



JENNIFER KENT  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

Carl Breining, Director of Compliance and Regulatory Affairs Kern Health System  
9700 Stockdale Highway  
Bakersfield, CA 93311

June 9, 2016

RE: Department of Health Care Services Medical Audit

Dear Mr. Breining:

The Department of Health Care Services (DHCS), Audits and Investigations Division conducted an on-site Medical Audit of Kern Health System, a Managed Care Plan (MCP), from August 4, 2015 through August 14, 2015. The survey covered the period of August 1, 2014 through July 31, 2015.

On, June 9, 2016, the MCP provided DHCS with additional information to its Corrective Action Plan (CAP) in response to the report originally issued on February 29, 2016. At this time, all deficiencies have been reviewed and are deemed either closed or provisionally closed.

Provisionally closed deficiencies indicate that DHCS has conditionally accepted the MCP's plan of action being proposed and/or implemented in order to bring a deficiency into compliance. For this CAP, two (2) deficiencies have been provisionally closed. DHCS will continue to monitor and/or follow-up on deficiencies that have been provisionally closed.

All other items have been reviewed and found to be in compliance. The CAP is hereby closed. The enclosed report will serve as DHCS' official response to the MCP's CAP.

Please be advised that in accordance with Health & Safety Code Section 1380(h) and the Public Records Act, the final report will become a public document and will be made available on the DHCS website and to the public upon request.

If you have any questions, please contact Jeanette Fong, Chief, Compliance Unit, at (916) 449-5096 or [CAPMonitoring@dhcs.ca.gov](mailto:CAPMonitoring@dhcs.ca.gov).

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Sincerely,

Dana Durham, Chief  
Contract Compliance Section

Enclosures: Attachment A CAP Response Form

cc: Stephani Issertell, Contract Manager  
Department of Health Care Services  
Medi-Cal Managed Care Division  
P.O. Box 997413, MS 4408  
Sacramento, CA 95899-7413

**ATTACHMENT A  
Corrective Action Plan Response Form**

**Kern Family Health Care**



**Review/Audit Type:** DHCS A&I Medical Review Audit

**Review Period:** 8/1/2014 – 7/31/2015

MCPs are required to provide a CAP and respond to all documented deficiencies within 30 calendar days, unless an alternative timeframe is indicated in the letter. MCPs are required to submit the CAP via email in word format which will reduce turnaround time for DHCS to complete its review.

The CAP submission must include a written statement identifying the deficiency and describing the plan of action taken to correct the deficiency, and the operational results of that action. For deficiencies that require long term corrective action or a period of time longer than 30 days to remedy or operationalize, the MCP must demonstrate it has taken remedial action and is making progress toward achieving an acceptable level of compliance. The MCP will be required to include the date when full compliance is expected to be achieved.

DHCS will maintain close communication with the MCP throughout the CAP process and provide technical assistance to ensure the MCP provides sufficient documentation to correct deficiencies. Depending on the volume and complexity of deficiencies identified, DHCS may require the MCP to provide weekly updates, as applicable.

**CORRECTIVE ACTION PLAN FORMAT**

<b>Deficiency Number and Finding</b>	<b>Action Taken</b>	<b>Implementation Documentation</b>	<b>Implementation Date*</b> <small>(*anticipated or completed)</small>	<b>DHCS Comments</b>
<b>1. Utilization Management</b>				
<b>1.5 Delegation of Utilization Management</b>  <b>1.5.1 Delegation Agreement</b> The Plan's delegation agreement with Vision Service Plan (VSP)	KHS drafted a contract amendment for the current Vision Service Plan (VSP) contract that includes the required reports and reporting frequency, which will be used to monitor the delegated entity's performance. Additionally, an oversight	A draft contract amendment was completed in March and is currently pending for signatures.  Please see Deficiency 1.5.1	4/30/16	06/03/16 MCP submitted a revised redline version of the delegation agreement with VSP. Attachment D now includes the requirement for VSP to submit the "VSP Quality Improvement Report" on a quarterly basis to the MCP. This revised version is currently under VSP legal review. This finding will be

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<p>excluded language, which requires quarterly reporting to the Plan or describes the process by which the Plan evaluates the delegated entity's performance.</p> <p><b>Recommendations:</b> Include quarterly reporting language in delegation agreements.</p>	<p>section was added that outlines the monitoring process and consequences for non-compliance.</p> <p><b>Operational Result</b> The contract amendment provides clearly defined oversight processes and expectations for both VSP and KHS. At a minimum, KHS will review reports quarterly.</p>	<p>Attachments: Vision Service Plan Amendment &amp; Attachment D.</p>		<p>closed upon submission of executed copy of the document.</p> <p><b>This finding is provisionally closed.</b></p>
<p><b>1.5.2 Delegated Entity Monitoring</b> The Plan did not monitor one (1) delegated entity, VSP. The Plan did not perform an oversight audit of VSP's UM/QI activities.</p> <p><b>Recommendations:</b> Conduct oversight audits to evaluate all delegated UM and QI activities.</p>	<p>KHS is in the process of establishing an sFTP site for VSP's delivery of all required reporting. KHS will include VSP's quarterly reports in the Physician Advisory Committee (PAC) and the QI/UM Committee agendas.</p> <p>As part of the delegated oversight responsibility, member grievances raised against VSP will be reviewed by the Grievance Review Team (GRT) to determine if qualities of care, access, or coverage</p>	<p>2/2016 KHS received the required reports via secure email.</p> <p>When operational, VSP reports will be received via an sFTP site.</p> <p>Please see Deficiency 1.5.2 Attachments: KHS' QI/UM</p>	<p>2/20/16 VSP reports for 2015 were reported in the February 2016 QI/UM Committee Meeting.</p> <p>sFTP site ETA 4/30/16.</p>	<p>04/01/16 MCP submitted the following documents:</p> <ul style="list-style-type: none"> <li>- "Amendment to Vision Service Plan Agreement" which requires VSP to submit reports on a monthly, quarterly, and annual basis (Attachment D).</li> <li>-VSP's "Diabetic Exam Reminder Effectiveness Report" and "Medical Data Collection Summary Report" that were presented during the MCP's QI/UM quarterly committee meeting (02/25/16).</li> <li>- "Amendment to Vision Service Plan Agreement" which includes an "Oversight" section that indicates the</li> </ul>

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	<p>issues are identified. Formal reviews will be conducted by the QI Department staff as necessary.</p> <p><b>Operational Result</b></p> <p>Incorporation of the reports into the PAC and QI/UM Committee Agendas will allow for full disclosure of the services provided by VSP.</p> <p>Oversight by the GRT and QI/UM Department will facilitate quality and process improvement, and ultimately better health outcomes related to vision services.</p>	<p>Committee Meeting Agenda, dated 2/25/2016, VSPs Diabetic Exam Reminder Effectiveness Report for Q4'2015, and VSPs Medical Data Collection Summary Report for January 1, 2015 – December 31, 2015.</p>		<p>MCP may conduct onsite audits and require VSP to take correction (Section 7 “Records”, F).</p> <p>-VSP 2016 Report and Monitoring Review Calendar that shows the schedule of audits and reports to be reviewed in 2016. The schedule is consistent with the reporting requirements on Attachment D of the delegation agreement.</p> <p>-VSP Grievances Review Log (01/01/16-05/31/16) as evidence that the MCP is isolating VSP related grievances for review.</p> <p><b>This finding is closed.</b></p>
<b>3. Access and Availability of Care</b>				
<p><b>3.1 Appointment Procedures and Monitoring Waiting Times</b></p> <p><b>3.1.1 Appointment Availability Time Frames</b></p> <p>The Plan did not ensure that appointments are available within the</p>	<p>KHS has DHCS approved Timely Access Standard tools in place to monitoring access and availability.</p> <p><b>Operational Result</b></p> <p>When KHS staff identifies a provider that is challenged with appointment availability, KHS staff notifies the provider of the Timely Access Standards. In certain instances, providers</p>	<p>-Policy 4.30-P; -Accessibility Standards_ Revised 7/31/15; - Provider Office P&amp;P_Telephone Advice Protocol_Attachment A; - DMHC Finalized Provider</p>		<p>06/03/16 MCP submitted three sample letters that were sent to providers who were non-compliant with the appointment availability of standards.</p> <p>06/09/16 MCP submitted written documentation that commits the plan to more frequent monitoring of timely access standards (on a quarterly basis) and follow-up with providers. The documentation</p>

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<p>required time frames.</p> <p><b>Recommendations:</b> Continue to monitor that members are offered appointments for routine care, specialty care, and initial prenatal care within the required time frames.</p>	<p>limit their panel assignments in order to accommodate timelier access. These issues are also identified via KHS' grievance process.</p> <p>Additionally, KHS will monitor Timely Access Standards for contracted PCPs and Specialists through the Industry Collaboration Effort (ICE) Timely Access and Appointment Availability process.</p> <p>KHS has taken proactive steps to enhance access to care in Kern County.</p> <ol style="list-style-type: none"> <li>1) KHS expanded Urgent Care access by 20% over the past two (2) years.</li> <li>2) KHS invested in excess of \$4,000,000 for provider recruitment and retention activities via KHS' grants program.</li> <li>3) KHS Accessibility Standards policy 4.30-P will be sent twice a year to providers as a reminder of Timely Access Standards.</li> </ol>	<p>Appointment Availability Survey Tool_Attachment B; -Afterhours Access Survey Tool_Attachment C; - Member Satisfaction Survey_Attachment D; - Provider Satisfaction Survey_Attachment E; Appoment Availability Review_Attachment F</p>		<p>states:</p> <p>“KHS will implement an internal quarterly provider appointment availability survey of a rotating sample of its provider network beginning Q3 2016.</p> <ul style="list-style-type: none"> <li>• Non-compliant providers will be sent a letter as a first step approach</li> <li>• Providers who received a non-compliance letter will be tracked to follow up</li> <li>• If non-compliance persists, next steps to address issues and assist providers will be implemented including provider counseling/education, and/or trouble shooting potential road blocks to compliance</li> <li>• Providers who are consistently non-compliant may be subject to disciplinary action</li> <li>• All actions mentioned above will be documented, logged and tracked</li> <li>• Appropriate policy changes to comply with updated monitoring process.</li> </ul> <p><b>This finding is provisionally closed.</b></p>

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<p><b>3.1.2 - Missed Appointments Follow-up</b> The Plan did not have policies and procedures in place for follow-up on missed appointments.</p> <p><b>Recommendations:</b> Update policies to include procedures for follow-up on missed appointments.</p>	<p>KHS' Policy, 2.01-P, <i>General Exam Guidelines</i>, §5.0, <i>Appointment Scheduling and Follow-Up</i>, identifies Kern Health Systems and Primary Care Providers (PCP) responsibilities.</p> <p>KHS shall assist PCPs in encouraging members to keep scheduled appointments and follow up with members for missed appointments. If appointments are missed, the PCP should follow current process outlined in KHS Policy 2.01-P.</p> <p><b>Operational Result</b> KHS will work collaboratively with PCPs to encourage follow-up and re-scheduling of missed appointments.</p> <p>KHS' QI Department will validate office compliance to the outlined procedures as defined in Policy 2.01-P and QI Facility Site Review (FSR) tool. If deemed necessary, a corrective action plan may be considered should repeat findings be discovered.</p>	<p>Please see Deficiency 3.1.2 Attachments: 2.01-P, <i>General Exam Guidelines</i> and FSR tool.</p>		<p>04/01/16 MCP submitted P&amp;P, 2.01-P, <i>General Exam Guidelines</i>, §5.0, <i>Appointment Scheduling and Follow-Up</i> (revised 07/03/2013), that includes procedures for follow-up on missed appointments.</p> <p><b>This finding is closed.</b></p>

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<b>4. Members' Rights</b>				
<p><b>4.3 Confidentiality Rights</b></p> <p><b>4.3.1 - Breach Incident Reporting Policy</b> The Plan's Policy 2.28-P, <i>Medical Records and Other Protected Health Information</i>, contains an incorrect time frame in which to submit a written report to DHCS.</p> <p><b>Recommendations:</b> Update the policy to reflect the correct time frames for submitting the "DHCS Privacy Incident Report."</p>	<p>2.28-P, <i>Medical Records and Other Health Information</i>, has been updated to reflect the correct time frames for submitting the "DHCS Privacy Incident Report."</p> <p><b>Operational Result</b> The correct time frames are now noted in Policy, 2.28-P <i>Medical Records and Other Health Information</i>.</p>	<p><b><u>Policy &amp; Procedures</u></b></p> <p>Please see Deficiency 4.3.1 Attachment: 2.28-P, <i>Medical Records and Other Health Information</i>.</p>	<p>2.28-P was distributed for Executive approval and signature.</p> <p>Expected completion date <b>5/1/2016.</b></p>	<p>05/10/16 The Plan submitted updated P&amp;P "Medical Records and Other Protected Health Information - Privacy, Use, and Disclosure, 2.28-P" revised 03/30/16 which reflects the correct time frames for submitting the "DHCS Privacy Incident Report" (§5.12).</p> <p><b>This finding is closed.</b></p>
<p><b>4.3.2 - Breach Incident Reporting Time Frames</b> The Plan did not notify DHCS within the required 24-hour time frame upon discovery of any breach or</p>	<p>2.28-P, <i>Medical Records and Other Protected Health Information-Privacy, Use, and Disclosure, §5.12, Notice to DHCS</i>, has been updated and revised to include the correct time frames for notifying the DHCS and submitting an</p>	<p>Red-lined 2.28-P, §5.12, <i>Notice to DHCS</i>.</p>	<p><b>5/1/2016.</b></p>	<p>05/10/16 The Plan submitted: -Updated P&amp;P "Medical Records and Other Protected Health Information - Privacy, Use, and Disclosure, 2.28-P" revised 03/30/16 which reflects the correct time frames for submitting the "DHCS Privacy Incident Report"</p>

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<p>security incident, and did not submit the updated report within the required 72-hour time frame.</p> <p><b>Recommendations:</b> Notify DHCS and submit an updated Privacy Incident Report within the required time frames.</p>	<p>updated Privacy Incident Report (PIR).</p> <p>Additionally, May 2015, the Compliance Department created a new e-mail node for the reporting of HIPPA incidents.</p> <p>KHS also provides training:</p> <ol style="list-style-type: none"> <li>1) Newly hired employees receive on-boarding training, which includes HIPAA and requirements to report.</li> <li>2) Annual All Employee Training includes HIPAA and associated reporting requirements.</li> <li>3) Posters located in key areas remind employees of HIPAA reporting requirements.</li> <li>4) Annual Compliance Awareness Week events include reference to HIPAA.</li> </ol> <p><b>Operational Result</b> KHS has made revisions to 2.28-P and provides the on-going aforementioned training.</p>			<p>(§5.12);</p> <p>-“Confidentiality Agreement” for newly hired employees that includes HIPAA requirements and required time frames for submitting “DHCS Privacy Incident Report”</p> <p>-HIPPA Refresher Training 2015 material (page 11, P&amp;P 2.28) as evidence of training of new employees as well as an annual all employee training refresher course to emphasize Plan’s Policy 2.28 §5.12 on reporting time frames and the penalties of non-compliance (Confidentiality Agreement §6).</p> <p>-“Privacy Incident Log 2016” that shows data for the months of January through April. Privacy Incident Log tracking sheet clearly indicates updated fields for Immediate, 24hr., 72 hr. and 10 business day tracking.</p> <p><b>This finding is closed.</b></p>

**Submitted by:**  
**Title:**

**Date:**