



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



February 14, 2023

THIS LETTER SENT VIA EMAIL

Ms. Emily Duran, CEO
Kern Health Systems
2900 Buck Owens Boulevard.
Bakersfield, CA 93308

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 Ms. Duran,

On January 6, 2023, the Department of Health Care Services (DHCS) issued a Final Notice of Monetary Sanction to Kern Health Systems (KHS) (Notice). However, after further review of KHS's efforts and geographical barriers, DHCS would like to rescind the previous final sanction notice and issue this Final Notice of Monetary Sanctions and Effective Date.

Pursuant to Section 14197.7(h) of the Welfare and Institutions Code, DHCS has considered KHS' concerns and any information it presented, and now issues this Final Notice of Monetary Sanctions for KHS' failure to meet required minimum performance levels (MPLs) for measurement Year (MY) 2021 Medi-Cal Managed Care Accountability Set (MCAS) performance measures (Final Sanction).

DHCS appreciated the opportunity to discuss this sanction with KHS. After considering the information presented by KHS, DHCS has reduced KHS's sanction from \$188,000 to \$169,000. **This This Final Sanction supersedes the Notice issued January 6, 2023, and is made for the reasons set forth below.**

Under its contract with DHCS, KHS 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. KHS 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 KHS has 10 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 KHS' 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, KHS' 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). KHS' 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 KHS's contractual obligation to meet or exceed MPLs for each MCAS performance measure. For violations that impact beneficiaries, each beneficiary impacted constitutes a separate violation. KHS has the following 10 measures below the MPL for reporting year 2022, which impacted 168,432 beneficiaries, resulting in a total final sanction amount of **\$169,000**:

Reporting Unit	Measures*	MPL	MCP Rates	TRENDING Difference from HEDIS MY 2020	Population Impacted (population not served)
Kern County	CHL	54.91%	53.71%	-0.31%	4,754
	CCS	59.12%	48.66%	-5.35%	31,043
	PPC-Pre	85.89%	82.73%	12.66%	806
	CIS-10	38.20%	27.49%	4.62%	4,734
	IMA-2	36.74%	30.90%	-2.19%	4,874
	W30 -6	54.92%	28.05%	-2.50%	2,409
	W30-2	70.67%	51.01%	-4.69%	3,118
	WCC-BMI	76.64%	75.18%	11.68%	16,610
	WCC-N	70.11%	66.42%	13.62%	22,472
	WCV	45.31%	37.96%	1.80%	77,612

*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).

If KHS has not previously done so, it must submit a revised comprehensive quality strategy within two weeks of this letter's issuance that includes new interventions designed to meet or exceed the required 2023 milestones, and details how it intends to devote adequate resources and staff to quality improvement.

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 also have 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
Department of Health Care Services

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
Department of Health Care Services

Dana Durham
Chief of Managed Care Quality and Monitoring Division
Health Care Delivery Systems
Department of Health Care Services

Martha Tasinga, Chief Medical Officer
KHS
2900 Buck Owens Boulevard.
Bakersfield, CA 93308

Jane MacAdam, Acting Director of Compliance
KHS
2900 Buck Owens Boulevard.
Bakersfield, CA 93308

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

KHS 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. KHS 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
MS 0010
P.O. Box 997413
Sacramento CA 95899-7413

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