

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: June 10, 2016

7 REFERENCES: 42 C.F.R. § 457.1230; 42 § C.F.R. 457.1207; 42 C.F.R. §
8 438.207; 42 C.F.R. § 438.10(g)(4); 42 C.F.R. § 438.10(f)(5); 42
9 C.F.R. § 438.10(f)(4); -9 A.A.C. 22, Article 1; 42 C.F.R. 438.207, 42 C.F.R.
10 § 438.10(f) (4), 42 C.F.R. § 438.10(f)(5) 9 A.A.C. 22, Article 1; ACOM 439;
11 DES/DDD AHCCCS Contract.

12
13 PURPOSE

14 This policy establishes the Division’s requirements for identifying
15 Material Changes to Business Operations and Provider Network,
16 assessing the impact of Material Changes to Members and Providers,
17 and the approval process for such changes. ~~The Division ensures that~~
18 ~~performance and provider network standards are met to support a member’s~~
19 ~~needs, as well as the needs of the membership as a whole. Changes to~~
20 ~~business operations or to the provider network are evaluated for the impact~~
21 ~~to members and providers.~~

22 DEFINITIONS

- 23 1. “AHCCCS” means the Arizona Health Care Cost Containment
24 System.

25

26

2. "Attachment A" means the AHCCCS Provider

27

Network/Business Operations Material Change Plan

28

Checklist template.

29

3. "Contractor" means an organization or entity that has a

30

prepaid capitated Contract with AHCCCS pursuant to

31

A.R.S. § 36-2904, A.R.S. § 36-2940, A.R.S. § 36-2944, or

32

Chapter 34 of A.R.S. Title 36, to provide goods and

33

services to Members either directly or through

34

subcontracts with providers, in conformance with

35

contractual requirements and Federal and State law, rule,

36

regulations, and policies.

37

4. "Geographic Service Area" or "GSA" means an area designated

38

by AHCCCS within which a Contractor of record provides, directly

39

or through subcontract, covered health care services to a

40

member enrolled with that Contractor of record, as specified in 9

41

A.A.C. 22, Article 1 and 9 A.A.C. 28, Article 1.

42

5. "Material Change" means Material Changes to Business

43

Operations and Material Changes to Provider Network.

- 44 **6. “Material Changes to Business Operations” means any**
45 **change in overall operations that affects, or can**
46 **reasonably be foreseen to affect, the Division’s ability to**
47 **meet the performance standards as required in Contract**
48 **including, but not limited to, any change that would**
49 **impact or is likely to impact more than five percent of**
50 **total membership or provider network in a specific GSA.**
51 **Changes to business operations may include, but are not**
52 **limited to, policy, process, and protocol, such as prior**
53 **authorization or retrospective review. Additional changes**
54 **may also include the addition or change in:**
- 55 **a. Pharmacy bBenefit mManager;7**
 - 56 **b. Dental bBenefit mManager;7**
 - 57 **c. Transportation vendor;7**
 - 58 **d. Claims pProcessing system;7**
 - 59 **e. System changes and upgrades;7**
 - 60 **f. Change to oOrganization nName;7**
 - 61 **g. Member ID cCard vendor;7**
 - 62 **h. Call center system;7**

- 63 i. Covered benefits delivered exclusively through the
64 mail, such as mail order pharmaceuticals or delivery
65 of medical equipment;;
66 j. Management services Agreement;; and
67 k. Any other Administrative Services Subcontract.
68 7. "Material Changes to Provider Network" means any
69 change in composition of or payments to a Division's
70 Provider network that affects, or can reasonably be
71 foreseen to affect, the Division's adequacy of capacity and
72 services necessary to meet the performance and/or
73 Provider network standards as specified in Contract.
74 Changes to Provider network may include but are not
75 limited to:
76 a. A change that would cause or is likely to cause more
77 than five percent of the members in a Geographic
78 Service Area (GSA) to change the location where
79 services are received or rendered.
80 b. Any change impacting five percent or less of the
81 membership but involving a Provider or

82 Provider provider group who is the sole
83 Provider provider of a service in a service area or
84 operates in an area with limited alternate sources of
85 the service.

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

88 9. "Provider" means an agency or individual operating under a
89 contract or service agreement with the Department to provide
90 services to Division Members.

91 **POLICY**

92 **A. IDENTIFYING A PROVIDER NETWORK OR BUSINESS**

93 **OPERATIONS MATERIAL CHANGE**Identifying A Provider Network
94 and/or Business Operations Material Change

96 1A. The Division shall have efficient and effective business
97 operations and a Provider network to ensure that performance
98 and Provider network standards are met to support a Member's

99 individual needs as well as the needs of the membership as a
100 whole.

101 2. The Division shall evaluate all business operational and
102 Providerprovider network changes, including unexpected
103 changes, to determine if the change is a Material Change.

104 B. 3. The Division shall, For Material Changes impacting
105 Mmembers and/or Providerproviders; the Division shall:

106 a. Establish a process for determining the impact of the
107 change to Mmembers and Providerproviders;

108 b. For Material Changes to Provider Networkprovider network
109 changes, conduct an impact assessment of the change on
110 the Division's membership by:

111 i. Identifying the number of unique Mmembers served
112 by the Providerprovider over the previous six
113 months;

114 ii. A-and comparing the number of unique
115 Members served by the Provider -it to the number of
116 unique Mmembers enrolled with the Division over the
117 same period.

- 118 c. For Material Changes to Business Operations,
119 ~~business operations changes,~~ evaluate the impact of the
120 change to Division membership and ~~Provider~~providers, by
121 ~~Geographic Service Area (GSA)~~ and as a whole, utilizing
122 the established criteria and ~~/or~~ methodology established in
123 this pPolicy;
- 124 d. Determine, based on the evaluation results, if the ~~Material~~
125 ~~cChange~~change:
- 126 i. ~~M~~meets the definition of a Material Change to
127 Business Operations ~~material~~or Material Change to
128 Provider Network ~~change~~ as outlined in this pPolicy
129 or in the AHCCCS Contract and Policy Dictionary; and
130 ~~determine if it~~
- 131 ii. ~~e~~Complies with Contract and pPolicy
132 requirements. ~~and~~
- 133 e. Maintain documentation of evaluation of all ~~Material~~
134 ~~cChanges to P~~provider Nnetwork and ~~Material C~~changes
135 to Bbusiness Ooperations. ~~changes.~~

- 136 ~~4C.~~ For all changes which have a member impact, the Division shall
137 Contractor is required to provide notify Mmembers notification of as
138 specified in ACOM Policy 404 for all Material- cChanges to Provider
139 Network or Material Changes to Business Operations that have
140 Member impact Members as specified in ACOM 404.
- 141 5. The Division shall submit Pproposed draft Mmember communication
142 materials shall be submitted as a component of the Material Changes
143 to Provider Network or Material Changes to Business
144 Operationsmaterial change submission to AHCCCS.
- 145 ~~6D.~~ The Division shall plan Iimplementation of the Material Changes
146 Provider Network or Material Changes to Business Operations shall be
147 planned to ensure continuity of care to Mmembers.
- 148 7. If a change meets both definitions of Material Change Business
149 Operations and Material Change to Provider Network, the Division
150 shall:
- 151 a. Combine its submission as a Material Change to Business
152 Operations; and
- 153 b. Address the requirements of both changes in a single
154 Attachment A.

155

156 ~~E. — A Material Change to Business Operations may also constitute a~~
157 ~~Material Change to the Provider Network. When a Mmaterial Cchange~~
158 ~~meets both definitions, the Division may combine its submission as a~~
159 ~~Material Change to Business Operations, but shall address the~~
160 ~~requirements of both changes in a single Attachment A.~~

161 ~~evaluates the impact of the change by geographical service area and as a~~
162 ~~whole using established criteria and/or methodology for determining~~
163 ~~the impact of the change.~~

164 ~~B. — Provider Network changes may include, but are not limited to:~~

- 165 ~~1. — Changes in services,~~
- 166 ~~2. — Geographic service areas, or~~
- 167 ~~3. — Payments.~~

168 ~~C. — Changes may also include the addition or change in:~~

- 169 ~~1. — Pharmacy Benefit Manager (PBM),~~
- 170 ~~2. — Dental Benefit Manager,~~
- 171 ~~3. — Acute Health Plan,~~
- 172 ~~4. — Provider Contracts (e.g. group homes, nursing facility), and~~
- 173 ~~5. — Any other delegated agreements.~~

- 174 ~~D. Business Operations changes may include, but are not limited to:~~
- 175 ~~1. Policy,~~
- 176 ~~2. Process, and~~
- 177 ~~3. Protocol, such as prior authorization or retrospective review.~~
- 178 ~~E. Changes may also include the addition or change in:~~
- 179 ~~1. Claims Processing system,~~
- 180 ~~2. System changes and upgrades,~~
- 181 ~~3. Member ID Card vendor,~~
- 182 ~~4. Call center system,~~
- 183 ~~5. Management Service Agreement (MSA), and~~
- 184 ~~6. Any other Administrative Services Subcontract.~~
- 185 ~~F. The Division will submit approval for a material change to AHCCCS, at~~
- 186 ~~least 60 days in advance of the material change.~~
- 187 ~~G. Any alteration or development within the provider network that may~~
- 188 ~~reasonably be foreseen to affect the quality or delivery of services~~
- 189 ~~provided will be communicated to affected providers at least 30 days~~
- 190 ~~in advance of the change as identified in Operations Policy Manual~~
- 191 ~~Chapter 60, Notification to Providers.~~

192 ~~H. The Division will provide written notice to members within 15 days~~
193 ~~after receipt or issuance of a provider termination notice.~~

194 B. ~~CONTRACTOR REPORTING REQUIREMENTS~~ Contractor Reporting

195 Requirements **General Notifications**

196 ~~A. 1. The Division shall request, in writing, prior approval from~~
197 ~~AHCCCS of a Material Change to the Provider Network or~~
198 ~~Material Change to Business Operations as specified in this~~
199 ~~Policy to include:-~~

200 ~~a. A request for approval shall include a detailed description~~
201 ~~of the proposed change(s) and all requirements outlined in~~
202 ~~Section (A) of this document above and summarized in~~
203 ~~Attachment A; and-~~

204 ~~b. The entire Material Change with shall be submitted in its~~
205 ~~entirety, whenever possible, and include all available draft~~
206 ~~materials to be utilized for Members, Provider providers,~~
207 ~~and/or the Division's Contractor's staff.- Incomplete~~
208 ~~submissions may be rejected.~~

209 2.

210 2. For all ~~M~~material ~~C~~changes, the Division shall include an
211 accessibility analysis of the services impacted by the
212 ~~Provider~~provider change:

213 a. For services that require the ~~M~~member to travel: ~~shall~~
214 travel to receive

215 i.— The Division shall provide the average time
216 and distance that Members in the impacted areas
217 ~~shall~~ travel for the service before and after the
218 change; and -

219 ii. ~~If time and distance traveled is measured under~~
220 ~~ACOM Policy 436,~~ The Division shall report
221 compliance with ACOM Policy 436 ~~shall be reported~~
222 before and after the change ~~if time and distance~~
223 ~~traveled is measured under ACOM 436.~~

224 b. ~~For services provided in the member's home—The~~
225 Division shall address the geographic coverage and
226 sufficiency of ~~Provider~~providers in the impacted area
227 before and after the change ~~for services provided in the~~
228 Member's home; ~~;~~ and

- 229 c. For transportation services, ~~the~~ the Division shall
230 address the availability of vehicles dedicated to the
231 Division's ~~Division's~~ Contractor's line of business in the
232 impacted area before and after the change.
- 233 3. The Division shall request prior approval from AHCCCS, in writing, of a
234 Material ~~e~~Change that involves major system changes and upgrades
235 to the Division's information system that, ~~at a minimum,~~ affects:
- 236 a. Claims processing;
237 b. Payment; ~~or~~
238 c. Other major business components as specified in Contract; ~~or~~
239 d. System changes that impact Member or ~~Provider~~ provider
240 interactions with the Division.
- 241 4. The Division shall, in the 's-request for approval for major system
242 changes- submitted to AHCCCS, ~~shall~~ include a system change plan
243 that includes:
- 244 a. ~~A~~ timeline;
245 b. ~~M~~ milestones; and
246 c. ~~e~~An outline of ~~s~~ adequate testing to be completed before
247 implementation.

- 248 5. The Division shall submit to AHCCCS ~~System changes require~~ advance
249 notification of system changes prior to implementation as specified in
250 the Contractor Chart of Deliverables.
- 251 65. The Division shall notify Members and Providers in writing 30 calendar
252 days prior to a ~~A Material Change to in the Provider Network and/or~~
253 Material Change to Business Operations. ~~requires a 30-day advance~~
254 written notice from the Contractor to members and providers. [42 CFR
255 457.1207, 42 CFR 438.10(g)(4)].
- 256 67. The Division ~~Contractor~~ shall submit written notification to AHCCCS no
257 later than one business day of the Division becoming aware ~~change in~~
258 ~~the event of an unexpected Material Change to Provider Network or~~
259 Material Change to Business Operations with the following
260 information:-
- 261 a. ~~Notification shall be submitted as specified in Contract.~~
 - 262 b. The notification shall include:
 - 263 i. ~~a. A detailed description of the Material Cchange,~~
 - 264 ii. ~~b. An explanation of address why the Material Change it~~
265 was unexpected; and
 - 266 c. ~~include a~~All the requirements identified in Attachment A; and

- 267 iii. d. The Division's plan for notifying Members or
268 Providers of the unexpected Material Change. ;
- 269 8. The Division shall adhere to requirements as outlined in Division
270 Operations Policy 438 when a Material Change may necessitate a
271 change to an existing Administrative Services Subcontract or may
272 initiate a new subcontract.
- 273 c. 9. If the Division Contractor is unable to provide some or all the
274 Attachment A requirements in its initial notification of an unexpected
275 Material Change to Provider Network or Material Change to Business
276 Operations, the Division shall provide the remaining requirements shall
277 be provided to AHCCCS within one week of the initial notification.
- 278 d. The Division shall also identify its plan for notifying members or
279 providers of the unexpected change.
- 280 107. when appropriate, the The Division shall make a good faith effort to
281 provide written notice to each Member who received their primary care
282 from, or is seen on a regular basis by, a terminated Provider for:
- 283 a. any provider termination enrolees by the later of Within 30
284 calendar days prior to the effective date of the termination; ; or

285 b. ~~w~~Within 15 days after receipt or issuance of a Provider~~provider~~
286 termination notice~~,~~ to each Mmember who received their
287 primary care from, or is seen on a regular basis by, the
288 terminated provider [42 CFR 457.1207, 42 CFR 438.10(f)(1)].

289 G. ~~AHCCCS will review and respond to Contractor requests for~~
290 approval within 30 days of the submission. Incomplete
291 submissions will not be approved, and additional information
292 may be requested. The approval process will be expedited upon
293 request for emergency situations.

294 11H. The Division shall ~~may be required to~~ provide periodic updates on the
295 status of the Material Change to Business Operations~~, or Material~~
296 Change to Provider Network, or implementation when requested by
297 AHCCCS.

298 12I. The Division, at the request of AHCCCS, shall ~~may be required to~~
299 conduct meetings with Provider~~providers~~ and/or Members to:

300 a. ~~Pp~~Provide general information~~;~~

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

302 c. Address issues related to changes in:

303 i. ~~changes to B~~business operations~~;~~ changes in

304 ~~ii. Policy;~~

305 ~~iii. Reimbursement matters;~~

306 ~~iv. Prior authorizations; and~~

307 ~~v. Other matters as identified or requested by AHCCCS.~~

308 ~~The Division provides notification via provider meetings, email (e.g., Vendor~~
309 ~~Blast), or US mail:~~

310 ~~1. For routine changes and updates to AHCCCS Guidelines, Policy,~~
311 ~~Manual Changes, and any other information that AHCCCS may~~
312 ~~require the Division to disseminate on behalf of the~~
313 ~~Administration.~~

314 ~~2. For routine changes and updates to Division Guidelines,~~
315 ~~Policy/Provider Manual.~~

316 ~~3. For changes to the AHCCCS Minimum Subcontract, within 30~~
317 ~~calendar days of the published change.~~

318 ~~4. To disseminate information designed to bring the providers into~~
319 ~~compliance with Disease/Chronic Care Management practice~~
320 ~~guidelines.~~

321 ~~B. Qualified Vendors are required to maintain and update Primary~~
322 ~~Contract Contact information to receive provider notifications.~~

323 ~~C. Communication with Independent Providers is via US mail.~~

324 ~~D. Communication with Administrative Services Subcontractors (AdSS) is~~
325 ~~not duplicated if the AdSS is also contracted with AHCCCS.~~

326 ~~SUPPLEMENTAL INFORMATION~~ Supplemental Information

327 ~~A. The Division shall have efficient and effective business operations and~~
328 ~~a Providerprovider network to ensure that performance and Providerprovider~~
329 ~~network standards are met to support a Member's individual needs as well~~
330 ~~as the needs of the membership as a whole.~~

331 ~~B. The Division shall develop a process to determine when changes to~~
332 ~~business operations or to the provider network constitute a material~~
333 ~~change.~~

334 ~~A. AHCCCS may reject incomplete material change submissions.~~

335 ~~BE. AHCCCS-initiated changes, such as changes in reimbursement~~
336 ~~methodologies or changes to reference tables impacting claims~~
337 ~~payment, and industry-initiated changes, such as Current Procedural~~
338 ~~Terminology (CPT)/diagnosis code changes, are excluded from these~~
339 ~~policy requirements.~~

340 ~~CD. AHCCCS may request and review documentation of established~~
341 ~~methodology, criteria, and evaluation results for all Providerprovider~~

342 network and business operations changes even for those changes that
343 the Division determines do not constitute a ~~M~~material ~~C~~change.
344 DE. AHCCCS reserves the right to identify any operations or network
345 change as a ~~M~~material ~~C~~change.
346 E. AHCCCS will review and respond to Contractor requests for
347 approval within 30 days of the submission. Incomplete submissions
348 will not be approved, and additional information may be requested.
349 The approval process will be expedited upon request for emergency
350 situations.