

## Attachment G: Table of Monetary Penalties

See the *Contract Non-Compliance* section of Attachment A, *Model Contract* for additional information regarding Monetary Penalties. For any violation not explicitly described in the table below, LDH may impose a monetary penalty of up to \$5,000 per occurrence per Calendar Day.

Failed Deliverable or Deficiency	Penalty
<b>Contract Transition and Readiness</b>	
<b>Operational Start Date</b>	Fifty thousand dollars (\$50,000) per Calendar Day for each day beyond the Operational Start Date that the Contractor has not fully satisfied the Readiness Requirements, as determined by LDH.
<b>Readiness Review</b>	Five thousand (\$5,000) per Calendar Day for each Readiness Review deliverable that is late, inaccurate, or incomplete.
<b>Administration and Contract Management</b>	
<b>Employment of Key Personnel</b>	One thousand dollars (\$1,000) per Calendar Day per key personnel position for failure to have an individual serving in a full-time acting or permanent capacity in any key personnel position for more than two (2) consecutive Calendar Days, for each day the key personnel has not been appointed.
<b>Additional Personnel Requirements</b>	<p>One thousand dollars (\$1,000) per Calendar Day for any Contractor or Subcontractor personnel who performs work under the Contract without the appropriate license and or certification required by applicable State and Federal laws and/or regulations and the Contract.</p> <p>One thousand dollars (\$1,000) per appropriate staff person per meeting or event for failure to provide subject appropriate staff member(s) to attend a meeting or event when required.</p> <p>One thousand dollars (\$1,000) per appropriate staff person per meeting or event for failure to attend a meeting or event in person when required by the Contract or requested by LDH.</p>
<b>Conflict of Interest</b>	Ten thousand dollars (\$10,000) per occurrence plus an additional five thousand dollars (\$5,000) per Calendar Day that the Contractor remains in violation of the conflict of interest requirements after notification of the violation by LDH.

Failed Deliverable or Deficiency	Penalty
<b>Standing and Ad Hoc Reports</b>	<p>Two thousand dollars (\$2,000) per Calendar Day for each report that is late, incorrect, incomplete, or does not meet Contract requirements.</p> <p>Five thousand dollars (\$5,000):</p> <ul style="list-style-type: none"> <li>• Per Calendar Day for each report that is late for two (2) consecutive reporting periods or more than three (3) times within the calendar year; or</li> <li>• Per report returned to the Contractor for resubmission due to missing information or LDH-identified errors in data reported for two (2) consecutive reporting periods or more than three (3) times within the calendar year.</li> </ul>
<b>Services</b>	
<b>MCO Covered Services</b>	<p>The actual cost incurred by an Enrollee for obtaining an MCO Covered Service from another source, as authorized by LDH, due to failure of the Contractor to provide the service.</p> <p>Fifteen thousand dollars (\$15,000) per Calendar Day for each incident of failure to provide an MCO Covered Service and LDH, in its sole discretion, determines that such failure results in actual harm to an Enrollee or places the Enrollee at risk of imminent harm.</p>
<b>Care Management</b>	
<b>Pre-Admission Screening and Resident Review (PASRR)</b>	Five thousand dollars (\$5,000) per month that less than ninety-five percent (95%) of PASRR Level II evaluations were submitted to OBH within four (4) Business Days of the receipt of referral.
<b>Continuity of Care / Utilization Management</b>	
<b>Appropriate Care Alternatives for Residential Treatment</b>	One thousand dollars (\$1,000) for each denial of continuation of residential treatment for failure to meet medical necessity, when the Contractor did not provide the service at a lower level of care.
<b>Appropriate Care Alternatives for Inpatient Hospital Service</b>	One thousand dollars (\$1,000) for each denial of continuation of higher-level services for failure to meet medical necessity, when the Contractor did not provide the service at a lower level of care.

Failed Deliverable or Deficiency	Penalty
<p align="center"><b>Preferred Drug List (PDL)</b></p>	<p>One hundred thousand dollars (\$100,000) per quarter in which the overall PDL compliance rate is less than ninety-two (92%) as described in the <b>MCO Manual</b>.</p> <p>One hundred thousand dollars (\$100,000) per quarter in which the brand-over-generic PDL compliance rate is less than ninety-two percent (92%) as described in the <b>MCO Manual</b>.</p>
<p align="center"><b>Pharmacy Prior Authorization and Step Therapy</b></p>	<p>Ten thousand dollars (\$10,000) per Calendar Day in which the application of Prior Authorization or step therapy criteria is more restrictive than FFS.</p>
<p align="center"><b>Provider Network, Support, and Reimbursement</b></p>	
<p align="center"><b>Provider Network and Reimbursement</b></p>	<p>Ten thousand dollars (\$10,000) per incident for failure:</p> <ul style="list-style-type: none"> <li>• To comply with Provider Network standards for ratio, distance, or timeliness of care;</li> <li>• To offer a Provider Agreement with mandatory contract provider types or to make three (3) documented attempts to contract with the provider; or</li> <li>• To pay for medically necessary services to an out-of-network provider.</li> </ul> <p>One thousand dollars (\$1,000) per Calendar Day for each Provider reimbursement rate that is not updated within the three (3) Calendar Day timeframe for National Average Drug Acquisition Cost (NADAC) rates.</p>
<p align="center"><b>Provider Directory</b></p>	<p>Fifty thousand dollars (\$50,000) per audit conducted by LDH wherein the Contractor’s Provider Directory is found to have not maintained an accuracy rate of at least seventy-five percent (75%) per audit period or does not demonstrate a minimum accuracy rate of fifty percent (50%) in conjunction with a two (2) percentage point improvement from the prior audit period.</p> <p>One thousand dollars (\$1,000) per Calendar Day for failure to correct inaccurate provider directory data within fourteen (14) Calendar Days of notification by LDH.</p>

Failed Deliverable or Deficiency	Penalty
<b>Provider Relations</b>	<p>Fifteen thousand dollars (\$15,000) per Calendar Day for failure to handle emergent provider issues twenty-four (24) hours per day seven (7) days per week.</p> <p>Fifteen thousand dollars (\$15,000) per Calendar Day for failure to provide provider relations staff to handle non-routine Prior Authorization requests twenty-four (24) hours per day seven (7) days per week.</p> <p>Fifteen thousand dollars (\$15,000) per Calendar Day for failure to furnish provider services functions from 7 a.m. to 7 p.m. Central Time, Monday through Friday to address non-emergency issues encountered by providers.</p>
<b>Provider Toll-Free Telephone Line</b>	<p>Twenty thousand dollars (\$20,000) per Calendar Day for failure to operate a toll-free hotline that providers can access twenty-four (24) hours a day, seven (7) days a week.</p> <p>Five thousand dollars (\$5,000) per percentage point for each standard that fails to meet the requirements for a monthly reporting period.</p> <p>Five thousand dollars (\$5,000) for each thirty (30) second time increment, or portion thereof, by which the Contractor's daily average hold time exceeds the maximum acceptable hold time.</p>
<b>Enrollee Services, Marketing, Grievances</b>	
<b>Enrollee Call Center</b>	<p>Twenty thousand dollars (\$20,000) per Calendar Day for failure to operate a toll-free hotline that Enrollees can call twenty-four (24) hours a day, seven (7) days a week.</p> <p>Five thousand dollars (\$5,000) for each thirty (30) second time increment, or portion thereof, by which the daily average hold time exceeds the maximum acceptable hold time.</p> <p>Five thousand dollars (\$5,000) for each percentage point for each standard that fails to meet the requirements for a monthly reporting period.</p>

Failed Deliverable or Deficiency	Penalty
<p align="center"><b>Marketing/Steerage</b></p>	<p>Ten thousand dollars (\$10,000) per marketing and education violation/incident outlined in the Contract.</p> <p>Amount of Capitation Payment attributed to Enrollees enrolled as a result of non-compliant marketing practices shall be deducted from the next monthly Capitation Payment.</p> <p>Five thousand dollars (\$5,000) per Potential Enrollee that the Contractor or its subcontractors steered to enroll with the Contractor.</p>
<p align="center"><b>Enrollee Grievances, Appeals, and State Fair Hearings</b></p>	<p>Twenty-five thousand dollars (\$25,000):</p> <ul style="list-style-type: none"> <li>• Per occurrence that the Contractor created a barrier to timely due process as determined by LDH;</li> <li>• Per occurrence over ten percent (10%) within a Calendar Year that Enrollee appeals were reversed or otherwise resolved in favor of the Enrollee following a State Fair Hearing; or</li> <li>• Per occurrence that the Contractor failed to provide the medical services or requirements set forth in a final outcome of the administrative decision by LDH or the appeals decision of the State Fair Hearing.</li> </ul>
<b>Quality Management and Quality Improvement</b>	
<p align="center"><b>Quality Assessment and Performance Improvement Plan and Related Reports</b></p>	<p>Two thousand dollars (\$2,000) per deliverable for each Calendar Day the QAPI plan, performance measure, and/or performance improvement project reports are late, inaccurate, or incomplete as outlined in this Contract and the <b>MCO Manual</b>.</p>
<b>Claims Management</b>	
<p align="center"><b>Prompt Pay</b></p>	<p>Five thousand dollars (\$5,000) for the first month that the claims performance percentages by claim type fall below the performance standard.</p> <p>Twenty-five thousand dollars (\$25,000) for each additional month that the claims performance percentages by claim type fall below the performance standards.</p> <p>One thousand dollars (\$1,000) per claim if the Contractor fails to timely pay interest.</p>
<p align="center"><b>Claims Processing</b></p>	<p>One thousand dollars (\$1,000) per claim that is not processed appropriately and results in an overpayment by the Contractor that is the subject of a Program Integrity audit finding.</p>

Failed Deliverable or Deficiency	Penalty
<b>Act 421 Children’s Medicaid Option</b>	Five thousand dollars (\$5,000) per occurrence per day that the co-payment or deductible is past due.
<b>Drug Utilization Review (DUR) Program</b>	Two hundred fifty dollars (\$250) per claim upon identification of DUR initiatives not or incorrectly implemented, plus five thousand dollars (\$5,000) per day until programming is corrected and implemented.
<b>Inappropriate Payment Denials, Delays, or Recoupments</b>	The value of claims inappropriately denied, delayed, or recouped multiplied by a factor of 1.5.
<b>Encounter Data</b>	<p>Ten thousand dollars (\$10,000) per Calendar Day that the monthly encounter data has not been received in the format and per the specifications outlined in the Contract and <b>MCO System Companion Guide</b>.</p> <p>Twenty-five thousand dollars (\$25,000) per bimonthly reconciliation in which LDH or its designee determines that the Contractor or its subcontracted vendor(s), individually or in aggregate, failed to submit complete encounter data within a one percent (1%) error threshold plus an additional ten thousand dollars (\$10,000) for each additional percentage point or fraction thereof.</p> <p>Five thousand dollars (\$5,000) for the first month for failure meet the encounter processing performance standards for reported repairable errors. For each additional month, the penalty increases to twenty-five thousand dollars (\$25,000) per month.</p> <p><i>Note: At the discretion of LDH, the penalties specified above may not apply for encounter data for the first month after the Operational Start Date, new required services are added, or major system changes are implemented to permit time for development and implementation of a system for exchanging data and training of staff and Health Care Providers.</i></p>
<b>Claims Summary Report</b>	One thousand dollars (\$1,000) per Calendar Day that the claims summary report is late, inaccurate, or incomplete.

Failed Deliverable or Deficiency	Penalty
<p><b>Pharmacy Encounter Data</b></p>	<p>Ten thousand dollars (\$10,000) per Calendar Day that the pharmacy encounter claims file and/or the disputed encounter response file have not been submitted to LDH in the format and per the specifications outlined in the Contract and <b>MCO Manual</b>.</p> <p>In addition to the above, a quarterly offset equal to the value of the rebate assessed on the disputed encounters may be deducted from the Contractor’s Capitation Payment.</p>
<p align="center"><b>Systems and Technical Requirements</b></p>	
<p><b>Provider Registry and PCP Linkages</b></p>	<p>Two thousand dollars (\$2,000):</p> <ul style="list-style-type: none"> <li>• Per Calendar Day that the Contractor fails to submit a complete electronic weekly Provider Registry file in the format described in the <b>MCO System Companion Guide</b>;</li> <li>• Per submission of the electronic Provider Registry file in which one or more non-contracted or non-credentialed providers remain listed as contracted; and</li> <li>• Per Calendar Day that the Contractor fails to submit a complete electronic weekly Primary Care Provider linkage file as described in the <b>MCO System Companion Guide</b>.</li> </ul>
<p><b>Information Systems Availability</b></p>	<p>Fifteen thousand dollars (\$15,000) per Calendar Day per core eligibility/enrollment and claims processing system that is not restored within seventy-two (72) hours of declared major failure or disaster.</p> <p>One thousand dollars (\$1,000) per hour for failure to restore system functions within the Contractor’s span of control beyond the time limits provided in the Contract.</p>
<p align="center"><b>Medical Loss Ratio</b></p>	
<p><b>Medical Loss Ratio</b></p>	<p>Twenty-five thousand dollars (\$25,000) per finding that is identified by LDH or its designee in two (2) consecutive examinations of the Contractor’s Medical Loss Ratio report.</p>

Failed Deliverable or Deficiency	Penalty
<b>Third Party Liability</b>	
<b>Third Party Liability</b>	<p>Penalties equal to the amount that could have been recovered for failure to demonstrate that reasonable effort has been made to seek, collect and/or report TPL and recoveries.</p> <p>Penalties no less than three (3) times the amount that could have been cost avoided for failure to actively engage in cost avoidance activities.</p> <p>Penalties equal to the amount that could have been recovered for failure to actively seek reimbursement in accident/trauma related cases when claims for an Enrollees in the aggregate equal or exceed five hundred dollars (\$500).</p>
<b>Turnover Requirements</b>	
<b>Turnover Plan</b>	Ten thousand dollars (\$10,000) per Calendar Day the Turnover Plan is late, inaccurate, or incomplete.
<b>Other Terms and Conditions</b>	
<b>Continuity of Operations Plan</b>	<p>Ten thousand dollars (\$10,000) per Calendar Day the Continuity of Operations Plan is late, inaccurate, or incomplete, up to one hundred thousand dollars (\$100,000).</p> <p>An additional two hundred thousand dollars (\$200,000) for failure to submit a complete and accurate update of the plan at least thirty (30) days prior to the start of the Atlantic hurricane season, which begins June 1<sup>st</sup>, or a certification that the plan has not changed since the last LDH approval of the plan.</p>
<b>Homeland Security Considerations</b>	Fifty thousand dollars (\$50,000) per occurrence that the Contractor has hired an individual without a work visa, approved by the U.S. Department of Homeland Security, to perform any services under this Contract.