

Janice K. Brewer, Governor  
Thomas J. Betlach, Director

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*Our first care is your health care*  
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

December 12, 2011

Dr. Richard Wilde  
San Carlos Unified School District  
P.O. Box 207  
San Carlos Avenue  
San Carlos, AZ 85550

Dear Dr. Wilde:

This purpose of this letter is to inform you that Public Consulting Group (PCG), which is the AHCCCS Contractor for the Medicaid School Based Claiming (MSBC) Program, will be sending you an official letter of termination from the MSBC program. Termination from the MSBC program results from continued non-participation by the San Carlos Unified School District (USD) and consequent non-compliance with the San Carlos USD's contract for the MSBC Program.

In regards to compliance issues pertaining to the Medicaid Administrative Claiming (MAC) program, San Carlos USD submitted its roster to the MAC program up until the quarter beginning June 2011 and has not submitted a staff roster for the two subsequent quarters. Since the quarter beginning December 2009, San Carlos USD has not met the minimum 85% return rate compliance for its staff selected for the Random Moment Time Study (RMTS). Because the RMTS is a component of the statewide claim, one school district's lack of compliance has an adverse impact on all of the other school districts participating in the program. This adverse impact could ultimately result in loss of funding for the *entire* MSBC program for all participating school districts.

In addition, San Carlos USD has not submitted claims for reimbursement for the Direct Service Claiming program since July of 2010. The San Carlos USD's failure to submit required quarterly financial data for the Medicaid Administrative Claiming program has resulted in San Carlos USD receiving no reimbursement since the quarter beginning December 2010. Unfortunately, any administrative functions performed by the San Carlos USD were not enough to receive reimbursement for the MAC program.

PCG has contacted representatives of the San Carlos USD on multiple occasions over the course of the contract to provide outreach and training to the USD in order to ensure that as much assistance was provided to assist San Carlos USD in fulfilling its contractual requirements. Despite the forthcoming notice of termination, AHCCCS and PCG is very much open to work with the San Carlos USD should it decide in the future to fully participate in the MSBC Program.

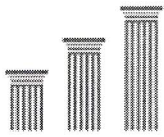
If you have any questions regarding this letter please feel free to contact either Tricia Krotenberg at (602) 417-4149 or Melinda Hollinshead at (602) 417-4746.

Regards,

A handwritten signature in cursive script, appearing to read "Marc Leib MD".

Marc Leib, M.D.  
Chief Medical Officer

Cc: Terry Rambler, Chairman, San Carlos Apache Tribe  
Tom Betlach, Director, AHCCCS  
Rebecca Fields, Deputy Assistant Director, AHCCCS  
Michelle Simmons, Director, Public Consulting Group



# PUBLIC CONSULTING GROUP

101 North First Avenue, Suite 1800, Phoenix, AZ 85003  
PublicConsultingGroup.com  
602 324 5090 tel 602 324 5091 fax

December 23, 2011

Dr. Richard Wilde  
San Carlos Unified School District  
P. O. Box 207  
San Carlos Avenue  
San Carlos, AZ 85550

Dear Dr. Wilde:

This letter is to serve as the official notice of termination from the Medicaid School Based Claiming (MSBC) Program. Arizona Health Care Cost Containment System (AHCCCS) sent a letter dated December 12, 2011, informing you of your school district's termination from the MSBC program as a result of continued non-compliance and non-participation of the Participation Agreements signed on August 19, 2010, and again on August 1, 2011. Outlined below are the areas on non-compliance and non-participation over the course of the past two years.

San Carlos USD did not meet the minimum 85% return rate compliance for their staff selected for Random Moment Time Study (RMTS) moments for six quarters.

The Participation Agreement states on page 10, sections 1.15 and 1.18 the following:

1.15: *"The LEA must participate in the quarterly Random Moment Time Study (RMTS). All direct service billing providers must be included in the quarterly staff pool list."*

1.18: *"The LEA shall monitor staff participation to ensure that every RMTS form is completed. LEAs not meeting the minimum compliance rate quarterly may be subject to sanctions as defined in the program handbook."*

San Carlos USD has not submitted a direct service claim since July 1, 2010, under the Direct Service Claiming (DSC) program. In addition, San Carlos USD has not submitted Medicaid Administrative Claiming (MAC) quarterly costs for the past four quarters.

The Participation Agreement states on page 12, section 3.02 and page 15, section 1.06 the following:

3.02: *"LEA will submit claims on a consistent and routine basis for all covered services. Certain LEA costs may be subject to exclusion from the annual cost report and settlement for failure to submit direct service claims routinely as defined by PCG and AHCCCS."*



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1.06: *"The LEA will submit claims to PCG for administrative activities on a quarterly basis. Each claim will be accompanied by an AHCCCS certification of funds form indicating that sufficient funds were available to support the non-federal share of the cost of each claim. The certification of funds form must be signed by an authorized financial representative on behalf of the LEA. The non-federal share must be funds other than federal dollars."*

Based on the information provided above, San Carlos USD has not met their responsibilities and obligations as outlined in the Participation Agreement. It has been therefore determined that termination from the program will be executed under the Participation Agreement page 4, section 4.02:

4.02: *"This agreement may be terminated with or without cause upon thirty days written notice of either party, or within five (5) years of the agreement's execution pursuant to ARS 38-511 regarding conflicts of interest. PCG retains the right to terminate this agreement immediately upon written notice when any of the following occur:*

1. *Cancellation, termination or material modification of the applicable PCG contract with AHCCCSA.*
2. *Cancellation, termination or material modification of the qualifications, or certification, to provide health services to qualified children, of a health care provider contracted with or employed by the LEA.*
3. *Failure by a health care provider either contracted or employed by the LEA to maintain appropriate license, certification or credentials required to perform covered services."*

Should San Carlos USD decide in the future to fully participate in the MSBC program, please feel free to contact me directly at (602) 324- 5087.

Sincerely,

Lisa Pavelek

cc: Melinda Hollinshead, AHCCCS

Tricia Krotenberg, AHCCCS

Florie Wong, PCG