

6004-E SUBCONTRACTED HEALTH PLAN OPERATIONAL REVIEWS

REVISION DATE: 3/19/2025

REVIEW DATES: 12/19/2024, 11/9/2023

EFFECTIVE DATE: May 20, 2016

REFERENCES: 42 C.F.R. § 438.66(a); 42 C.F.R. § 438.358(b)(1)(iii); 42 C.F.R. § Part 438; ACOM 438; Health Plans Integrated Contract

PURPOSE

The purpose of this policy is to establish requirements for the Division of Developmental Disabilities (Division) to perform Operational Reviews on the Division's Subcontracted Health Plans.

DEFINITIONS

1. "Member" means the same as "Client", a person receiving developmental disabilities services from the Division as specified in A.R.S. § 36-551.
2. "Operational Review" or "OR" means an evaluation conducted at least annually of the Subcontracted Health Plan that reports compliance with Contract requirements, identifies best practices, includes recommendations for areas of improvement, monitors progress towards implementation of mandated programs, and provides technical assistance where necessary.
3. "Subcontractor" means:

- a. A provider of health care who agrees to furnish covered services to Members.
 - b. An individual, agency, or organization with which the Contractor, or its Subcontractor, has contracted or delegated some of its management/administrative functions or responsibilities.
 - c. An individual, agency, or organization with which a fiscal agent has entered into a Contract, agreement, purchase order or lease (or leases of real property) to obtain space, supplies equipment or services provided under the AHCCCS agreement.
4. “Subcontracted Health Plan” means an organization or entity that has a prepaid capitated contract with AHCCCS/DES-DDD pursuant to A.R.S. § 36-2904, A.R.S. § 36-2940, A.R.S. § 36-2944, or Chapter 34 of A.R.S. Title 36, to provide goods and services to Members either directly or through subcontracts with providers, in conformance with contractual requirements and Federal and State law, rules, regulations, and policies.

A. GENERAL REQUIREMENTS

1. The Division shall perform an Operational Review (OR) on Subcontracted Health Plans at least annually to:
 - a. Know the Subcontracted Health Plan's system and operation;
 - b. Support Subcontracted Health Plan's compliance with Division requirements;
 - c. Improve the Subcontracted Health Plan's compliance with Division requirements;
 - d. Recognize Subcontracted Health Plan's accomplishments;
 - e. Perform oversight of the Subcontracted Health Plan's operations as required by the Centers for Medicare and Medicaid Services (CMS) and the Arizona Health Care Cost Containment System (AHCCCS); and
 - f. Determine whether the Subcontracted Health Plan satisfactorily meets:
 - i. Division Contract requirements;
 - ii. Division policies;
 - iii. Arizona Revised Statute;

- iv. Arizona Administrative Code; and
 - v. Code 42 C.F.R. Part 438, Managed Care.
 - g. Determine progress made in implementing recommendations made during prior Operational Reviews;
 - h. Determine the Subcontracted Health Plan's compliance with its own policies and procedures; and
 - i. Evaluate the effectiveness of the Subcontracted Health Plan's policies and procedures.
2. The Division shall evaluate the Subcontracted Health Plan's operations related to the following standards as specified in Contract when conducting Operational Reviews:
- a. Case management (CM) is not applicable to the Subcontracted Health Plans as it is not a delegated function;
 - b. Claims and information systems (CIS);
 - c. Delivery systems (DS);
 - d. General administration; (GA)
 - e. Grievance system (GS);
 - f. Maternal/child health and EPSDT (MCH);

- g. Medical management (MM);
 - h. Member information (MI);
 - i. Quality management (QM);
 - j. Reinsurance (RI);
 - k. Integrated system of care (ISOC);
 - l. Quality improvement (QI);
 - m. Third party liability (TPL); and
 - n. Corporate compliance (CC).
3. The Division shall conduct the following types of Operational Reviews when applicable:
- a. A full review of all standards; and
 - b. A focused review that includes:
 - i. Specific dates;
 - ii. Specific areas of operations across Subcontracted Health Plans; and
 - iii. Standards related to an individual Subcontracted Health Plan's performance.
4. The Division may modify the Operational Review timeline requirements in this policy based on the needs of the review.

B. OPERATIONAL REVIEW TIMELINES

1. The Division shall notify the Subcontracted Health Plan three weeks before the scheduled date of the Operational Review.
2. The Division shall require the Subcontracted Health Plan to submit the following documents two weeks before the onsite Operational Review, to include:
 - a. Universe sample selection; and
 - b. Any other documentation for review at the Division's request.
3. The Division shall notify the Subcontracted Health Plan of selected samples to be reviewed within three business days of receipt of the documents submitted by the Subcontracted Health Plan.
4. The Division shall require the Subcontracted Health Plan to upload all requested documents to the Division's File Transfer Protocol (FTP) one week prior to the date of the onsite Operational Review.
5. The Division may, as applicable, conduct interviews of the Subcontracted Health Plan virtually or onsite to:

- a. Investigate areas of the review for clarity;
- b. Gather additional facts; and
- c. Obtain further clarification on how the Subcontracted Health Plan operates.

C. OPERATIONAL REVIEW REPORT TIMELINES

1. The Division shall forward an executive summary draft of the Operational Review findings to the Subcontracted Health Plan six weeks after conducting the review.
2. If the Subcontracted Health Plan challenges the Division's Operational Review findings, the Division shall instruct the Subcontracted Health Plan to submit a challenge letter to the Division within one week after receiving the findings.
3. The Division shall issue the final Operational Review executive summary report to the Subcontracted Health Plan nine weeks after the review.
4. The Division shall require the Subcontracted Health Plan to submit for approval a corrective action plan (CAP) within 11 weeks after the review, based on the recommendations provided in the final Operational Review executive summary report.

5. The Division shall require the Subcontracted Health Plan to complete and close the CAP within six months of the Division's approval of the CAP.

D. REVIEW OF OPERATIONAL REVIEW DOCUMENTS

1. The Division may review Operational Review documents at the Subcontracted Health Plan's place of business, virtually or a combination of both.
2. The Division shall require the Subcontracted Health Plan to meet the following timelines for submitting additional documents:
 1. By close of business of the same day, if documents are requested by the Division before noon; or
 2. By 9:00 a.m. on the following day, if documents are requested by the Division after noon.

Jeanette Pauley

Signature of Operations Compliance Manager

Jeanette Pauley

Name

2025-03-13

Date