



414 – CONTENT OF NOTICES OF ACTION FOR SERVICE AUTHORIZATION

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Staff responsible for policy: DHCM Medical Management Unit

I. Purpose

This policy applies to all Acute Care Contractors, Arizona Long Term Care System (ALTCs) Contractors, Arizona Department of Health Services/Department of Behavioral Health Services (ADHS/DBHS) and the CRS Contractor, hence forth “Contractor”.

This policy provides clarification to the Contractor’s contract regarding required content of a notice of action relates to coverage and authorization of services. Contractors must follow all other requirements regarding Notice of Action set forth in the AHCCCS Contract.

II. Policy

When a Contractor makes a decision to deny, issue a limited authorization of a service authorization request, reduce suspend or terminate a previously authorized service, the Contractor shall provide a written Notice of Action (NOA) letter to the member. When a Contractor requires more information to make a decision and it is in the member’s best interest the Contractor shall provide a written Notice of Extension (NOE) letter to the member.

The Notice of Action letter must contain, in easily understood language, the information necessary for the member to understand what decision and action the Contractor has made, and how to appeal that decision. Members must be able to understand from the NOA the reason for the action to help them decide if they want to appeal the decision, and how to best argue their case if they decide to appeal. Additionally, if the reason for the denial is a lack of necessary information, the member must be informed so that they can provide the necessary information.

The Notice of Extension letter must contain, in easily understood language, the information that the contractor requires to make the service determination and how to grieve the NOE decision. The member must be able to understand what information is required to make the service determination so they can provide necessary information in the event they have access to the information.

Contractors must use the Notice of Action template incorporated in this policy. The template can not be altered except for the areas designated in the letter.

Contractors must ensure that the Member Handbooks inform the members that they can complain to the Contractor about inadequate Notices of Action. Additionally, the



Contractor must inform the member that if the Contractor does not resolve the complaints about the Notice of Action letter to the member's satisfaction the member may complain to the AHCCCS Division of Health Care Management, Medical Management Unit.

III. Right to be Represented

Contractors must acknowledge the member's right to be assisted by a representative, including an attorney. The Contractor's appeals process must register the existence of the third party and the Contractor must ensure that the required communications related to the appeals process occur between the Contractor and the representative. The member's representatives, upon request, must be provided timely access to documentation relating to the decision under appeal. Consistent with federal privacy regulations, Contractors must make reasonable efforts to verify the identity of the third party and the authority of the third party to act on behalf of the member. This verification may include requiring that the representative provide a written authorization signed by the member; however, if the Contractor questions the authority of the representative or the sufficiency of a written authorization, it must promptly communicate that to the representative.

IV. Definitions

Action: The denial or limited authorization of a service request, or the reduction, suspension or termination of a previously approved service.

Appeal: A request for review of an action.

Appeal Computation of Time: Computation of time for appeals is in calendar days and begins the day after the act, event, or decision and includes all calendar days and the final day of the period. For purposes of computing member appeal dates, if the final day of the period is a weekend or legal holiday, the period is extended until the end of the next day that is not a weekend (Saturday or Sunday) or a legal holiday. The first day of the "count" always begins on the day after the event. The due date for the appeal is the working day immediately *after* the last day of the "count" if the last day falls on a weekend or legal holiday. If the last day of the "count" falls on a weekday, then that weekday is the due date.

Example 1: A Notice of Appeal Resolution (NAR) received Friday 9/4. The Request for Hearing (RFH) must be filed 30 days from the date the member receive the NAR. The first (1st) day is Saturday 9/5 and the thirtieth (30th) day is Sunday 10/4. Therefore, the due date is Monday 10/5. **Example 2:** The Notice of Appeal Resolution is received Thursday 9/3. The RFH must be filed thirty (30) days from the date the member receives the NAR. Therefore, the first (1st) day is Friday 9/4 and the thirtieth (30th) day is Saturday 10/3. Therefore, the due date is Monday 10/5. **Example 3:** The Notice of Appeal Resolution is received Wednesday 9/2. The RFH must be filed thirty (30) days from the date the member receives the NAR. The first (1st) day is Thursday 9/3 and the thirtieth (30th) day is Friday 10/2. Therefore, the due date is Friday 10/2.



Expedited Authorization Request: A request for services in which the requesting provider indicates or the Contractor determines that following the standard timeframes for authorization could seriously jeopardize the member's life or health or ability to attain, maintain, or regain maximum function. The decision must be made within three (3) working days.

Legal Holidays: Legal holidays as defined by the State of Arizona are: New Year's Day – January 1; Martin Luther King Jr./Civil Rights Day – 3rd Monday in January; Lincoln/Washington Presidents' Day – 3rd Monday in February; Memorial Day – Last Monday in May; Independence Day – July 4; Labor Day – 1st Monday in September; Columbus Day – 2nd Monday in October; Veterans Day – November 11; Thanksgiving Day – 4th Thursday in November; Christmas Day – December 25. When a holiday falls on a Saturday, it is recognized on the Friday preceding the holiday and when a holiday falls on a Sunday, it is recognized on the Monday following the holiday. Legal holiday dates for the current year are posted at: <http://www.azlibrary.gov/links/holidays.cfm>

Notice of Action letter: The written notice to the effected member regarding an action by the Contractor.

Notice of Extension letter: The written notice to a member to extend the timeframe for making either an urgent or standard authorization decision by up to fourteen days if criteria for a service authorization extension are met.

(Date of) Receipt of a Service Authorization Request Date: The date of receipt of the service request is the date the Contractor receives the service request from the requesting provider. The Contractor may use electronic date stamps or manual stamping for logging the receipt. If the Contractor sub-contracts prior authorization to a delegated entity, the date the delegated entity receives the request is the date of the request. The receipt of request date is the qualifying event in the computation of time and the count begins the day after the event, act or decision. Refer to the computation of time definition.

Service Authorization Request: A request from the member, their representative, or a provider for a service for the member.

Service Request Computation of Time: Computation of time for standard authorization requests (both with and without extensions of time) is in **calendar** days, and begins the day after the act, event (the receipt of request), or decision and includes all calendar days and the final day of the period. The first day of the "count" always begins on the day after the event. However, if the due date for a decision falls on a weekend (Saturday and Sunday) or legal holiday as defined by the State of Arizona, the decision must be made on the day preceding the weekend or holiday. The due date for a decision is the working day immediately *prior* to the last day of the "count" if the last day falls on a weekend or legal holiday. If the last day of the "count" falls on a weekday, then that weekday is the due date. Computation of time for expedited requests is computed in **working days** and begins the day after the act, event or decision and includes all working days as defined by this Policy. **Example 1:** A



standard service authorization request is filed Monday 8/24. The Contractor has fourteen (14) days to issue the decision or a Notice of Action (NOA) letter. The first (1st) day is Tuesday, 8/25 and the fourteenth (14th) day falls on Labor Day, Monday 9/7. Therefore, the due date for the NOA is Friday, 9/4, providing there is no Notice of Extension issued.

Example 2: A standard service authorization request is filed Tuesday 8/25. The Contractor has fourteen (14) days to issue a decision or a NOA. The first (1st) day is Wednesday, 8/26 and the fourteenth (14th) day falls on Tuesday 9/8. Therefore, the due date for the decision or NOA is Tuesday 9/8.

Working Days: “Working Day” as defined in R9-34-202. Monday, Tuesday, Wednesday, Thursday, or Friday unless: a) a legal holiday falls on one of these days; or b) a legal holiday falls on Saturday or Sunday and a Contractor is closed for business the prior Friday or following Monday.

V. Notice of Action Content Requirements

- A. The Notice of Action must contain and clearly explain in easily understood language the following information:
1. The requested service;
 2. the reason/purpose of that request;
 3. the action taken by the Contractor (denial, limited authorization, reduction, suspension or termination) with respect to the service request;
 4. the reason for the action, including factual findings about the member’s condition that were the basis for the Contractor’s action;
 5. the legal basis for the action; citations to general provisions in the AHCCCS statute or regulations or to the Contractor’s internal policy manual are not sufficient.
 6. where members can find copies of the legal basis: the local public library and the web page with links to legal authorities; when a legal authority or an internal reference to the Contractor’s policy manual is available on-line, the Contractor shall provide the accurate URL site to enable the member to find the reference on-line.
 7. the right to and process for appealing the decision;
 8. legal resources for members for help with appeals, as prescribed by AHCCCS.
- B. **A general statement that a requested service is not medically necessary, without explanation of why a service is not medically necessary, is unacceptable as a reason for the action.** Use of this or similar language as a reason for an action will result in regulatory action by AHCCCS, including but not limited to civil monetary penalties per event (letter) and/or capping of enrollment. If a Contractor determines that a service is not medically necessary, it is appropriate to cite the relevant regulation, e.g. R9-22-101.B, R9-22-201 B.1., R9-28-201., as the legal basis for the action and to state the regulation in easy to understand terms. Additionally, the Contractor must also explain why a denied/reduced service is not medically necessary in language which is easily understood by the member. Refer to Section II of the Guide for examples where medical necessity is appropriately used in denying/limiting services.



- C. Contractors must cite the AHCCCS Early Periodic Screening, Diagnosis and Treatment (EPSDT) Rule R9-22-213 and federal law 42 USC 1396d(r)(5) when denying, reducing or terminating a service for a Title XIX member who is younger than twenty-one (21) years of age when these provisions are applicable. When the Contractor denies, reduces, or terminates services that have been requested for Title XIX members under the age of 21, the Contractor must explain why the requested services do not meet the conditions as described in this policy and the AMPM Chapter 400, Section 430. The Contractor must specify why the requested services do not meet the EPSDT criteria and are not covered and must also specify that EPSDT services include coverage of screening services, vision services, dental services, hearing services and such other necessary health care, diagnostic services, treatment and other measures described in federal law subsection 42 USC 1396(d) (a) to correct or ameliorate (make better) defects and physical and mental illnesses and conditions discovered by the screening services, whether or not such services are covered under the AHCCCS State Plan.
- D. A Notice that does not explain why the service has been denied/ reduced and merely refers the member to a third person for more information is unacceptable. The NOA must state the reasons supporting the denial/reduction. The Contractor may also include a statement referring a member to a third person for more help when the third person can explain treatment alternative in more detail.

VI. **Member Complaints regarding the Adequacy and/or Understandability of NOA**

If a member complains about the adequacy of a Notice of Action Letter, the Contractor shall review the initial notice against the content requirements of this policy. If the Contractor determines that the original notice is inadequate or deficient, the Contractor must issue an amended Notice of Action consistent with the requirements of this policy. Should an amended notice be required, the timeframe for the member to appeal and continuation of services starts from the date of the amended notice.

If the member complains to the Contractor regarding the adequacy of the amended Notice of Action, the Contractor must promptly inform AHCCCS, the Division of Health Care Management, Medical Management Unit of the complaint. Additionally, the Contractor must inform the member of their right to contact AHCCCS, Division of Health Care Management, Medical Management Unit, if the issue is not resolved to the member's satisfaction.

VII. **Timeframes for Decisions and the Notice of Action Letter**

Each Contractor must meet the following timeframes for issuing a decision:

- A. **Standard Authorization Decision Timeframe:** For standard authorization decisions, the Contractor must provide a decision as expeditiously as the member's condition warrants but no later than fourteen days from receipt of the request. The Contractor may issue a Notice of Extension of up to fourteen additional calendar days, if the criteria for a



service authorization extension are met. Refer to Service Request Computation of Time under “Definitions” for further information when the end date falls on a weekend or legal holiday. **Example**, A request is received on a Tuesday, the second (2nd) day of the month and the first day of the count begins Wednesday the day after the receipt of the request, the third (3rd) day of the month. Therefore the decision must be made by Tuesday, the sixteenth (16th) of the month. [42 CFR 438.210 (d) (1)]

- B. **Expedited Authorization Decision Timeframe:** For expedited authorization decisions, the Contractor must provide a decision as expeditiously as the member’s health condition requires but no later than three **working** days from the receipt of the request, with a possible extension of up to fourteen additional calendar days, if the criteria for an extension are met. Refer to Service Request Computation of Time under “Definitions” for further information when the end date falls on a weekend or legal holiday. **Example:** A request is received on Thursday, the tenth (10th) of the month, and a decision must be rendered by Tuesday, the third (3rd) **working** day or the fifteenth (15th) day of the month. [42 CFR 438.210 (d) (2)]
- C. For **service authorization decisions not reached within the timeframes** outlined for standard or expedited requests, this constitutes a denial and is thus an adverse decision on the date that the timeframe expires. The Contractor must issue a Notice of Action letter denying the request on the date that the timeframes expire. Refer to Service Request Computation of Time under “Definitions” for further information when the end date falls on a weekend or legal holiday. [42 CFR 404.(c) (5)]
- D. When a **Notice of Extension is issued**, and a decision is not reached by the timeframe noted in the Notice of Extension letter, not to exceed the twenty eighth (28th) day from the service request date for standard authorization requests, or three (3) working days plus fourteen (14) calendar days from the date of the expedited (urgent) request, this constitutes a denial and is thus an adverse decision on the date that the timeframe expires. The Contractor must issue a Notice of Action letter denying the request on the date that the timeframe expires. Refer to Service Request Computation of Time under “Definitions” for further information when the end date falls on a weekend or legal holiday. [42 CFR 438.210 (d) (1 and 2)]
- E. The Contractor must mail the notice within the following timeframes:
- i. For termination, suspension, or reduction of a previously authorized service, the notice must be mailed at least ten (10) days before the date of the proposed termination, suspension, or reduction except for situations in 42 CFR 4321.213 and 214 providing exceptions to advance notice. [42 CFR 438.404 (c) (1)]
 - ii. For standard service authorization decisions that deny or limit services, the Contractor must provide notice no later than fourteen (14) days from the receipt of the request, unless there is Notice of Extension (refer to Notice of Extension in this Policy). [42 CFR 438.404 (c) (3)]
 - iii. For decisions where Notices of Extension have been sent, the Contractor must mail the notice by the end date of the Notice of Extension, not to exceed fourteen



additional calendar days from the end of the standard or urgent decision timeframe, and may never exceed twenty-eight calendar days.

VIII. Notice of Extension

- A. The Contractor may extend the timeframe to make a service authorization outlined for both the standard and urgent request when the member or provider requests an extension, or when the Contractor can justify that the need for additional information is in the member's best interest. [42 CFR 438.404]

- B. The Contractor may extend the timeframe to make a decision regarding an expedited or standard authorization request by up to fourteen (14) additional days. **Example 1:** A request is received on a Tuesday, the second (2nd) day of the month and the first day of the count begins Wednesday, the third day of the month. Therefore the decision must be made by Tuesday, the sixteenth (16th) of the month, but on day nine (9) of the request (the eleventh (11th)) a Notice of Extension for a fourteen (14) day period is issued. The count begins on the day after the Notice of Extension, or the twelfth (12th) of the month, and the end date for making the decision is on the twenty fifth (25th) of the month, or fourteen days from the date of issuance of the Notice of Extension. **Example 2:** A request is received on a Thursday, the tenth (10th) of the month and a decision must be rendered by Tuesday, the third (3rd) **working** day or the fifteenth (15th) day of the month. If on Tuesday, the fifteenth (15th) of the month a Notice of Extension is issued for fourteen (14) additional **calendar** days, the count begins the day after the event and therefore the decision must be made by the twenty-ninth (29th) day of the month.

- C. If the Contractor extends the timeframe in order to make a decision, the Contractor must:
 - i. Give the member written notice of the reason for the decision to extend the timeframe;
 - ii. Inform the member of the right to file a grievance (complaint) if her or she disagrees with the decision to extend the timeframe;
 - iii. Make the decision as expeditiously as the member's condition and no later than the date the extension expires.

IX. Attachments

- A. The required Notice of Action template is included in this policy as Attachment A.
- B. The Notice of Action Guide to Language is included in this policy as Attachment B.
- C. A list of legal resources for members is included in this policy as Attachment C.
- D. The Notice of Extension letter template is included in this policy as Attachment D.

X. References



- 42 CFR §438.210
- 42 CFR §438.404
- 42 CFR Part 438 Subpart F, Grievance System
- Arizona Administrative Code, Title 9, Chapter34
- AHCCCS/Contractor Contract



Attachment A ACOM Policy # 414, Revised / Approved 8/1/08

Insert Logo Here

If you have trouble reading this notice because the letters are too small or the words are hard to read, please call our office at XXX-XXX-XXXX and someone will help you. If this notice does not tell you what you asked for, what we decided and why, please call us at XXX-XXX-XXXX. This notice is available in other languages and formats if you need it.

Si usted no entienda esta carta o usted tiene alguna pregunta por favor de llamar al XXX-XXX-XXXX or (800) XXX-XXXX. Esta carta esta disponible en otras idiomas y formato si es que lo necesita.)

NOTICE OF ACTION

TO:

Date:

FROM:

(You or your doctor- as appropriate) have asked that (Health Plan Name) pay for (describe services requested and the reason for the services in easily understood language).

Our Decision

(Insert action being taken here and date effective if terminating or reducing a current service).

The Reasons For Our Decision

Facts About Your Condition or Situation that Support Our Decision

(Insert the reason for the action, which must be complete and in commonly understood language. The explanation must be both member and fact specific, describing the member's condition and the reasons supporting the Contractor decision. If the reason for the denial is a lack of information, the missing info must be identified so the member has an opportunity to provide it)

Legal Basis for Our Decision

We based our decision on *(insert correct legal citation here)*.

Copies of Legal Citations can be found at the local library or at <http://www.azahcccs.gov/Regulations/>.