

December 6, 2024

*THIS LETTER SENT VIA EMAIL*

Amanda Flaum, Chief Executive Officer  
Kaiser NorCal (KP Cal, LLC)  
1800 Harrison Street  
Oakland, CA 94612

**NOTICE OF IMPOSITION OF MONETARY SANCTIONS FOR FAILURE TO MEET OR EXCEED MINIMUM PERFORMANCE LEVELS FOR MEDI-CAL MANAGED CARE ACCOUNTABILITY SET PERFORMANCE MEASURES**

Dear Amanda Flaum,

The Department of Health Care Services (DHCS) sends this Notice of Imposition of Monetary Sanctions Letter on Kaiser NorCal (KP Cal, LLC) for failure to meet or exceed required minimum performance levels (MPLs) for measurement year 2023 (MY23)<sup>10</sup> Medi-Cal Managed Care Accountability Set (MCAS) performance measures (Exhibit A, Attachment 3, Quality Improvement System, section 2.2 External Quality Review Requirements).

On September 5, 2024, DHCS received validated MCAS measure rates from the External Quality Review Organization and confirmed that Kaiser NorCal (KP Cal, LLC) has 2 plan-wide measures below MPL across 1 domain(s) for MY23 (see Table 2 for enforcement tier designation triggers).

Kaiser NorCal (KP Cal, LLC) did not request a meet and confer conference with DHCS within two business days after the effective date of the Notice of Intent to Impose Monetary Sanctions Letter that was sent on October 25, 2024. This Notice of Imposition of Monetary Sanctions Letter supersedes the Notice of Intent to Impose Monetary Sanctions Letter and is made in accordance with W&I section 14197.7(g) and with the Quality Sanction Bulletin issued October 17, 2024. DHCS is imposing monetary sanctions for Kaiser NorCal (KP Cal, LLC)'s failure to comply with its obligations set forth in the Medi-Cal managed care plan (MCP) contract. Under W&I section 14197.7(f) and

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<sup>10</sup> Measurement Year 2023 (MY 2023) covered activities conducted from January 1, 2023, to December 31, 2023.



the MCP contract, DHCS is authorized to impose a \$25,000 sanction per violation of Kaiser NorCal (KP Cal, LLC)'s contractual obligation to meet or exceed MPLs for each MCAS performance measure (Exhibit A, Attachment 3, Quality Improvement System, section 2.2 External Quality Review Requirements).

**The total sanction amount for Kaiser NorCal (KP Cal, LLC) is \$35,000 for the following 2 measures below the MPL for MY23:**

Quality Reporting Unit	Measures*	Domains*	MCP Rates	MPL	TRENDING Difference from HEDIS MY 2022	Population Impacted
KP North	LSC	CH	43.80%	62.79%	-1.29	1,350
	TFL-CH	CH	13.92%	19.30%	4.55	44,749

\*Please see Table 1 for acronym definitions

Successful administration of the Medi-Cal program requires a collaborative partnership between DHCS and MCPs. This collaboration includes the expectation that MCPs will meet or exceed their contractual and programmatic requirements on an ongoing basis. Kaiser NorCal (KP Cal, LLC) and DHCS regularly collaborated on strategies for improving the Plan's MCAS performance measures required to meet or exceed MPLs (Exhibit A, Attachment 3, Quality Improvement System, section 2.2 External Quality Review Requirements).

As noted above, DHCS is authorized to impose sanctions for failure to meet or exceed MPLs for each MCAS performance measure. Kaiser NorCal (KP Cal, LLC) confirming failure to meet or exceed the MPLs as outlined in the contract creates good cause for DHCS to impose monetary sanctions (Exhibit A, Attachment 3, Quality Improvement System, section 2.2 External Quality Review Requirements; Exhibit E, Program Terms and Conditions, section 1.1.19 Sanctions; W&I § 14197.7(e)).

Pursuant to W&I section 14197.7 and in accordance with APL 23-012, DHCS has considered the factors set forth in W&I section 14197.7(f) and (g) in determining the sanction amount, including the following:

- Scope of the violations, which are determined by the number of eligible members impacted by the quality-of-care violation (e.g., the number of eligible members who did not receive the recommended preventive service).



- In determining the nature, scope, and gravity of the violation under W&I section 14197.7(g)(1), DHCS will consider the degree to which the MCP is below the MPL for the measure at issue and will increase sanction amounts per violation based upon the severity of the violation (see Table 3 for violation factors).
- DHCS will consider whether the MCP's performance on the MPL at issue has improved or worsened over the previous MY under W&I section 14197.7(g)(6). If performance has worsened over the previous MY, the sanction amount will increase; and if performance has improved, the sanction amount will decrease (see Table 4 for trending factors).
- DHCS has reduced the total sanction amount for MCPs in counties with Healthy Places Index (HPI) scores under the 50<sup>th</sup> percentile, as determined by DHCS (see Table 5 for HPI percentile and impact factors). **This amount has already been accounted for in the sanction total above.**

MCP by County	HPI Percentile	HPI Impact Factor
KP North	61.1%	0.0%

Please follow the included payment instructions to effectuate payment in full to DHCS. Please indicate the name of the MCP, MY, and the reason for payment when submitting your payment to DHCS. The effective date of this sanction is December 6, 2024. Payment for the MCAS MY23 Sanctions is due immediately.

If **Kaiser NorCal (KP Cal, LLC)** does not pay within 30 business days, **Kaiser NorCal (KP Cal, LLC)** will receive a past due notice. Please provide notice of receipt and payment via email to DHCS' Quality Monitoring inbox. Please include the account number and check number or wire transfer number once payment has been sent.

If you have any questions, send an email to the Quality Monitoring inbox at [QualityMonitoring@dhcs.ca.gov](mailto:QualityMonitoring@dhcs.ca.gov).



Amanda Flaum, CEO

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Sincerely,

Sarah Lahidji

Division Chief, Quality and Health Equity

Quality and Population Health Management

Department of Health Care Services

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**Quality & Population Health Management**

1501 Capitol Avenue, MS 0020

P.O. Box 997413

Sacramento, CA 95899-7413

Phone (916) 449-7400 | [www.dhcs.ca.gov](http://www.dhcs.ca.gov)

**State of California**

Gavin Newsom, Governor



California Health and Human Services Agency

Signed by:

*Sarah Lahidji*

DocuSign Envelope ID: 3993E8A6-B6D9-4AFE-B525-5D61CA690820

Amanda Flaum, CEO

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ACH/Wire to:

Beneficiary Account Name: Department of Health Care Services

Bank Name: US Bank

Laurel Heights Branch

3471 California St San Francisco, CA 94118

Routing Number: 122235821

Bank Account Number: 1-583-0005-7623

Reference: Sanction or any identifier

For Check Payment:

Payable to: Department of Health Care Services

Cash Receipts Unit

1501 Capitol Avenue MS 1101

PO Box 997415

Sacramento, CA 95899-7415

For check payment, please include the Notice of Imposition of Monetary Sanctions Letter and any backup documents that will identify the payment.

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CC

Michelle Baass  
Director  
Department of Health Care Services

Tyler Sadwith  
State Medicaid Director  
Department of Health Care Services

Sarah Brooks  
Chief Deputy Director, Health Care Programs  
Department of Health Care Services

Lindy Harrington  
Assistant State Medicaid Director  
Department of Health Care Services

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

Judith Recchio  
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

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

Claire Horton, Vice President, Associate Chief Medical Officer, National Medicaid  
Kaiser NorCal (KP Cal, LLC)  
1800 Harrison Street  
Oakland, CA 94612

Julie Bomgren, Director, Medi-Cal Policy  
Kaiser NorCal (KP Cal, LLC)  
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Esme Cullen MD, MPH, Chief Health Equity Officer  
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1800 Harrison Street  
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Enclosure

TABLE 1: DOMAIN, MEASURE, & ACRONYM		
Domain	Measure	Acronym
<b>Children's Health (CH)</b>	Child and Adolescent Well-Care Visits	WCV
	Childhood Immunization Status: Combination 10	CIS-10
	Developmental Screening in the First Three Years of Life	DEV
	Immunizations for Adolescents: Combination 2	IMA-2
	Lead Screening in Children	LSC
	Topical Fluoride for Children	TFL-CH
	Well-Child Visits in the First 30 Months of Life – 0 to 15 Months – Six or More Well-Child Visits*	W30-6+
	Well-Child Visits in the First 30 Months of Life – 15 to 30 Months – Two or More Well-Child Visits*	W30-2+
<b>Reproductive Health and Cancer Prevention (RC)</b>	Chlamydia Screening in Women	CHL
	Prenatal and Postpartum Care: Postpartum Care	PPC-Post
	Prenatal and Postpartum Care: Timeliness of Prenatal Care	PPC-Pre
	Breast Cancer Screening	BCS-E
	Cervical Cancer Screening	CCS
<b>Chronic Disease Management (CD)</b>	Asthma Medication Ratio	AMR
	Controlling High Blood Pressure	CBP
	Comprehensive Diabetes Care: HbA1c Poor Control (>9.0%)*	HBD-H9*

\*A lower rate is better for this measure





<b>TABLE 2: QUALITY ENFORCEMENT TIER DESIGNATION TRIGGERS</b>			
<b>Enforcement Tiers</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>
<b>Triggers</b>	One (1) measure below the MPL in any one (1) domain	Two (2) or more measures below the MPL in any one (1) domain	Three (3) or more measures below the MPL in two (2) or more domains
<b>Enforcement Action</b>	Not subject to monetary sanction	Subject to monetary sanction	Subject to monetary sanction

<b>TABLE 3: VIOLATION AND BENEFICIARY IMPACT (W&amp;I section 14197.7(g)(1))</b>		
<b>Severity/Beneficiary Impact</b>	<b>Violation per Measure</b>	<b>Severity Violation Factor</b>
Slight Violation	<1.00% below MPL	1.0
Minimal Violation	1.00% - 2.99% below MPL	1.1
Minor Violation	3.00% - 5.99% below MPL	1.2
Moderate Violation	6.00% - 10.99%	1.4
Moderately Severe Violation	11.00% - 15.99%	1.6
Severe Violation	16.00% - 20.99%	1.8
Extremely Severe Violation	≥21.00% below the MPL	2.0

<b>TABLE 4: TRENDING FACTOR (W&amp;I section 14197.7(g)(6))</b>		
<b>Degrees of Improvement</b>	<b>Trending Difference per Measure</b>	<b>Trending Factor</b>
Significant Worsening	>(-)15.01%	2.0
Moderately Significant Worsening	(-)15.00% - (-)11.01%	1.8
Moderate Worsening	(-)11.00% - (-)7.01%	1.6
Minimal Worsening	(-)7.00% - (-) 4.01%	1.4
Slight Worsening	(-)4.00% - (-) 0.01%	1.2
No Improvement	0.00 – 1.00%	1.0
Slight Improvement	1.01% - 4.00%	0.8
Minimal Improvement	4.01% - 7.00%	0.6
Moderate Improvement	7.01% - 11.00%	0.4
Moderately Significant Improvement	11.01% - 15.00%	0.2
Significant Improvement	≥15.01%	0.0



TABLE 5: HPI IMPACT AND SANCTION REDUCTION		
Severity (Impact) of HPI (per county and MCP)	HPI Percentile	HPI Impact Factor (Sanction Reduction)
Very High	0-9%ile	50%
High	10-19%ile	40%
Moderate	20-29%ile	30%
Low Moderate	30-39%ile	20%
Low	40-49%ile	10%

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**NOTICE OF APPEAL RIGHTS**

Kaiser NorCal (KP Cal, LLC) has the right to request a hearing in connection with any sanctions within fifteen (15) working days after the “effective date” of the sanctions letter. 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 (OAHA). Kaiser NorCal (KP Cal, LLC) 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 must also be sent to:

Thomas Mahoney  
Quality and Health Equity Measurement Monitoring Section Chief  
Quality and Population Health Management  
Department of Health Care Services  
MS 0020  
P.O. Box 997413  
Sacramento CA 95899-7413

Judith Recchio  
Deputy Director and Chief Counsel  
Office of Legal Services  
Department of Health Care Services  
MS 0010  
P.O. Box 997413  
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