

June 13, 2025

AHCCCS
Office of the General Counsel
801 East Jefferson, MD-6200
Phoenix, AZ 85034

Re: The Haven: A.R.S. § 12-821.01 Notice of Claim for AHCCCS
Nonpayment

Dear Sir or Madam:

This office represents The Haven, a not-for-profit fee-for-service provider that offers substance abuse treatment to women in Southern Arizona. The Haven is contracted with AHCCCS and has numerous unpaid claims, some of which AHCCCS has wrongly denied as untimely. AHCCCS' inability to pay claims timely, and to provide The Haven with any sort of direction, despite repeated requests for help, have caused damage to The Haven as outlined below. This notice of claim is pursuant to A.R.S. § 12-821.01.

The Haven is a nonprofit that was founded in Tucson, Arizona in 1970 as there were no existing addiction recovery centers in the area for women with children. For more than 55 years, The Haven has been meeting the needs of women and children in recovery, offering both in-patient and out-patient treatment options for substance abuse disorder and related mental health issues.

One thing that makes The Haven unique is its "Native Ways" program. The Haven's Native Ways Program was created by, and is led by, professionals with deep roots in local Indigenous cultures. The program incorporates the teachings of the White Bison Wellbriety Movement, offering a culturally grounded approach to recovery. This unique program allows The Haven to offer culturally competent care to Arizona's native populations.

This sort of care is desperately needed. Southern Arizona, particularly in rural and tribal areas, experiences an acute shortage of substance abuse treatment providers, making it a medically underserved area. Women and tribal communities have limited access to healthcare resources and are disproportionately affected. These populations face barriers to access due to geographic distance, lack of transportation, lack of culturally competent care, and other social determinants of health. <https://www.azdhs.gov/documents/prevention/health-systems-development/data-reports-maps/reports/azmua-biennial-report.pdf> The Haven helps fill this need and has done so for 55 years.

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The Haven has been contracted with, and billed AHCCCS for its provider services, since 2011. This includes service to members with the American Indian Health Plan (“AIHP”), among other plans. As a nonprofit serving the needy, The Haven is largely dependent on payments from AHCCCS in order to operate. In the past, the payments have been processed in the usual course, allowing The Haven to operate in its usual fashion. The Haven viewed AHCCCS and AIHP as partners in its mission.

All of this came to a halt in 2023 when AHCCCS discovered widespread fraud in the substance abuse recovery system. While The Haven has never been on a suspension or termination list or otherwise accused of any sort of fraud or malfeasance, its AHCCCS payments have dwindled. The Haven weathered the storm hoping that payments would come through given time.

However, this has not been the case. As of March of 2024, AHCCCS had not paid on any claims coded with H0015 since September 30, 2023. When The Haven instituted communication with AHCCCS in March of 2024, AHCCCS requested The Haven produce documentation on all claims submitted back to October 1, 2023. The Haven would not have known this had it not reached out to AHCCCS; AHCCCS did not initiate any form of communication. While this request took a lot of work, and created a large administrative burden, The Haven complied; documentation for all of the claims was uploaded to TIBCO within 6 weeks of the request.

On August 3, 2024, The Haven sent Leslie Short, Deputy Assistant Director, DFSM, an email in response to her invitation at the ACHSP’s meeting that same day to inquire about the status of The Haven’s letter from AHCCCS on pre-payment reviews.

In September, Ms. Short stated during presentation at the Arizona Council of Human Service Providers (“ACHSP”) that AHCCCS was at 77 days with their claims processing. She suggested that The Haven’s lack of payment was related to having received a Prepayment Review Letter. On September 9, The Haven emailed Ms. Short seeking a copy of The Haven’s Prepayment Review Letter.

The next day, Ms. Short responded, saying, via email, that she was not seeing that The Haven is on “full prepayment review, meaning all behavioral health services are subject to the submission of clinical documentation for review; therefore, a prepayment review letter would not have been sent. However, The Haven is still required to submit clinical documentation for certain services that exceed the threshold limits outlined in this communication, which are then subject to prepayment review.” Ms. Short went on to say that, “[i]f there are specific claims in question, please feel free to send an email to our service team at dfsmclaimsassistance@azahcccs.gov including the specific claim numbers.”

On September 24, 2024, The Haven responded, indicating that, “[a]s The Haven has been unable to obtain information about why our Outpatient claims from the most recent fiscal year are

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pending adjudication, our auditors will require a confirmation of our Accounts Receivable from AHCCCS. This is the contact information that we have: Attn: Young Chung, FAX # 602-258-5943. Is there possibly an update to this name and number, an email account perhaps to which we could write to confirm, at least, the total value of the pending claims on record with AHCCCS?" The next day Ms. Short confirmed this information. She also stated that her claims team had not seen any request come in related to The Haven's provider ID and that if The Haven did submit something to let her know so she can be sure it wasn't missed.

Despite this, on September 30, 2024, The Haven received a Notice of Decision in response to the claim dispute filed on behalf of The Haven's Outpatient treatment claims regarding denial of payment for services rendered to a member on 5/6/24-5/13/24. This letter notes that AHCCCS eligibility was retroactively posted to the system on 10/29/23. AHCCCS's records show the initial claim was received by its Claims Dept on 6/4/24. The claim "denied" on 6/14/24. AHCCCS wrote to say that The Haven did not submit a "clean claim" and that it could request a hearing in writing within 30 days from the receipt of the Notice of Decision.

Frustrated, on October 2, 2024, The Haven send an email to Carmen Heredia regarding the status of AIHP claims and payment. The Haven let Ms. Heredia know that it was owed approximately \$311,000. Ms. Heredia replied back within an hour and tapped Assistant Deputy Director, Lynne Emmons, to work with The Haven.

Ms. Emmons responded via email on October 3, suggesting The Haven submit individual tickets for each claim via AHCCCS's Service Now portal to request TA. The Haven was not given this instruction at the outset despite asking repeatedly for assistance.

Ms. Emmons also offered to meet virtually, so the parties did so on October 8, 2024. The Haven expressed its concerns around claims going back to September 2023, totaling a net of \$311,000 and that 90% of claims have been adjudicated and dated back to 2023.

All of these claims were then denied for lacking documentation at the end of calendar year 2024 (only after the "tickets" had been submitted), with no path on how to correct the issues, as the denial reasons/explanations are not very clear. This is patently unfair and has cost The Haven \$7,447.08.

Thereafter, things did not improve. In October of 2024, The Haven sent out another round of tickets to AHCCCS questioning when other claims would begin to be processed again as hundreds of unpaid claims were still listed as "pending." To wit:

- 10/8/24 - The Haven submits ticket #389790 through Service Now portal. This ticket included claims from 10/2023 which have not been adjudicated.

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- 10/30/24—denials in the amount of \$121,917 (services dated 10/2/23-4/23/24).
- 11/14/24—denials in the amount of \$68,066 (services dated 2/28/24-5/14/24).

These are the only 2 EOBs that The Haven received alerting it to claim denials. No further EOBs were produced, leaving The Haven with little to no information to explain these mass denials for services that were properly rendered.

More recently, on December 27, 2024, The Haven had another meeting with AHCCCS, with Lisa Sherrill, AHCCCS/AIHP; Rebecca “Becky” Lane, DFSM; Ninda Sou, DFSM shadowing Rebecca; Jennifer Barrett, ACHSP, in attendance. AHCCCS shared its spreadsheets after this meeting. This spreadsheet detailed billed services calendar year 2024. The report shows that there are over 1,100 claims (just counting the H0015) with the denial date of 12/30/99¹ and no reasons for the denials. However, in the AHCCCS system, as of May 2025, some of those claims still have a line level ‘pending’ status. There are also 237 claims (H0015) from October to December 2023 that weren’t denied until October of 2024. This has left The Haven with little to no recourse and AHCCCS is now denying some of the claims as untimely despite the fact that they had been pending for over a year.

In short, AHCCCS is asking The Haven to somehow intuit when claims are denied, often with no EOB or direction. This means that The Haven will be forced to:

- Gather and review the thousands of individual claim numbers from AHCCCS’ portal,
- Determine/assess denial reason, even if there are often different reasons per claim,²
- Fix each individual denial issue, (with most being ‘technical’ in nature),
- Upload the documentation needed,
- Open a ticket to alert AHCCCS that new documentation has been uploaded (which was not communicated timely),
- Await a response and understand that no EOB may be forthcoming.

The Haven will have to do this whilst navigating the technical intricacies of AHCCCS’ systems without any effectual help.

¹ This date is obviously incorrect, but it is the date listed on the report nonetheless.

² The Haven has had claims denied for over forty (40) different reasons.

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All of this could have been avoided if AHCCCS had only given direction in March of 2024 and made their expectations clear from the beginning. Of note, the same documentation has passed numerous audits without any issue but is apparently not sufficient for AHCCCS. Instead, The Haven spent precious time gathering documents to be uploaded, then applied for individual tickets and yet it took another 7-8 months to figure out exactly what AHCCCS was looking for, which only became apparent with the denials. This situation is Kafka-Esque at best.

Currently, The Haven has over 1,500 claims that are currently being reworked or needing to be reworked, and that list is still growing as AHCCCS continues to deny claims without providing clear explanations. While AHCCCS states “AHCCCS’ intention is to process all clean claims in a timely manner, normally within 30 days,” this has not been the case since September 2023. Despite this, AHCCCS is now holding providers accountable to a reduced timeline. Then, when a provider finally learns of the issue and supplies missing information, the claim is denied as untimely. This is unfair at best, a breach of the provider agreement, and certainly not in keeping with the letter and spirit of the parties’ agreement and relationship.

To date, The Haven has suffered damages as follows:

Row Labels	Sum of Charge Amount	Sum of Charge Net Amount
CLAIM AT AMERICAN INDIAN HEALTH PLAN	\$ 143,653.00	\$ 92,243.58
DENIED AT AMERICAN INDIAN HEALTH PLAN	\$ 161,349.00	\$ 102,196.37
DENIED AT INSURANCE--NEED TO WORK DENIAL	\$ 23,770.00	\$ 15,321.58
DOCUMENTS UPLOADED TO AMERICAN INDIAN HEALTH PLAN--NO NEW CLAIM	\$ 27,145.00	\$ 17,385.16
PAID AT ZERO	\$ 53,089.00	\$ 32,948.72
PAID AT ZERO--NEED TO WORK DENIAL	\$ 8,080.00	\$ 5,263.05
RESUBMITTED TO AMERICAN INDIAN HEALTH PLAN AS REPLACEMENT CLAIM	\$ 62,323.00	\$ 39,881.77
USER PRINT & MAIL TO AMERICAN INDIAN HEALTH PLAN	\$ 83,904.00	\$ 54,667.83
Grand Total	\$ 563,313.00	\$ 359,908.06

As the table above shows, the outstanding claims fall into several categories:

- Some are pending and are likely to be paid (\$186,793.18). However, The Haven has concerns about the handling of these claims, as denials continue to occur (\$20,584.63 as this document is being written).
- Others were denied as untimely despite The Haven’s efforts (\$152,530.25).

AHCCCS’s breach of contract and bad faith actions have deeply strained The Haven. It is a nonprofit and the payment delays have drained its reserves. It is considering closing its residential facility, though other AHCCCS providers, including Arizona Complete Health, are asking it to maintain its current capacity. The Haven is the sole Tucson provider that U.S. District Court refers its women in pre-trial status. Further, The Haven is one of the only providers of culturally

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competent treatment for I Native Americans in Southern Arizona. Losing programs like The Haven, in an already underserved area, would be detrimental to the people of Arizona. This simply cannot be AHCCCS's aim.

Accordingly, and pursuant to A.R.S. § 12-821.01, demand is hereby made upon AHCCCS for payment of \$367,355.14, plus pre-judgment interest to compensate for the unpaid, overdue claims, and its related costs and attorneys' fees in an amount not less than \$10,000, incurred as of this date. Pursuant to A.R.S. § 12-821.01, if we have not received a response to this claim within 60 days, we will deem that to be a denial and proceed accordingly.

Sincerely,

FENNEMORE CRAIG, P.C.



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