

October 14, 2026

THIS LETTER SENT VIA EMAIL

Deanna Eaves
Senior Manager, Compliance
Health Net Community Solutions, Inc.
21281 Burbank Blvd
Woodland Hills, CA 91367

WARNING LETTER AND DEMAND FOR CORRECTIVE ACTION PLAN (CAP): HIGH RESOLUTION OF APPEALS FOUND IN FAVOR OR PARTIALLY IN FAVOR OF THE MEMBER

Dear Ms. Eaves,

The Department of Health Care Services (DHCS) is hereby providing Health Net Community Solutions, Inc. (HN) this Warning Letter (WL) because of high rates of Appeal overturn resolution found in favor or partially in favor of the Member for Quarter (Q)1 2026 **(50.38%)** and Q2 2026 **(41.29%)**, which indicates a deficiency in HN's Utilization Management review process.

Pursuant to Dental Managed Care ("Dental MC") Contract, and All Plan Letter (APL)¹ 22-009, DHCS requires a Corrective Action Plan (CAP) within 30 days from the date of the electronic mail postmark of this letter. This CAP must include a remediation plan determining the root cause, process improvements to prevent future deficiencies, and to verify that there was no Member harm and to make all affected Members whole.

Please note, if HN is unable to correct the noted deficiencies and/or complete their CAP within six (6) months of the date of this notice, DHCS may exercise its right to pursue Liquidated Damages and/or Sanctions pursuant to the Dental MC Contract and APL 22-009.

¹ APLs can be found here: <https://www.dhcs.ca.gov/services/dental-managed-care-all-plan-letters/>

I. Background

On April 15, 2026, HN submitted the Q1 2026 quarterly Grievance and Appeals deliverable to DHCS. On May 28, 2026, HN stated that the high number of Appeals that were found fully or partially in favor of the Member was due to "a prior authorization programming error with the vendor that resulted in covered benefits being denied, particularly payment denial appeals."

On July 15, 2026, HN submitted the Q2 2026 quarterly Grievance and Appeals deliverable to DHCS.

Table 1 demonstrates the number and percentage of Appeals that are fully or partially favorable to the Member for Q1 and Q2 2026, as reported by HN to DHCS.

Table 1

Calendar Year 2026 Reporting Quarter	Total # of Appeals for the reporting quarter	# Appeals found fully favorable to Member	# Appeals found partially favorable to Member	# of Appeals found fully or partially favorable to Member	% of Appeals found fully or partially favorable to Member
Quarter 1	393	148	50	198	50.38%
Quarter 2	356	100	47	147	41.29%

II. Applicable Authority

Pursuant to the Dental MC Contract Exhibit A7 Section 2, Authorizations and Review Procedures:

"Contractor shall ensure that its procedures for processing prior authorization, continuing and retrospective requests for services are in accordance with the Medi-Cal Dental policy and procedures as described in the Medi-Cal Dental Manual of Criteria, and Health and Safety Code Section 1367.01(h). The following minimum requirements must be met:

- 1. Qualified dental professionals supervise review decisions, and a qualified dentist will review all denials.*
- 2. There is a set of written criteria or guidelines for Utilization Review that is based on the dental standard of care, is consistently applied, regularly reviewed, and updated."*

III. Resultant Action

DHCS is hereby providing this Warning Letter and demands a CAP within 30 days from the date of the electronic mail postmark of this letter regarding the measures HN will implement to ensure compliance with applicable contractual requirements. If the Dental MCP is unable to correct the noted deficiencies and/or complete their CAP, DHCS may exercise its right to enforce Liquidated Damages and/or Sanctions pursuant to the Dental MC Contract and APL 22-009.

Please complete the enclosed CAP Response Form and submit supporting documentation to DHCS at dmcdeliverables@dhcs.ca.gov. The CAP Response Form must be signed by HN's Compliance Officer. Should you have any questions, please contact DHCS.

Sincerely,

Original signed by:

Dana Durham
Chief, Medi-Cal Dental Services Division
Department of Health Care Services

Enclosure: CAP Response Form