



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



February 14, 2023

THIS LETTER SENT VIA EMAIL

Mr. Michael Hunn
CalOptima Health
505 City Parkway West.
Orange, CA 92868

FINAL NOTICE OF MONETARY SANCTIONS AND EFFECTIVE DATE FOR FAILURE
TO MEET MINIMUM PERFORMANCE LEVELS FOR MEDI-CAL MANAGED CARE
ACCOUNTABILITY SET PERFORMANCE MEASURES AFTER THE MEET-AND-
CONFER CONFERENCE

Dear Mr. Hunn,

On January 13, 2023, the Department of Health Care Services (DHCS) issued a Notice of Imposition of Monetary Sanctions to CalOptima Health (CalOptima) (Notice). Subsequently, CalOptima timely requested to meet and confer with DHCS. On January 13, 2023, DHCS met and conferred with CalOptima via video conference. At this conference, CalOptima presented its concerns, raised questions, and had the opportunity to present information and evidence with respect to the issues raised in that Notice.

Pursuant to Section 14197.7(h) of the Welfare and Institutions Code, DHCS has considered CalOptima's concerns and any information it presented, and now issues this Final Notice of Monetary Sanctions and Effective Date for CalOptima's failure to meet required minimum performance levels (MPLs) for measurement Year (MY) 2021 Medi-Cal Managed Care Accountability Set (MCAS) performance measures (Final Sanction). While DHCS appreciated the opportunity to discuss this sanction with CalOptima, but after considering the information and arguments presented by CalOptima, DHCS has made no change to the sanction amount. **This Final Sanction supersedes the Notice issued December 13, 2022, and is made for the reasons set forth below.**

Under its contract with DHCS, CalOptima is required to meet or exceed DHCS' established MPLs for each Health Effectiveness Data and Information Set (HEDIS) measure, and all other required MCAS performance measures. (Exhibit A, Attachment 4, Quality Improvement System, section 9A and 9B).

Successful administration of the Medi-Cal program requires a collaborative partnership between DHCS and Medi-Cal Managed Care Plans (MCPs). This collaboration includes the expectation that MCPs will meet their contractual and programmatic requirements on an ongoing basis. CalOptima and DHCS regularly collaborated on strategies for improving the Plan's MCAS performance measures required to meet MPLs.

On July 20, 2022, DHCS received validated MCAS measure rates from the External Quality Review Organization and confirmed that CalOptima has 2 plan wide measures below the MPL for reporting year 2022. Under Welfare and Institutions Code (WIC) section 14197.7 and the contract, DHCS has authority to impose monetary sanctions for CalOptima's failure to meet or exceed its MPLs for all applicable MCAS performance measures. (Exhibit E, Attachment 2, Program Terms and Conditions, section 16 Sanctions, B; WIC § 14197.7(e)(4).) As noted above, CalOptima's contract requires it to meet or exceed the DHCS established MPLs for each MCAS performance measure. (Exhibit A, Attachment 4, Quality Improvement System, section 9A and 9B). CalOptima's confirmed failure to meet the MPL as outlined in the contract constitutes good cause for DHCS to impose monetary sanctions. (Exhibit E, Attachment 2, Program Terms and Conditions, section 16 Sanctions, C. 2; WIC § 14197.7(e)(4)).

Under WIC section 14197.7(f), DHCS is authorized to impose a \$25,000 sanction per violation of CalOptima contractual obligation to meet or exceed MPLs for each MCAS performance measure. Given the vital importance of meeting MPLs, CalOptima's failure to meet the required MPLs on the following 2 measures for reporting year 2022, which has impacted 8,638 beneficiaries, has resulted in a total final sanction amount of **\$25,000**:

Reporting Unit	Measures*	MPL	MCP Rates	TRENDING Difference from HEDIS MY 2020	Population Impacted (population not served)
Orange County	W30 -6	54.92%	49.31%	6.13%	4,435
	W30-2	70.67%	67.29%	-4.47%	3,933

*Please see Table 1 for acronym definition

Pursuant to WIC section 14197.7(g) and in accordance with the November 14, 2022 Quality Sanction Bulletin, DHCS has considered the following factors in determining the sanction amount.

- Number of eligible members impacted by the quality of care violation and scope of the harm;
- Degree to which MCP is below each MPL;
- Whether MCP's performance on the MPL(s) at issue has improved or worsened over the previous measurement year; and
- Any other applicable factor under WIC section 14197.7(g).

Quality & Population Health Management
1501 Capitol Avenue, MS 0000
P.O. Box 997413
Sacramento, CA 95899-7413
Phone (916) 449-7400 Fax (916) 440-7404

As DHCS is issuing this Final Sanction after the meet and confer conference pursuant to Welfare and Institutions Code section 14197.7(h), DHCS' meet and confer obligations with respect to these sanctions are exhausted. This sanction is effective as of the date of this letter, and DHCS will provide further instruction regarding payment of the sanction amount in a separate communication. We have also enclosed a Notice of Appeal Rights.

Sincerely,

Palav Babaria
Deputy Director, Chief Quality Officer
Quality and Population Health Management
Department of Health Care Services

Enclosure: Notice of Appeal Rights

Michelle Baass
Director
Department of Health Care Services

Jacey Cooper
Chief Deputy Director, Health Care Programs
Department of Health Care Services

John Puente
Deputy Director and Chief Counsel
Department of Health Care Services

Susan Philip
Deputy Director, Health Care Delivery Systems
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Bambi Cisneros
Assistant Deputy Director, Managed Care
Health Care Delivery Systems
Department of Health Care Services.

Michelle Retke
Contracting Officer, Chief of Managed Care Operating Division
Health Care Delivery Systems
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Dana Durham
Chief of Managed Care Quality and Monitoring Division
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Dr. Richard Pitts, Chief Medical Officer
CalOptima Health
505 City Parkway West.
Orange, CA 92868

Michael Wood, Regulatory Affairs & Compliance'
CalOptima Health
505 City Parkway West.
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TABLE 1: DOMAIN, MEASURE, & ACRONYM		
Domain	Measure	Acronym
Children's Preventive Services	Child and Adolescent Well-Care Visits (WCV)	WCV
	Childhood Immunization Status: Combination 10 (CIS-10)	CIS-10
	Immunizations for Adolescents: Combination 2 (IMA-2)	IMA-2
	Weight Assessment and Counseling for Nutrition and Physical Activity for Children/Adolescents: BMI Assessment for Children/Adolescents (WCC-BMI),	WCC-BMI
	Weight Assessment and Counseling for Nutrition and Physical Activity for Children/Adolescents: Nutrition (WCC-N)	WCC-N
	Weight Assessment and Counseling for Nutrition and Physical Activity for Children/Adolescents: Physical Activity (WCC-PA)	WCC-PA
	Well-Child Visits in the First 30 Months of Life - Well-Child Visits in the First 15 Months (W30)	W30 6+
	Well-Child Visits in the First 30 Month of Life - Well-Child Visits for Age 15 Months - 30 Months (W30)	W30 2+
Women's Health Domain	Breast Cancer Screening	BCS
	Cervical Cancer Screening	CCS
	Chlamydia Screening in Women	CHL
	Prenatal and Postpartum Care: Postpartum Care	PPC-Pst
	Prenatal and Postpartum Care: Timeliness of Prenatal Care	PPC-Pre
Chronic Disease Domain	Comprehensive Diabetes Care: HbA1c Poor Control (>9.0%)	CDC-H9
	Controlling High Blood Pressure	CBP

NOTICE OF APPEAL RIGHTS

CalOptima has the right to request a hearing in connection with any sanctions within 15 business days after receipt of the final notice of sanction. DHCS will stay the imposition of sanctions upon receipt of the request for a hearing until the effective date of a final decision from the Office of Administrative Hearings and Appeals. CalOptima may request a hearing by sending a letter so stating to the Office of Administrative Hearings and Appeals at the address below:

Chief Administrative Law Judge
Office of Administrative Hearings and Appeals Department of Health Care Services
3831 N. Freeway Blvd., Suite 200
Sacramento, CA 95834

A copy of the hearing request shall also be sent to:

Priya Motz
Acting Quality & Health Equity Transformation Branch Chief
Quality and Population Health Management
Department of Health Care Services
MS 441
P.O. Box 997413
Sacramento CA 95899-7413

John Puente
Deputy Director and Chief Counsel
Office of Legal Services
Department of Health Care Services
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