.
- 32 ~~B. "Delegated Agreement" means a~~ A type of subcontract
- 33 ~~agreement with a qualified organization or person to perform~~
- 34 ~~one or more functions required to be performed by the AdSS~~
- 35 ~~pursuant to this contract.~~
- 36 4C. "Geographical Service Area" or "~~{GSA}~~" ~~means~~ aAn area
- 37 designated by the Division within which an AdSS of record
- 38 provides, directly or through subcontract, covered health care
- 39 services to a Mmember enrolled with that AdSS of record, as
- 40 defined in A.A.C. R9-22-101.
- 41 5D. "Management Services Agreement" or "~~{MSA}~~" ~~means~~ aA type
- 42 of subcontract with an entity in which the owner of the AdSS

43 delegates some or all of the comprehensive management and
44 administrative services necessary for the operation of the AdSS.

45 6. "Material Change" means Material Changes to Business
46 Operations and Material Changes to Provider Network.

47 7E. "Material Change to Business Operations" means—~~A~~any change
48 in overall operations that affects, or can reasonably be foreseen
49 to affect, the AdSS's ability to meet the performance standards
50 as required in contract including, but not limited to, any change
51 that would impact or is likely to impact more than five
52 percent5% of total membership ~~and/or Provider~~provider network
53 in a specific ~~GSA geographic region~~. Changes to business
54 operations may include, but are not limited to, policy, process,
55 and protocol, such as prior authorization or retrospective review.

56 Additional changes may include the addition of, or change in:

- 57 • 1. a. Pharmacy ~~bBenefits mManager-(PMB);~~
- 58 • 2. b. Dental ~~bBenefit mManager;~~
- 59 • 3. c. Transportation vendor;_i
- 60 • 4. d. Claims processing system;_i

- 61 e. System changes and upgrades;
- 62 5. f. Change to organization name;
- 63 6. g. Member ID card vendor;
- 64 7. h. Call center system;
- 65 8. i. Covered benefits delivered exclusively through the
- 66 mail, such as mail order pharmaceuticals or delivery of
- 67 medical equipment;
- 68 9. j. MSA; and
- 69 10. k. Any ~~AdSSA~~administrative ~~S~~services ~~S~~subcontract.
- 70 8F. "Material Change to the Provider Network" ~~-means-~~ aAny change
- 71 in composition of, or payments to, an AdSS's ~~Provider~~provider
- 72 network, that affects, or can reasonably be foreseen to affect,
- 73 the AdSS's adequacy of capacity and services necessary to meet
- 74 the performance and ~~or~~ ~~Provider~~provider network standards as
- 75 required in contract. ~~-~~ Changes to ~~Provider~~provider network may
- 76 include, but not limited to:
- 77 a. Any change that would cause, or is likely to cause,
- 78 more than five percent ~~5%~~ of the ~~M~~members in a

79 ~~GS~~geographic region to change the location where
80 services are received or rendered; and

81 b. Any change impacting five percent~~5%~~ or less of the
82 membership but involving a Provider~~provider~~ or
83 Provider~~provider~~ Group who is the sole Provider~~provider~~
84 of a service in a service area or operates in an area with
85 limited alternate sources of the service.

86 9. "Member" means the same as "Client" as defined in A.R.S. § 36-
87 551.

88 10. "Provider" means any individual or entity contracted with
89 the AdSS that is engaged in the delivery of services, or ordering
90 or referring for those services, and is legally authorized to do so
91 by the State.

92 11G. "Provider Group" means ~~—t~~Two or more health care
93 professionals who practice their profession at a common
94 location, ~~(whether or not they share facilities, supporting staff,
95 or equipment).~~

96 12H. "Unexpected Material Change to the Provider Network or
97 Business Operations" means— a Mmaterial Cchange that was
98 not anticipated by the AdSS, to include:

99 a. —Examples of unexpected changes to the provider network
100 include pproviders giving less than 30 days' notice to the
101 AdSS that they would no longer serve Medicaid members;;
102 or

103 b. — The AdSS's failure to reach an agreement with a
104 Providerprovider on a contract renewal less than 30 days
105 before the previous contract expires;; or

106 c. — An example of an unexpected Material Change to
107 Business Operations includes the unexpected closure of a
108 subcontractor.

109 ~~The AdSS must have efficient and effective business operations and provider~~
110 ~~networks to ensure that performance and provider network standards are~~
111 ~~met to support a member's needs, as well as the needs of the membership~~
112 ~~as a whole. The AdSS must develop a process to determine when changes~~

113 ~~to business operations or to the provider network constitute a material~~
114 ~~change.~~

115 ~~Division or AHCCCS-initiated changes, such as changes in reimbursement~~
116 ~~methodologies (e.g. APR-DRG) or changes to reference tables impacting~~
117 ~~claims payment, and industry initiated changes, such as CPT/Diagnosis code~~
118 ~~changes, are excluded from these policy requirements.~~

119 POLICY

120 A. IDENTIFYING A PROVIDER NETWORK OR BUSINESS OPERATIONS

121 MATERIAL CHANGE

122 1. The AdSS shall have efficient and effective business operations
123 and Providerprovider networks to ensure that performance and
124 Providerprovider network standards are met to support a
125 Member's needs, as well as the needs of the membership as a
126 whole.

127 ~~**Identifying A Provider Network and/or Business Operations Material**~~
128 ~~**Change**~~

- 129 ~~A.2.~~ The AdSS ~~shall evaluate~~~~is responsible for evaluating~~ all business
130 operational and ~~Provider~~~~provider~~ network changes, including
131 unexpected changes, to determine if the change is a ~~M~~material
132 ~~C~~change.
- 133 ~~B3.~~ ~~The AdSS shall, F~~for ~~Material C~~changes impacting ~~M~~members
134 and/or ~~Provider~~~~providers~~; ~~regarding the provider network and/or~~
135 ~~business operations, the AdSS must:~~
- 136 ~~1.~~ ~~Establish criteria and/or methodology for determining the impact~~
137 ~~of the change to members and providers.~~
- 138 ~~a2.~~ ~~Establish a process for determining the impact of the~~
139 ~~change to Members and Provider~~~~providers~~;
- 140 ~~b.~~ ~~For Material Changes to Provider~~~~provider~~ Network, conduct
141 ~~an impact assessment of the change on Division~~
142 ~~membership by:~~
- 143 ~~i.~~ ~~Identifying the number of unique Division Members~~
144 ~~served by the Provider~~~~provider~~ over the previous six
145 ~~months; and~~

- 146 ii. Comparing the number of unique Division Members
147 served by the Providerprovider to the number of
148 unique Division Members enrolled with the AdSS
149 over the same period.
- 150 c. For Material Changes to Business Operations, evaluate the
151 impact of the change to AdSS membership and
152 Providerproviders, by GSA as specified by the Division and
153 as a whole, utilizing the established criteria and
154 methodology established in this policy;
- 155 Evaluate the impact of the change to its membership and
156 provider network, by geographic region as specified by the
157 Division and as a whole, using the established criteria
158 and/or methodology.
- 159 d3. Determine, based on the evaluation results, if whether the
160 change:
161 i. Mmeets the definition of a Material Change to
162 Business Operations or Material Change to Provider
163 Network material change as outlined in this policy or

- 164 in the AHCCCS Contract and Policy Dictionary; and
165 determine
- 166 ii. whether it Complies with Ccontract and policy
167 requirements.
- 168 e4. Maintain documentation of evaluation of all changes to
169 Provider Network and Business Operationsprovider
170 network and business operations changes.
- 171 3C. The AdSSThe Division, shall submit may request and review the
172 following documentation of established methodology, criteria,
173 and evaluation results at the Division's request:
- 174 a. , for Aall provider network and business operations
175 changes; , aand even for those
- 176 b. CChanges that the AdSS determines do not constitute a
177 Mmaterial Cchange.
- 178 4.D. For all changes that have a member impact, tThe AdSS
179 shall must notify provide Mmembers of all changes that have
180 Member impact as specified in notification as outlined in ACOM

181 ~~404 Division Operations Policy 404 in the AdSS Operations Policy~~
182 ~~Manual.~~

183 5. The AdSS shall submit proposed draft Member communication
184 materials as a component of the Material Changes to Provider
185 Network or Material Changes to Business Operations submission
186 to the Division.

187 6E. The AdSS shall plan implementation of the Material Changes to
188 Provider Network or Material Changes to Business Operations to
189 ensure continuity of care to Members.

190 ~~Implementation must be planned to ensure continuity of care to~~
191 ~~members.~~

192 7. If a change meets both definitions of Material Change Business
193 Operations and Material Change to Provider Network, the AdSS
194 shall:

195 a. Combine its submission as a Material Change to Business
196 Operations; and

197 b. Address the requirements of both changes in a single
198 Attachment A.

199 ~~F. A Material Change to Business Operations may also constitute a~~
200 ~~Material Change to the Provider Network.~~

201 ~~G. The Division reserves the right to identify an operations or network~~
202 ~~change as a material change.~~

203 **B. AdSS REPORTING REQUIREMENTS**

204 **Administrative Services Subcontractor Reporting Requirements**

205 1.A. The AdSS shall request in writing prior approval from the
206 Division of a Material Change to the Provider Network or Material
207 Change to Business Operations as specified in this policy to
208 include:

209 a. A detailed description of the proposed change(s) and all
210 requirements outlined in Section (B) of this document and
211 summarized in Attachment A; and

212 b. The entire Material Change with all available draft
213 materials to be utilized for Members, Providers, and the
214 AdSS's staff.

215 ~~The AdSS must request, in writing, prior approval of a Material Change to~~
216 ~~the Provider Network or business operations in accordance with this~~

217 ~~policy. A request for approval must include a detailed description of~~
218 ~~the proposed change and all requirements outlined above and~~
219 ~~summarized in AHCCCS Operations Manual Policy 439 Attachment A,~~
220 ~~the Provider Network/Business Operations Material Change Plan~~
221 ~~Checklist, as adopted by the Division.~~

222 ~~B2.~~ For all ~~M~~material ~~C~~changes, the AdSS ~~shall~~~~must~~ include an
223 accessibility analysis of the services impacted by the

224 ~~Provider~~~~provider~~ change:

225 ~~a1.~~ For services ~~that require~~ the ~~M~~member ~~to~~~~must~~ travel: ~~to~~
226 ~~receive,~~

227 ~~i.~~ ~~The~~ AdSS ~~shall~~~~must~~ provide the average time and
228 distance that ~~m~~Members in the impacted areas must
229 travel for the service before and after the change: ~~;~~

230 ~~and~~

231 ~~ii.~~ ~~The~~ AdSS shall report compliance with ACOM Policy
232 ~~436 before and after the change if time and distance~~
233 ~~traveled is measured under ACOM 436.~~

- 234 b2. The AdSS shall address the geographic coverage and
235 sufficiency of Providers in the impacted area before and
236 after the change fFor services provided in the Mmember's
237 home; and, the AdSS must address the geographic
238 coverage and sufficiency of providers in the impacted area
239 before and after the change.
- 240 e3c. For transportation services, the AdSS shall~~must~~ address
241 the availability of vehicles dedicated to the AdSS's line of
242 business in the impacted area before and after the
243 changes.
- 244 3E. The AdSS shall request prior approval from the Division, in
245 writing, of a Material Change that involves major system
246 changes and upgrades to the AdSS's information system that
247 affects:
- 248 a. Claims processing;
249 b. Payment;
250 c. Other major business components as specified in Contract;
251 or

252 d. System changes that impact Member or Provider
253 interactions with the AdSS.

254 ~~The AdSS must request prior approval, in writing, of a material change~~
255 ~~that involves major system changes and upgrades to the AdSS's~~
256 ~~information system that, at a minimum, affects claims~~
257 ~~processing, payment, or other major business component, or~~
258 ~~system changes that impact member or provider interactions~~
259 ~~with the AdSS. A request for approval must include a system~~
260 ~~change plan that includes a timeline and milestones, and~~
261 ~~outlines adequate testing to be completed before~~
262 ~~implementation.~~

263
264 4. The ADSS shall, in the request for approval for major system
265 changes submitted to the Division, include a system change plan
266 that includes:

267 a. A timeline;

268 b. Milestones; and

- 269 c. An outline of adequate testing to be completed before
270 implementation.
- 271 5. The AdSS shall submit to the Division advance notification of
272 system changes prior to implementation as specified in the
273 Contract.
- 274 6D. The AdSS shall notify Members and Providers 30 calendar days
275 prior to a Material Change to Provider Network or Material
276 Change to Business Operations.
- 277 7. The AdSS shall adhere to requirements as outlined in AdSS
278 Operations Policy 438 when a Material Change may necessitate a
279 change to an existing Administrative Services Subcontract or
280 may initiate a new subcontract.
- 281 ~~A material change in the Providerprovider network and/or business~~
282 ~~operations requires a 30-day advance written notice from the AdSS to~~
283 ~~members and Providerproviders [42 CFR 438.10(g)(4)].~~
- 284 8.E. The AdSS shall submit written notification to the Division no later
285 than one business day of the AdSS becoming aware of an

- 286 unexpected Material Change to Provider Network or Material
287 Change to Business Operations with the following information:
288 a. A detailed description of the Material Change;
289 b. An explanation of why the Material Change was
290 unexpected;
291 c. All the requirements identified in Attachment A; and
292 d. The AdSS's plan for notifying Members or Providers of the
293 unexpected Material Change.
294 9. If the AdSS is unable to provide some or all the Attachment A
295 requirements in its initial notification of an unexpected Material
296 Change to Provider Network or Material Change to Business
297 Operations, the AdSS shall provide the remaining requirements
298 to the Division within one week of the initial notification.

299
300 ~~If there is an unexpected Material Change to the Provider Network and/or to~~
301 ~~business operations, the AdSS must submit written notification to the~~
302 ~~Division no later than one business day of the AdSS becoming aware~~
303 ~~of the unexpected change. Notification must be submitted as specified~~

304 ~~in contract. The notification must include a detailed description of the~~
305 ~~change, address why it was unexpected, and include all of the~~
306 ~~requirements identified in AHCCCS Operations Manual Policy 439~~
307 ~~Attachment A. If the AdSS is unable to provide some or all of the~~
308 ~~Attachment A requirements in its initial notification, the remaining~~
309 ~~requirements must be provided to the Division with one week of initial~~
310 ~~notification. The AdSS must also identify its plan for notifying~~
311 ~~members or providers of the unexpected change..~~

312 F.—10. The AdSS shall provide written notice to each Member who
313 received their primary care from, or is seen on a regular basis
314 by, a terminated Provider:

315 a. Within 30 calendar days prior to the effective date of the
316 termination; or

317 b. Within 15 days after receipt or issuance of a Provider
318 termination notice.

319 ~~For any provider termination, when appropriate, the AdSS must make a~~
320 ~~good faith effort to give written notice to enrollees within 15 days after~~
321 ~~receipt or issuance of a provider termination notice, to each Mmember~~

322 ~~who received their primary care from, or is seen on a regular basis by,~~
323 ~~the terminated Provider provider [42 CFR 438.10(f)(1)].~~

324 ~~G. The Division will review and respond to AdSS requests for approval~~
325 ~~within 30 days of the submission. Incomplete submissions will not be~~
326 ~~approved and additional information may be requested. The approval~~
327 ~~process will be expedited upon request for emergency situations.~~

328 ~~11. The AdSS shall provide periodic updates on the status of the~~
329 ~~Material Change to Business Operations, Material Change to~~
330 ~~Provider Network, or implementation when requested by the~~
331 ~~Division.~~

332 ~~12. The AdSS, at the request of the Division, shall conduct meetings~~
333 ~~with Providers or Members to:~~

334 ~~a. Provide general information;~~

335 ~~b. Provide technical assistance; or~~

336 ~~c. Address issues related to changes in:~~

337 ~~i. Business operations;~~

338 ~~ii. Policy;~~

339 ~~iii. Reimbursement matters;~~

- 340 iv. Prior authorizations; and
- 341 v. Other matters as identified by the Division.
- 342 ~~H. The AdSS may be required to provide periodic updates on the status of~~
343 ~~the change or implementation.~~
- 344 ~~I. The AdSS may be required to conduct meetings with Provider providers~~
345 ~~and/or members to provide general information or technical~~
346 ~~assistance, or to address issues related to changes to business~~
347 ~~operations, changes in policy, reimbursement matters, prior~~
348 ~~authorizations, and other matters as identified or requested by the~~
349 ~~Division.~~
- 350
- 351
- 352
- 353 SUPPLEMENTAL INFORMATION
- 354 A. The Division may reject incomplete Material Change
355 submissions.
- 356 B. AHCCCS-initiated changes, such as changes in reimbursement
357 methodologies or changes to reference tables impacting claims

358 payment, and industry-initiated changes, such as Current Procedural
359 Terminology (CPT)/diagnosis code changes, are excluded from these
360 policy requirements.

361 C. The Division reserves the right to identify any operations or
362 network change as a Material Change.

363 D. The Division will review and respond to Contractor requests for
364 approval within 30 days of the submission. Incomplete submissions
365 will not be approved, and additional information may be requested.
366 The approval process will be expedited upon request for emergency
367 situations.

368