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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

October 7, 2004

The Honorable John Huppenthal, Chair
Joint Legislative Audit Committee

The Honorable Robert Blendu, Vice Chair
Joint Legislative Audit Committee

Dear Representative Huppenthal and Senator Blendu:

Our Office has recently completed a 24-month followup of the Arizona Health Care Cost Containment System—Quality of Care regarding the implementation status of the 14 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in September 2002 (Auditor General Report No. 02-08). As the attached grid indicates:

- 13 of the 14 recommendations have been implemented; and
- 1 recommendation is no longer applicable.

Unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our follow-up work on AHCCCS' efforts to implement the recommendations resulting from the September 2002 performance audit.

Sincerely,

Debbie Davenport
Auditor General

DD:jw
Attachment

cc: Mr. Anthony D. Rodgers, Director
AZ Health Care Cost Containment System

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM
Quality of Care
24-Month Follow-Up Report To
Auditor General Report No. 02-08

FINDING I: AHCCCS should strengthen its health plan reviews

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. AHCCCS should modify its annual operational and financial reviews of health plans to focus more on evaluating health plan performance outcomes.	Implemented at 6 Months	
2. If AHCCCS increases its focus on health plan performance outcomes in its OFRs, which may require increased resources, AHCCCS should prioritize and consider reducing the overall number of OFR standards that it evaluates during each operational and financial review.	Not Applicable ¹	
3. AHCCCS should enhance its follow-up efforts to ensure that health plans resolve the problems identified in the operational and financial reviews, including obtaining evidentiary documentation and conducting more frequent follow-up visits when necessary to verify that corrective actions have occurred.	Implemented at 12 Months	

¹ AHCCCS has been able to increase its focus on health plan outcomes without reducing the total number of OFR standards.

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FINDING II: AHCCCS needs to ensure member complaints are appropriately resolved

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
<p>1. AHCCCS should ensure that complaints are appropriately resolved by obtaining evidence that the member concern has been addressed and, when appropriate, changes have been implemented to help prevent similar problems from reoccurring. Where appropriate, AHCCCS should contact the complainant to determine if the concern has been satisfactorily addressed.</p>	<p>Implemented at 6 Months</p>	
<p>2. In those instances where AHCCCS has identified significant problems with a health plan's complaint-handling process, AHCCCS should:</p> <p>a. Take appropriate action against the health plan for its failure to properly investigate and resolve complaints, possibly including a formal notice to cure, which would require corrective actions within a specified time period, or financial sanctions.</p>	<p>Implemented at 6 Months</p>	

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FINDING II: AHCCCS needs to ensure member complaints are appropriately resolved (concl'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
<p>b. Investigate and resolve the complaints it receives rather than refer them to the health plan until the plan has implemented a complaint-handling system that meets AHCCCS' requirements.</p> <p>c. Increase its monitoring of how the health plan handles the complaints they receive directly until the plan has demonstrated its ability to adequately investigate and resolve complaints.</p>	<p style="text-align: center;">Substantially Implemented at 24 Months²</p> <p style="text-align: center;">Implemented at 6 Months</p>	

² During the 24-month follow-up time frame, AHCCCS did not identify any health plans with deficient complaint investigation and resolution processes. AHCCCS has adopted a policy to assume complaint investigation and resolution functions if such a situation is identified and reports that it has the staff resources to do so.

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FINDING III: AHCCCS needs to do more to address concerns with care for the developmentally disabled

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. AHCCCS should continue to help DDD develop a centralized complaint-handling system that meets standards.	Implemented at 12 Months	
2. AHCCCS should increase its monitoring of DDD complaints by reviewing files not only from the central office, as it currently does, but also from the local offices to ensure that all types of complaints are being handled appropriately.	Implemented at 6 Months	
3. AHCCCS should review DDD's home modification files as soon as possible to determine if delays in providing home modification services are justified.	Implemented at 6 Months	
4. If AHCCCS determines that DDD's delays in providing home modification services are not justified, AHCCCS should use its various options, such as another notice to cure or financial sanctions, to see that DDD provides these services in a timely manner.	Implemented at 12 Months	

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FINDING III: AHCCCS needs to do more to address concerns with care for the developmentally disabled (concl'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
5. AHCCCS should provide direction to DDD on which date the 90-day home modification approval time frame begins and under what circumstances home modification requests may be closed.	Implemented at 6 Months	

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FINDING IV: Clinical performance indicators provide useful information

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. Because the clinical performance indicators provide valuable information about the performance of individual health plans, and where applicable to OFR standards, AHCCCS should incorporate the indicator results into its OFR report and use the information when assessing performance.	Implemented at 6 Months	
2. As part of the process for improving performance when health plans do not meet the contract specifications, AHCCCS should either request documentation or conduct a site visit to ensure that the health plan has implemented the actions described in its plan.	Implemented at 12 Months	