

November 13, 2014

Mr. Keith Kudla
President & CEO
Family Health Network
322 South Green Street, 4th Floor
Chicago, Illinois 60607

**Re: Notice of Noncompliance
Contract for Furnishing Health Services by a Managed Care Community Network
#2015-24-002**

Dear Mr. Kudla,

Effective November 13, 2014, this letter serves as formal notification to Family Health Network (FHN) of sanction by the Department for violation of Article V, Section 5.19.3 of the Contract for Furnishing Health Services by a Managed Care Community Network. Article V, Section 5.19.3 states, "Contractor shall adopt practice guidelines that meet, at a minimum, the Required Minimum Standards of Care set forth in Attachment XXI". Specifically, Contractor has not complied with the following sections of Attachment XXI, Required Minimum Standards of Care:

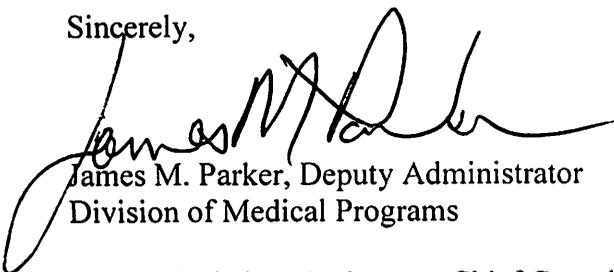
1. 1 – Contractor shall provide or arrange to provide to all Enrollees Covered Services at locations serving the Contracting Area that assure availability and accessibility to Enrollees.
2. 3(a)(i) and (ii) – EPSDT Services to Enrollees Under Twenty-One (21) Years
3. 3(c)(i) – Family Planning and Reproductive Health Care, Maternity Care.

In calendar year 2013, HEDIS 2014, FHN scored below the 10th percentile in 18 quality measures, including Children's and Adolescent Access to PCPs; Diabetes Care (HbA1C testing; LDL-C screening); and Timeliness of Prenatal care and Postpartum care. FHN also scored between the 10th and 25th percentile in 5 quality measures, including Childhood Immunizations-Combo 3 and Well Child Visits in the first 15 months (6+ visits). FHN has repeatedly been in the low percentiles when measuring the requirements of Section 5.19.3. The Department has provided FHN with repeated reports of its failures. Such repeated poor performance indicates that FHN has not adopted practice guidelines that meet the required minimum standards of care for sections 1, 3(a)(i) and (ii), and 3(c)(i) of Attachment XXI and, thus, has failed to provide, or arrange to provide, medically necessary services required under law or FHN's Contract with the Department.

The Department has placed FHN on notice that continued poor quality scores would result in significant action by the Department. Accordingly, pursuant to Article VII, 7.16.11, the Department has determined that FHN has substantially failed to provide, or arranged to provide, medically necessary services that Contractor is required to provide under law and Section 5.19.3, sections 1, 3(a)(i) and (ii), and 3(c)(i) of Attachment XXI, of the Contract. Under Article VII, 7.16, HFS is disallowing an opportunity for FHN to cure the noncompliance due to FHN's willful, egregious, persistent, patterned failure. As of November 17, 2014, the Department, pursuant to section 7.16.11.2 of the Contract, is suspending auto assignment with Contractor of potential enrollees, which includes current enrollees that fail to make a choice after receiving their enrollment packet. At this time, the Department is not exercising its option to impose monetary sanctions; however, the Department reserves its right to impose monetary sanctions in the future.

FHN is required to send a Corrective Action Plan to the Department no later than December 15, 2014. Together with our external quality review organization, the Department will work with FHN on the requirements of the Corrective Action Plan. HFS will only lift the enrollment suspension once it determines there is sufficient evidence that the Corrective Action Plan is implemented and operational and there are signs of improvement in the adoption of the required minimum standards of care and the provision of medically necessary, covered services. If you have any questions, please let me know.

Sincerely,



James M. Parker, Deputy Administrator
Division of Medical Programs

cc: Christine Breitzman, Chief Compliance Officer
James Kiamos, Chief Operating Officer
James Parker, HFS Deputy Director
Sherri Sadala, HFS Contract Compliance Manager