



**State of Louisiana**  
Department of Health and Hospitals  
Bureau of Health Services Financing

**VIA ELECTRONIC MAIL ONLY**

December 4, 2014

Ms. Sonya Nelson  
Chief Executive Officer  
Amerigroup Corporation  
3850 N. Causeway Blvd. Suite 600  
Metairie, 70002

Dear Ms. Nelson:

**RE: Encounter Data Submission Requirements and Notice of Monetary Penalty**

Amerigroup submitted only 93.46 percent of its encounter claims for the period of September 1, 2012, through August 31, 2014, as documented in the attached Myers & Stauffer *Comparison of Louisiana Health Managed Care Organization Encounter Claims to Cash Disbursements for Amerigroup Louisiana* report dated November 2014. This percentage is below the contractual threshold outlined in Section 17.5.4.12 of Exhibit E of the contract, which states:

*“For encounter data submissions, the CCN shall submit ninety-five (95%) of its encounter data at least monthly due no later than the twenty-fifth (25th) calendar day of the month following the month in which they were processed and approved/paid, including encounters reflecting a zero dollar amount (\$0.00) and encounters in which the CCN has a capitation arrangement with a provider. The CCN CEO or CFO shall attest to the truthfulness, accuracy, and completeness of all encounter data submitted.”*

**DHH finds Amerigroup non-compliant with the above referenced requirement, effective September 26, 2014.**

As noted in the attached letter to Ms. Sonya Nelson, dated October 15, 2014, Amerigroup was also non-compliant with encounter data submission requirements in November 2013 and in July 2014.

DHH acknowledges all corrective actions taken thus far to resubmit erroneous data, including an initial encounter data resubmission on September 24, 2014, as well as a second resubmission of encounter data made on October 9, 2014 – as described to us by Amerigroup staff on a November 10, 2014 conference call – to correct errors that caused many encounters to be rejected in the September resubmission. However, as this is the **third** instance of non-compliance within a one-year period, DHH will assess monetary penalties, in accordance with Section 20.2.3 of Exhibit E of the contract.

The contract allows for penalties to be assessed as follows:

*“Ten thousand dollars (\$10,000.00) per calendar day for each day after the due date that the monthly encounter data has not been received in the format and per specifications outlined in the RFP.”*

As described in the October 15, 2014 letter to Ms. Nelson, DHH assessed a monetary penalty of \$90,000, equal to \$10,000 per day for the nine (9) calendar days between Amerigroup’s receipt of the September 2014 encounter report on September 16, 2014, notifying you of non-compliance, and the completion of your corrective action, per your letter, on September 24, 2014. However, because Amerigroup was again found non-compliant in November, DHH will re-assess the above monetary penalty to begin on July 26, 2014, the first effective day of non-compliance, rather than September 16, 2014, the date of *notification* of non-compliance. This means an additional penalty of \$520,000 will be assessed for the fifty-two (52) days between July 26, 2014 and September 15, 2014, based on the findings of the September Comparison report.

As discussed on the November 10<sup>th</sup> conference call, DHH recognizes the short timeframe between the receipt of draft encounter reconciliation reports which identify non-compliance and the cut-off for data submissions for the subsequent reconciliation period. DHH will work with Myers and Stauffer and with the State’s fiscal intermediary (Molina) to revise the encounter reconciliation timeline for the new contract term. In consideration of the difficult timeframe for corrective actions and Amerigroup’s good faith efforts to address its data submission errors, DHH will not assess a monetary penalty for the most recent instance of non-compliance, which began effective September 26, 2014,

DHH will deduct the \$520,000 penalty amount from Amerigroup’s regularly scheduled monthly payment on December 16, 2014, as authorized by Section 5.11.1 of Exhibit E of the contract.

*“The CCN agrees that all amounts owed to DHH, as identified through routine or investigative reviews of records or audits conducted by DHH or other state or federal agency, are due no later than 30 calendar days following notification to the CCN by DHH unless otherwise authorized in writing by DHH. DHH, at its discretion, reserves the right to collect amounts due by withholding and applying all balances due to DHH to future payments. DHH reserves the right to collect interest on unpaid balances beginning thirty (30) calendar days from the date of initial notification.”*

DHH routinely verifies plan compliance with encounter data reporting requirements on a bimonthly basis through the *Comparison of Louisiana Managed Care Organization Encounter Claims to Cash Disbursements* report produced by Meyers and Stauffer. The next routine *Comparison* report, reconciling encounter data submitted through October 31, 2014, is due to DHH in early January.

Nelson, Sonya  
November 26, 2014  
Page 3

DHH fully expects that Amerigroup will be in compliance with encounter data submission requirements in all future reconciliations. Any further instance of non-compliance through January 31, 2015, regardless of any interim periods of compliance, may result in immediate administrative actions or monetary penalties as provided in Section 20 of Exhibit E of the contract.

Should you have any questions, please do not hesitate to contact me or Kellea Tuminello.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mary T. C. Johnson", is placed over a light blue rectangular background.

Mary T. C. Johnson  
Medicaid Deputy Director

MJ/mn

cc Steve Annison  
Ruth Kennedy  
Kerri Lea  
Jen Steele  
Marisa Naquin  
Kellea Tuminello

Attachments:

1. *Comparison of Louisiana Health Managed Care Organization Encounter Claims to Cash Disbursements for Amerigroup Louisiana* report, dated November 6, 2014
2. Letter to Sonya Nelson, dated October 15, 2014