

March 21, 2014

Mr. Thomas McMahan
Senior Policy Advisor
Managed Care Oversight
Department for Medicaid Services
275 East Main Street 6WA
Frankfort, KY 40621

Re: PP2014ES-1: Response to Corrective Action Plan Regarding Failure to Submit Accurate Encounter Data

Dear Mr. McMahan:

This letter is Passport Health Plan's ("Passport") response to the Department for Medicaid Services' ("Department"), March 11, 2014 letter, regarding the above subject. Specifically, the letter states that Passport or one of its subcontractors, on two separate occasions, caused problems with the Department's claims engine. We have outlined within this letter Passport's corrective action plan delineating the time and manner in which this situation is to be corrected.

Situation Number 1 dated February 9, 2014

Root Cause: We determined that AmeriHealth HMO, Inc. ("AmeriHealth HMO"), our Family Planning subcontractor, submitted VOID files containing a seventeen (17) digit ICN instead of the correct thirteen (13) digit ICN number. This resulted in over 13,000 VOIDs being rejected.

Resolution: We have discussed this situation with AmeriHealth HMO. They are in the process of making corrections to their [system] [procedure] relative to VOID files to ensure that the correct thirteen (13) digit ICN number is used for VOID files. Below is the timeline of the actions that will be taken to reduce the likelihood that this situation will occur in the future.

- 3/14/14 Revise system or process to use the thirteen (13) digit ICN.
- 3/30/14 Revise Subcontractor encounter policy to show revised process.
- 4/4/14 Successfully submit Two (2) files through the DMS test encounter process.

Note: We have issued a CAP to AmeriHealth HMO regarding this matter. For your convenience, we have included a copy of the CAP with this response. The CAP provides detail regarding the corrective actions shown above.

Situation Number 2 dated February 16, 2014

Root Cause: We determined that Beacon Health Strategies, LLC. ("Beacon"), our Behavioral Health subcontractor, submitted VOID files to the Department that contained invalid ICNs caused by an extra space at the end of the ICN data field.

Resolution: We have discussed this situation with Beacon. They have corrected the space issue and are implementing a quality check to ensure that this situation does not occur in the future. Below is the timeline of the action to reduce the likelihood that this situation will occur in the future.



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3/20/14	Develop and submit to Passport a project plan for correction of all issues associated with this situation.
3/20/14	Revise Subcontractor encounter policy to show revised process.
TBD	Implement a quality review for VOID files.
4/4/14	Successfully submit Two (2) files through the DMS test encounter process.

Note: We have issued a CAP to Beacon regarding this matter. For your convenience, we have included a copy of the CAP with this response. The CAP provides detail regarding the corrective actions shown above.

We appreciate this opportunity to address the above encounter situations. We understand that encounter submission is critical to the Department's efforts to monitor health outcomes of Medicaid Members. As such, we are committed to taking the necessary steps to ensure that we and our subcontractors establish and implement processes to submit accurate encounters on a timely basis.

Please feel free to contact me if you have any questions or need any further information.

Sincerely,



David Henley, JD, CCEP, CHIE, FLMI
Vice President and Chief Compliance Officer

DH/sas

Enclosures

cc:

Lawrence Kissner, Commissioner, Department for Medicaid Services
Lee A. Guice, Director of Policy and Operations, Department for Medicaid Services
Christina Heavrin, General Counsel, Cabinet for Health and Family Services
Jan Thornton, Staff Liaison, Department for Medicaid Services
Wayne Dominick, Policy Analyst, Department for Medicaid Services
Mark Carter, CEO, Passport Health Plan
Christie Spencer, VP, Operations, Passport Health Plan



MEMORANDUM

To: Brigid Adams Morgan, Program Director, Beacon Health Strategies

From: Kimberly Neuman, Manager, Delegation Oversight, Passport Health Plan

Cc: David Henley, VP and Chief Compliance Officer (Passport)
Kim Myers, Director, Compliance
Erin Farrington, Director, Business Excellence Support Team (Business Excellence Support Team)
Liz McKune, Behavioral Health Director (Passport)
Jena Bowman, Subcontractor Operations Analyst (Business Excellence Support Team)

Date: March 5, 2014

Subject: **Notice of Noncompliance Requiring Corrective Action Plan**

The purpose of this memorandum is to notify you Passport Health Plan (Passport) has determined Beacon Health Strategies (Beacon) has not achieved compliance to our contract. As stated below

- Failure to submit Encounter Files as well as other routinely scheduled file submissions timely and accurately. (Void files)

The above performance deficiencies have resulted in significant risks for Passport to be placed under corrective action and potential penalties by the Department for Medicaid Services (DMS).

Given the above, Passport has determined Beacon's inability to provide these files accurately and timely placed Passport in a position of non-compliance with our DMS contract. As a result, Passport is requiring Beacon to provide a Corrective Action Plan (CAP) for issue identified. The CAP must outline, in detail, Beacon's strategy for correcting these deficiencies in accordance with the requirements of this memorandum and to bring Beacon into compliance with our contract, and to mitigate future recurring issues.

ISSUE

BACKGROUND:

- January 30, 2014 Beacon submitted a small group of void files that were successfully accepted by DMS.
- February 14, 2014 Beacon submitted void files through May 2013, those files crashed DMS claims engine
 - February 17, 2014 DMS advised Passport that 12 of 16 void files contained invalid ICN's, the issue was caused by an extra space at the end of the ICN number data field.
 - February 19, 2014 Beacon notified Passport the space issue had been corrected. However it was determined to be lack of Quality check for report.
 - February 21, 2014 DMS advised Beacon not to submit any further files until files submitted until files have been further tested.
- February 21, 2014 Beacon advised Passport of difficulty with weekly 837 file and did not submit the file as originally advised file was on target for submission.

ISSUE:

Beacon has been deficient in delivery of accurate and timely data as is contractually required.

REQUIREMENT:

A Corrective Action Plan (CAP) is required for stated above. The following should be included in each of the Beacon CAPs prepared for Passport approval, no later than close of business, **3/20/14**:

- Project plan with any open tasks required to correct the issues and a timeline to accomplish completion.
- Documentation of change in practice or policy to comply and mitigate future project delays or data accuracy or timeliness delays in file delivery.

As applicable, this documentation should include procedures, quality reviews and backup systems on the following:

- All files need to be accepted at or above 95%
- Rejected encounters need to be corrected and resubmitted within 10 days
- Zero files rejected at the 999 level
- All encounters should be submitted with 30 days of adjudication
- Quality Review minimally 5% of an encounter or void file (validate formatting, data etc.)

If you have questions, please contact me by phone at (502) 585-8224 or via email at kimberly.neuman@passporthealthplan.com.

MEMORANDUM

To: Trader, Renee C. (Renee.Trader@ibx.com); Richard.Roccato@ibx.com
From: Wagner, Christopher
Sent: Wednesday, March 19, 2014 9:27 AM
Cc: Neuman, Kimberly; Farrington, Erin
Subject: Family Planning Encounters - Response Required
Importance: High

Due to the defect submission of voids by Family Planning (FP) 2/9/14, Passport has been placed on a Corrective Action Plan.

In order to properly respond, I will need the following information no later than noon 3/20/14.

- What is FP's plan to correct the void files to the format required by DMS?
- What are the dates where FP will submit test files for processing with corrections? As you know, you have to pass 2 test at 95% acceptance rate before you can move to production. 1 has been submitted but I have not received any information.
- When is FP's fix going to be implemented into current encounter submissions?
- How will FP prevent this type of defect for future submissions?
- When will FP implement and validate the submission of the correct trading partner ID?
- And finally, once the test voids pass test, when will FP submit voids and then resubmitted encounters with the correct trading partner ID?

Please consider this response your top priority in order to allow Passport to respond to DMS. Please respond with exact dates as we and DMS will be monitoring.

Thank you,

