



JENNIFER KENT
DIRECTOR

State of California—Health and Human Services Agency
Department of Health Care Services



EDMUND G. BROWN JR.
GOVERNOR

July 19, 2017

John Baackes, CEO
L.A. Care Health Plan
1055 West 7th Street, 10th Floor
Los Angeles, CA 90017

Dear Mr. Baackes:

**NOTICE OF INTENT TO IMPOSE MONETARY SANCTIONS FOR FAILURE TO
COMPLY WITH CORRECTIVE ACTION PLAN**

The Department of Health Care Services (DHCS) informed Medi-Cal Managed Care Plans (MCPs) of the transition to report provider network data in the 274 provider network data file in August 2015. DHCS and MCPs began testing MCP reporting of provider network data submissions in the 274 provider network data file in March 2016. On January 13, 2017, DHCS informed L.A. Care Health Plan of the requirement to complete testing and submit January and February 2017 provider network data in the 274 provider network data file by March 10, 2017. The 274 provider network data file is required to be submitted through the Post Adjudicated Claims and Encounters System. DHCS also informed all MCPs that failure to meet the March 10, 2017, deadline would result in the imposition of a Corrective Action Plan (CAP).

On March 17, 2017, DHCS imposed a CAP on L.A. Care Health Plan for failure to meet its contractual obligations for reporting provider network data through the 274 provider network data file. The CAP further advised L.A. Care Health Plan that its failure to submit provider data in the 274 provider network data file for the months of January through April 2017 by May 10, 2017, could result in monetary sanctions.

Under the authority of Title 22, California Code of Regulations, Section 53872, DHCS is imposing monetary sanctions in the amount of \$35,000 for L.A. Care Health Plan failure to submit 274 provider network data files for the months of March through June 2017. The sanction amount represents a sanction of \$5,000 for the first month of non-compliance and \$10,000 for the second, third and fourth month of non-compliance. DHCS may impose monetary sanctions in the amount of \$10,000 for each additional month in which L.A. Care Health Plan is out of compliance with the provider network submission requirements.

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DHCS will continue to evaluate L.A. Care Health Plan progress toward ameliorating its provider data submission deficiencies on a quarterly basis. The evaluation process includes the potential to impose monetary sanctions on a quarterly basis for any period of time that L.A. Care Health Plan has not been previously sanctioned for the deficiencies.

Additionally, DHCS reserves its right to claim liquidated damages to the extent that L.A. Care Health Plan's provider network data reporting deficiencies result in a requirement to repay federal financial participation to the Centers for Medicare & Medicaid Services.

If you have any questions, please contact Sarah Brooks at Sarah.Brooks@dhcs.ca.gov or (916) 440-7800.

Sincerely,

Original Signed by Jennifer Kent

Jennifer Kent
Director

Enclosure

Notice of Appeal Rights

This decision will be final unless L.A. Care Health Plan files a written appeal within 15 days from the date of service of this notice addressed as follows:

The Honorable Sharon Stevenson
Chief Administrative Law Judge
Office of Administrative Hearings and Appeals
Department of Health Care Services
1029 J Street, Suite 200
Sacramento, CA 95814

A copy of the appeal should also be sent to the Department of Health Care Services, Office of Legal Services, addressed as follows:

Jared Goldman
Assistant Deputy Director and Chief Counsel
Department of Health Care Services
1501 Capitol Avenue, MS 1101
P.O. Box 997413
Sacramento, CA 95899-7413