

440 – MANAGED CARE EXPIRATION OR TERMINATION OF CONTRACT¹

EFFECTIVE DATES: 01/01/16, 07/01/16, 04/18/17, 10/01/18, 06/01/21, UPON PUBLISHING²

APPROVAL DATES: 04/01/16, 04/06/17, 05/30/18, 04/15/21, 03/05/25³

I. PURPOSE

This Policy applies to ACC, ACC-RBHA⁴, ALTCS ~~/E/~~PD, DCS ~~/Comprehensive Health Plan~~ CHP⁵ (CHP), and ~~DES/_~~DDD (DDD), ~~and RBHA~~ Contractors. ~~The purpose of t~~This Policy is to set forth ~~establishes⁶~~ Contractor requirements and responsibilities when the Contract between AHCCCS and the Contractor expires (Contract Expiration) or is terminated by either AHCCCS or the Contractor (Contract Termination).

II. DEFINITIONS

CONTRACT	A written agreement entered into between a person, an organization, or other entity and the Administration to provide health care services to a member as specified in A.R.S. Title 36, Chapter 29.
CONTRACT EXPIRATION	The ending of the Contract pursuant to its terms without any action by a party to the agreement.
CONTRACT TERMINATION	The cancellation of the Contract, in whole or part (e.g. by Geographic Service Area [GSA], as a result of an action taken by AHCCCS or the Contractor.
INCURRED BUT NOT REPORTED (IBNR)	Liability for services rendered for which claims have not been received.

Refer to the AHCCCS Contract and Policy Dictionary for common terms found in this Policy.⁷

¹ Policy has been reorganized for flow.

² Date Policy is effective.

³ Date Policy is approved.

⁴ Revised to align with the Competitive Contract Expansion YH20-0002 to expand the provision of services for the awarded ACC Contractors, changes made throughout policy.

⁵ Comprehensive Medical and Dental Program (CMDP) changed to Comprehensive Health Plan (CHP) due to Behavioral health integration. Refer to Laws 2019, 1st Regular Session, changes made throughout policy.

⁶ Revised for grammar; changes made throughout Policy.

⁷ Removed to align with Contract and Policy formatting standards. Common terms can be found in the AHCCCS Contract and Policy Dictionary.

III. POLICY

The Contractor ~~is required to~~ shall⁸ adhere to ~~certain~~ notification requirements and comply with ~~specific~~ all applicable⁹ responsibilities as specified in Contract and this Policy in the event of Contract Expiration or Contract Termination.

Upon determination of Contract Expiration or Termination, AHCCCS will provide notice to the Contractor outlining the Contractor's operational and reporting requirements for the ~~Contract Expiration or Termination~~ transition period ~~as specified below~~¹⁰.

In either instance, Contract Expiration or Contract Termination, the Contractor ~~is required to~~ shall develop and submit a Contract Expiration or Termination Plan to AHCCCS for prior approval as specified in this Policy. The Contract Expiration or Termination Plan shall clearly present the Contractor's process for ensuring compliance with all contractual responsibilities through the transition period, regardless of whether a Contract expires or is terminated. The Contractor ~~is responsible to~~ shall assist AHCCCS in the transition of members.

A. CONTRACTOR NON-RENEWAL - GENERAL NOTIFICATIONS

1. If the Contractor elects not to renew the Contract, the Contractor shall provide AHCCCS with written notice at least 180 days prior to the non-~~r~~Renewal of the current Contract, as specified in Contract.
2. After receiving receipt of the Contractor's notification of intent not to renew, AHCCCS will issue written notice to the Contractor specifying:
 - a. The effective date of termination,
 - b. The Contractor's operational and reporting requirements, and
 - c. Timelines for submission of deliverables.

B. AHCCCS NON-RENEWAL - GENERAL NOTIFICATIONS

If AHCCCS elects not to renew the Contract, AHCCCS will provide written notice prior to the non-renewal of the current Contract.

⁸ Revised to align with policy standard language throughout the policy.

⁹ Language revised for clarity throughout policy.

¹⁰ Removed; not needed.

C. CONTRACT TERMINATIONS BY AHCCCS - GENERAL NOTIFICATIONS

1. AHCCCS may initiate [Contract](#)¹¹ termination actions for reasons, including but not limited to:
 - a. A Contractor’s notification of or refusal to sign a contract amendment,
 - b. Substantial failure to provide medically necessary services that the Contractor is required to provide under law or the terms of its [Contract](#) to its enrolled members,
 - c. Failure to meet AHCCCS Financial Viability Standards,
 - d. Material deficiencies in the Contractor’s provider network,
 - e. Failure to meet quality of care and quality management requirements,
 - f. Failure to comply with [Contract](#) provisions or applicable Federal and State laws or regulations, or
 - g. For convenience, as stipulated in Contract.
2. In the event AHCCCS initiates a Termination for Convenience action, pursuant to the Contract Terms and Conditions, AHCCCS will provide written notice of the termination at least 90 days before the effective date of the termination. The notice will include the effective date of the termination and the Contractor’s operational and reporting requirements.
3. In the event AHCCCS initiates a termination action of a Contract for failure to meet the requirements of Federal [and State](#)¹² Law or ~~the~~ [Contract](#), AHCCCS will provide the Contractor with notice of intent to terminate, the reason for termination and hearing rights [42 CFR 438.710].
 - a. In the event the Contractor does not contest the intent to terminate the Contract, AHCCCS will notify the Contractor in writing of:
 - i. The effective date of termination,
 - ii. The Contractor’s operational and reporting requirements, and
 - iii. Timelines for submission of deliverables.
 - b. In the event the Contractor files a request for a hearing to challenge the intent to terminate and the termination is upheld through the Administrative Hearing process, AHCCCS will notify the Contractor in writing of:
 - i. The effective date of termination,
 - ii. The Contractor’s operational and reporting requirements, and
 - iii. Timelines for submission of deliverables.
4. AHCCCS will provide [Centers for Medicare and Medicaid Services](#)¹³ (CMS) with written notice no later than 30 days after the date of ~~the~~ [a](#) Contract Termination, as specified in 42 CFR 438.724.

¹¹ [Added to clarify that a Contract may be terminated.](#)

¹² [Included State to align with current policy standards.](#)

¹³ [Spelled out acronym for first time use.](#)

D. GENERAL CONTRACTOR RESPONSIBILITIES

AHCCCS will provide notification to the Contractor outlining requirements following a Contract Expiration or Termination. The Contractor shall provide a response to AHCCCS for approval as specified in Contract.¹⁴

For Contract Expirations and Terminations, the Contractor shall adhere to the following requirements which include but are not limited to:

1. Produce reports timely and perform all responsibilities through the dates specified in the AHCCCS notification.
2. Comply with all terms of the Contract including, but not limited to, the provision of all management and administrative services throughout the transition.
3. Maintain adequate staffing to perform all required functions as specified in Contract.
4. Designate an individual as Contract Transition Coordinator who shall ensure the continuance of Contractor performance, operations, and member transitions through a time determined by AHCCCS, and provide this individual's contact information with submission of the Contract Expiration or Termination Plan.
5. Participate in any meetings, workgroups, trainings, or other activities scheduled by AHCCCS related to the transition of members, to support a seamless transition.
6. Develop communications to all subcontractors and members related to the Contract Expiration or Termination, including a timeline for notification.
7. Be responsible for payment of all outstanding obligations for medical care rendered to members.
8. Be responsible for the provision of a monthly claim aging report including Incurred But Not Reported (IBNR) amounts as specified in the AHCCCS Notification.
9. Be responsible for the provision of qQuarterly and aAnnual aAudited fFinancial sStatements up to the date specified by AHCCCS. The financial statement requirement will not be absolved without an official release from AHCCCS.
10. Be responsible for the provision of encounter reporting until all services rendered prior to Contract Expiration or Termination have reached adjudicated status and data validation of the information has been completed, as communicated by a letter of release from AHCCCS.
11. Cooperate with reinsurance audit activities on prior cContract years.

¹⁴ Added introduction paragraph to outline Contractor responsibilities.

12. Cooperate with AHCCCS to complete and finalize any open and pending reconciliations until release has been granted by AHCCCS. AHCCCS will work to complete any pending reconciliations as timely as can be completed, allowing for appropriate lag time for claims to run out and/or changes to be entered into the system.
13. Be responsible for the submission of ~~Quarterly~~ Quality Management and Medical Management reports as ~~required by~~ specified in¹⁵ Contract and this Policy, as appropriate, to provide information on services rendered up to the date of Contract Expiration or Termination including Quality Of Care (QOC) concern reporting, and investigations based on the date of service.
14. Be responsible for ~~participation~~ participating in and closing out of Performance Measures and Performance Improvement Projects as required.
15. Provide ~~a~~ monthly accounting and disposition of mMember gGrievances and pProvider cClaim dDisputes as specified in the AHCCCS Notification.
16. Be responsible for the retention, preservation, and availability of all records, including, but not limited to those records related to member grievance and appeal records, litigation, base data, Medical Loss Ratio (MLR) reports, claims settlement and those covered under HIPAA, as specified in Contract, Federal and State law, including but not limited to, 42 CFR 457.1203, 45 CFR 164.530(j)(2) and 42 CFR 438.3(u).
17. Be responsible for the completion of existing third-party liability cases or making any necessary arrangements to transfer the cases to AHCCCS' authorized Third Party Liability (TPL) Contractor.
18. Be responsible for the transferring of member data and disposition of any related member medical records in a timely manner to ensure adequate health plan and provider access to appropriate records for the provision of timely care to members, to minimize disruption (e.g., due to incompatibility of systems), and to ensure transfer of data for timely and accurate submission of deliverables. The Contractor is responsible for transferring data to Contractors which are receiving members, using a file format and dates for transfer of member data specified by AHCCCS.
19. Be responsible for the following activities pertaining to member services and transitions:
 - a. Continue to serve enrolled members and provide all medically necessary covered services until the transition of all members is complete as specified by AHCCCS,
 - b. Conduct all member transition activities in accordance with AHCCCS requirements,
 - c. Cooperate with Contractor(s) which are receiving members, to support seamless transition of all member services, and
 - d. The cost, if any, of reproducing and forwarding medical records.

¹⁵ Language revised to align with current policy standards.

20. [Be responsible for developing a](#)¹⁶ Member Transition Plan to support a seamless transition of members including but not limited to members with:
- Significant medical or behavioral health conditions such as, a high-risk pregnancy or pregnancy within the last trimester, Serious Mental Illness (SMI) designation, the need for organ or tissue transplantation, chronic illness resulting in hospitalization or nursing facility placement,
 - Ongoing services such as daily in-home care, behavioral health services, dialysis, pharmacy, medical supplies, transportation, home health, chemotherapy and/or radiation therapy, or who are hospitalized at the time of transition,
 - Conditions requiring ongoing monitoring or screening such as elevated blood lead levels and members who were in the Neonatal Intensive Care Unit (NICU) after birth,
 - Prior authorized services including but not limited to scheduled surgeries, post-surgical follow-up visits, out-of-area specialty services, nursing home admission or Home and Community Based (HCBS) placements,
 - Continuing prescriptions, [medical equipment](#), appliances, and supplies, and medically necessary transportation orders,
 - Significant conditions or treatments such as pain control, hypertension, enteral feedings, oxygen, wound care, ventilator services, and
 - High needs/high costs.

In addition, the Member Transition Plan shall also support a seamless transition for those members who present ongoing concerns to Federal [and](#) State entities and/or the media.¹⁷

21. [Return to AHCCCS any funds advanced to the Contractor for coverage of members for periods subsequent to the date of termination within 30 days of the Contract Termination.](#)
22. Make available all data, information and reports collected or prepared by the Contractor in the course of performing its duties and obligations under the Contract to AHCCCS as specified in Contract following expiration or termination of the Contract or such other period as specified by AHCCCS.
23. Maintain a Performance Bond as long as the Contractor has liabilities of \$50,000 or more outstanding or 15 months following the termination date of the Contract, whichever is later. At that time, a formal request to release the performance bond, as well as a balance sheet, shall be submitted [for AHCCCS approval](#)¹⁸.
24. Indemnify AHCCCS for any claim by any third party against the State or AHCCCS arising from the Contractor's performance of the Contract and for which the Contractor would otherwise be liable under the Contract.

¹⁶ [Language revised for clarity and to align language.](#)

¹⁷ [Existing language moved for flow grammatical changes also completed after moving language](#)

¹⁸ [Language revised for clarity.](#)

25. For Contract Terminations, the Contractor shall, in addition to the above requirements:
 - a. Be liable for costs incurred by AHCCCS in re-procuring materials or services under the Contract, and
 - b. Be liable for costs associated with the transition of its members to a different Contractor.

Additional information may be requested to ensure that all operational and reporting requirements have been met.

~~E. CONTRACT EXPIRATION OR TERMINATION PLAN~~

~~The Contractor shall submit a Contract Expiration or Termination Plan to the AHCCCS/Division of Healthcare Management (DHCM), designated Operations and Compliance Officer for approval as specified in Contract.¹⁹~~

- ~~1. The Contract Expiration or Termination Plan shall include, but is not limited to, the following:
 - a. A description of the Contractor's process for ensuring compliance with all responsibilities delineated in the Contract including retention of sufficient staff to conduct business operations through the time period specified by AHCCCS,
 - b. The designation of a Contract Transition Coordinator,²⁰
 - c. Timeline for submission of all required deliverables for the term specified by AHCCCS,
 - d. The method for transferring member data and disposition of any related medical records, and²¹~~

~~F.E. RELEASE OF CONTRACTOR REQUIREMENTS AFTER CONTRACT EXPIRATION OR TERMINATION~~

~~The Contractor shall remain responsible for all activities associated with the Contract Expiration or Termination until official written release from AHCCCS has been granted.~~

- ~~1. The Contractor shall submit to AHCCCS/~~DHCM~~²² a written request for release.~~
- ~~2. AHCCCS will provide an official written release upon satisfaction of activities associated with the Contract Expiration or Termination including, but not limited to, the following:
 - a. Audited ~~f~~Financial ~~s~~Statements inclusive of a balance sheet,
 - b. Payment of all outstanding medical obligations for medical care rendered to members,
 - c. Encounter reporting until all services rendered prior to Contract Expiration or Termination have reached adjudicated status and data validation of the information has been completed,
 - d. Reinsurance audit activities on prior contract years,
 - e. Finalization of any open or pending reconciliations, and
 - f. Performance Bond or Bond Substitute.~~

¹⁹ [Removed #1, duplicative with statement in policy opening paragraph.](#)

²⁰ [Removed; duplicative with section D. #4.](#)

²¹ [Removed duplicative language.](#)

²² [Removing specific Division names.](#)