November 19, 2025

Michael Wood, Manager, Regulatory Affairs & Compliance   *Via E-mail*
CalOptima
505 City Parkway West
Orange, CA 92868

RE: Department of Health Care Services Medical Audit

Dear Mr. Wood:

The Department of Health Care Services (DHCS), Audits and Investigations Division, conducted an on-site Medical Audit of CalOptima, a Managed Care Plan (MCP), from January 27, 2025 through February 7, 2025. The audit covered the period from February 1, 2024, through January 31, 2025.

The items were evaluated, and DHCS accepted the MCP's submitted Corrective Action Plan (CAP). The CAP is hereby closed. The enclosed documents will serve as DHCS' final response to the MCP's CAP. The closure of this CAP does not halt any other processes in place between DHCS and the MCP regarding the deficiencies in the audit report or elsewhere, nor does it preclude DHCS from taking additional actions it deems necessary to address these deficiencies.

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

If you have any questions, please contact CAP Compliance personnel.

Sincerely,

[Signature on file]
Lyubov Poonka, Chief
Audit Monitoring Unit
Process Compliance Section
DHCS - Managed Care Quality and Monitoring Division (MCQMD)

California Department of Health Care Services
Managed Care Quality and Monitoring Division
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State of California
Gavin Newsom, Governor

California Health and Human Services Agency

Enclosures: Attachment A (CAP Response Form)

cc: Kelli Mendenhall, Chief
       Managed Care Monitoring Branch   *Via E-mail*
       DHCS - Managed Care Quality and Monitoring Division (MCQMD)

       Grace McGeough, Chief   *Via E-mail*
       Process Compliance Section
       Managed Care Monitoring Branch
       DHCS - Managed Care Quality and Monitoring Division (MCQMD)

       Joshua Hunter, Lead Analyst   *Via E-mail*
       Audit Monitoring Unit
       Process Compliance Section
       DHCS - Managed Care Quality and Monitoring Division (MCQMD)

       Arianna Ngo, Unit Chief   *Via E-mail*
       Managed Care Contract Oversight Branch
       DHCS – Managed Care Operations Division (MCOD)

       Diana Voong, Contract Manager   *Via E-mail*
       Managed Care Contract Oversight Branch
       DHCS – Managed Care Operations Division (MCOD)

ATTACHMENT A

Corrective Action Plan Response Form

Plan: CalOptima Health

Audit: DHCS Medical Audit

Review Period: 2/1/2024 – 1/31/2025

On-site Review: 1/27/2025 – 2/7/2025

MCPs are required to provide a Corrective Action Plan (CAP) and respond to all documented deficiencies included in the medical audit report within 30 calendar days unless an alternative timeframe is indicated in the CAP Request letter. This document, Attachment A, serves as the published summary of the MCP's final response to each audit finding and represents the MCP's remediation efforts and corrective actions taken to address the CAP.

1. Utilization Management

Finding Number and Summary	Action Taken	Supporting Documentation	Implementation Date * (*Short-Term, Long-Term)	DHCS Comments
1.2.1 Translations of Member Notices The Plan did not provide translations of NOAs for members with limited English proficiency who speak dialects of Chinese, a threshold language in the Plan's service area.	**1. Policy Review** The Plan reviewed policy GG.1507 Notification Requirements for Covered Services Requiring Prior Authorization, Section II.G and policy DD.2002 section III.J.1.F and determined no updates were required. The noted sections within these two polices outlines the requirements for ensuring that translations of NOAs are provided for members with limited English proficiency who speak Chinese [Attachment 01 & Attachment 2]. **2. Updated DTP** The Plan's UM department updated DTP 165 UM Denial and Modification Letter Process, Section 12, to clarify requirements about translations, including the Chinese dialect [Attachment 03]. **3. Staff Training on DTP 165**	Attachment 01_GG.1507 Notification Requirements for Covered Services Requiring Prior Authorization Attachment 02_DD.2002_Cultural and Linguistic Services Attachment 03_DTP 165_UM Denial and Modification Letter Process Attachment 04_UM All Department Staff Meeting_04_23_25 Attachment 05_Team Huddle Week 05_05_25	May 1, 2025 June 1, 2025 April 22, 2025 April 23, 2025 May 5, 2025 March 13, 2025 March 13, 2025 March 13, 2025 April 23, 2025 May 19, 2025 February 2025	The following documentation supports the MCP's efforts to correct this finding: **POLICIES AND PROCEDURES** » Updated P&P, DD.2002, "Cultural and Linguistics Services" (06/01/25) demonstrates the MCP made revisions to include that threshold languages include the spoken dialects of Chinese. It also includes that members who have identified Chinese as a preferred language may also request to have written information in either traditional or simplified Chinese characters. » Revised Desktop Procedure, "Based on CalOptima Policy DD.2002/Cultural and Linguistic Services (02/05/25) which has been revised to include that a database and spreadsheet will be maintained to track all requests for translation or translation [On review. » Desktop Procedure, "UM Denial and Modification Letter Process" (05/01/25) as evidence that the MCP has included that threshold languages include the spoken dialects of Chinese. » Desktop Procedure, "Notification Compliance Report" (05/15/25) demonstrates that the MCP created this desktop in order to monitor the translation requirements. » Desktop Procedure, DTP 40, "Medi-Cal Universe Audit Review" (06/12/25), which outlines the Medi-Cal monthly auditing process

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	The Plan's UM department discussed this DHCS finding at the April 23, 2025, All Department Staff Meeting. During this discussion, the updated DTP 165 was referenced as the desktop to utilize if there were any questions [Attachment 04]. DTP 165 was additionally discussed in the weekly Team Huddles beginning May 5, 2025 [Attachment 05]. **4. Notification Report Development** The Plan developed a Notification Compliance Report [Attachment 06], which provides visibility into missing notifications and use of the wrong threshold language letter being sent to a member. Staff began using this report on March 13, 2025. The report is generated at least twice daily to ensure the correct threshold language is utilized.	Attachment 06_Notification Compliance Report (QA0001_Jiva) Attachment 07_DTP 202_Notification Compliance Report Attachment 08_DTP 202 Training Recap_03_13_25 Attachment 09_DTP 202 Notification Compliance Report Email Training_04_23_25 Attachment 10_DTP 202 Notification Compliance Report Email Training_05_19_25 Attachment 11_MC Audit Tool		to include, but not limited to, auditing, management meetings to review/discuss findings, staff CAP, Department Pre-CAP process, and Key Performance Indicators (KPI) dashboard. » Desktop Procedure, DTP 036, "UM Department File Review Audits" (10/03/24), which outlines the audit file review process and staff non-compliance process. » Desktop Procedure, "Monitoring KPI Department File Review and Compliance Oversight Activities (COA) (05/20/24) which documents the end-to-end process by detailing the steps and dependencies clearly identified. This DTP helps synchronize with the process flow. The Key Performance Indicators Monitoring Activities review is a collaborative effort between CalOptima Health's Internal Audit (IA) Department and internal departments, evaluating performance measures of internal activities. **TRAINING** » Meeting, "Utilization Management – Department Staff Meeting" (04/23/25) evidence that Department Staff were updated on the revised DTP 165 to utilize if there were any questions. » Meeting, "Team Huddle" (05/05/25 - 05/16/25) evidence that Department Staff were updated on the revised DTP 165 to utilize if there were any questions.

Finding Number and Summary	Action Taken	Supporting Documentation	Implementation Date * (*Short-Term, Long-Term)	DHCS Comments
	5. Created New Desktop Procedure (DTP) The Plan created DTP 202 Notification Compliance Report in order to monitor the translation requirements [Attachment 07]. **6. Staff Notification on New DTP 202** The Plan's UM department notified staff of updated DTP 202 on March 13, April 23 and May 19, 2025 [Attachment 08, Attachment 09 and Attachment 10]. **7. Monthly Oversight** Monthly oversight audits are also conducted, which include ensuring the threshold language letter is used based on the member's preferred language [Attachment 11].			» Notifications, DTP 202 "Training Recap" 03/13/25, "Email Training (04/23/25), and Email Training (05/19/25) demonstrate that the MCP notified staff of the updated DTP 202. **MONITORING AND OVERSIGHT** » Report, "Notification Compliance Report" (06/05/05), which provides visibility into missing notifications and the use of the wrong threshold language letter being sent to members. This report was implemented on 03/13/25. This report is generated at least twice daily to make certain the correct threshold language is utilized. » Audit Tool, "MC Audit Tool" (02/25) demonstrates the MCP is making certain letters are fully translated in member's preferred language (other than English). » Dashboard, "UM KPI Dashboard" (Q1 2025 and April 2025) as evidence the MCP is monitoring written response in Members Preferred Language, which includes the most current state fair hearing form for denials (fully translated written notice, including a fully translated clinical rationale, your rights attachment and taglines). All cases audited were 100% compliant. » Template, "Pre-Cap Template" (07/08/25) which discloses any compliance findings to the assigned Clinical Internal Audit Team.

Finding Number and Summary	Action Taken	Supporting Documentation	Implementation Date * (*Short-Term, Long-Term)	DHCS Comments
				» Meeting, "Compliance Committee Meeting" (06/12/25), which demonstrates that the MCP met with the Compliance Committee to share annual internal audit updates for Q1 2025.
				» Meeting, "Board of Directors Meeting" (05/01/25) demonstrates that the Compliance Committee reports internal audit findings to the Board of Directors on a monthly basis.
				The corrective action plan for finding 1.2.1 is accepted.

2. Case Management and Coordination of Care

Finding Number and Summary	Action Taken	Supporting Documentation	Implementation Date * (*Short-Term, Long-Term)	DHCS Comments
2.4.1 Member Approval Letters The Plan did not provide COC approval letters to members.	**1. Policy Review** The Plan reviewed policy GG.1325 Continuity of Care for Members Transitioning into CalOptima Health Services, Section III.L.3, and determined no updates were required. This section outlines the requirements for sending continuity of care (CoC) approval letters to members [Attachment 01]. **2. Enhanced DTP** The Plan enhanced DTP 173 Processing of Authorizations Based on Continuity of Care (CoC). The Plan's UM department added Section 6 regarding APL timelines and Sections 13 and 14 pertaining to CoC approval letter templates [Attachment 02]. **3. Staff Notification on DTP 173** The Plan's UM department notified staff of updated DTP 173 on	Attachment 01_GG.1325_ Continuity of Care for Members Transitioning into CalOptima Health Services Attachment 02_DTP 173_Processing of Authorizations Based on Continuity of Care (CoC) Attachment 03_DTP 173 Processing of Authorizations Based on Continuity of Care Email_02_18_25 Attachment 04_DTP 173 Processing of Authorizations Based on Continuity of Care Slide Deck_02_18_25 Attachment 05_DTP 173 Processing of Authorizations Based on Continuity of Care Email	March 1, 2025 March 5, 2025 February 18, 2025 April 23, 2025 November 21, 2024 June 1, 2025 May 22, 2025 June 1, 2025 June 11, 2025 June 1, 2025	The following documentation supports the MCP's efforts to correct this finding: **POLICIES AND PROCEDURES** » P&P, "GG.1325: Continuity of Care for Members Transitioning into CalOptima Health Services" (06/26/2025), which states that the MCP shall notify the member of the outcome of the request (approval or denial) sent to the member by U.S. Mail, or via the requestor's preferred method of communication or by telephone. (GG.1325 Continuity of Care for Members Transitioning into CalOptima Health Services, Page 8). » Updated Desktop Procedure, "173: Processing of Authorizations Based on Continuity of Care (COC)" (06/26/2025) which states that the MCP's UM PA Nurse will process ensuring the correct CoC Approval Letter in the member's preferred written language is printed and mailed to the member. (DTP 173_ Processing of Authorizations Based on Continuity of Care (CoC), Page 5). » System Ticket Request, "SR Request App Letter Ticket" to demonstrate that the MCP's UM and IT departments worked to configure a Sentinel Rule (SR), which auto generates the approval letter in the CoC episode/case for staff mailing to the member. This SR was moved to the Jiva production environment

Finding Number and Summary	Action Taken	Supporting Documentation	Implementation Date * (*Short-Term, Long-Term)	DHCS Comments
	February 18 and April 23, 2025 [Attachment 03, Attachment 04, Attachment 05]. **4. Report Enhancement** The Plan enhanced the UM Medi-Cal universe to identify CoC cases [Attachment 06]. A UM Supervisor is assigned to review this report daily to ensure the CoC approval letter is sent to the member [Attachment 07]. **5. Created New Desktop Procedure (DTP)/Monitoring Oversight** The Plan created DTP 005 Continuity of Care Monthly Audit File Review [Attachment 08] on May 9, 2025, with an implementation date of June 1, 2025. The DTP outlines the CoC audits. **6. Staff Training on New DTP 005** The Plan's UM department conducted training for DTP 005 on	04_23_25 Recap Post Meeting Attachment 06_DHCS Medi-Cal PA Data Mining Manual_06_02_25 Attachment 07_COC Report Daily Review Training_05_01_25 Attachment 08_DTP 005_ Continuity of Care Monthly Audit File Review Attachment 09_Continuity of Care File Audit Tool Attendance Report_5_22_25 Attachment 10_DTP 005 Email Invite Attachment 11_UM_COC_Audit_ v.2025 Attachment 12_COC Approval Letter SR Evidence		on June 11, 2025. (COC Approval Letter SR Evidence, SR Request App Letter Ticket). **TRAINING** » PowerPoint Presentation, "DTP 173 Processing of Authorizations Based on Continuity of Care" (February 2025) to demonstrate that the MCP conducted training to MCP staff regarding the updates to the desktop procedures. The training included the processing of a request for continuity of care, requirements, letters required, and timeframes. (DTP 173 Processing of Authorizations Based on Continuity of Care Training Slide Deck 02 18 25). » "Continuity of Care File Audit Tool Attendance Report" and "Email Invite" to demonstrate that the MCP conducted training to MCP staff for Desktop Procedure 005: Continuity of Care Monthly Audit File Review. (Continuity of Care File Audit Tool Attendance Report, DTP 005 Email Invite). **MONITORING AND OVERSIGHT** » Excel Spreadsheet, "DHCS Medi-Cal PA Data Mining Manual" to demonstrate that the MCP has implemented a monitoring process to identify CoC cases. The report tracks whether a CoC Request was completed. The MCP's UM Supervisor is assigned to review this report daily to make sure the COC approval letter is

Finding Number and Summary	Action Taken	Supporting Documentation	Implementation Date * (*Short-Term, Long-Term)	DHCS Comments
	May 22, 2025 [Attachment 09, Attachment 10]. **7. Audit Tool Development** The plan developed a CoC File Audit Tool [Attachment 11]. Audits are conducted monthly following the steps outlined in DTP 005. The audit ensures CoC requests adhere to timeliness requirements per the APL. **8. Jiva Configuration** The Plan's UM and IT departments worked to configure a Sentinel Rule (SR), which auto generates the approval letter in the CoC episode/case for staff mailing to the member. This SR was moved to the Jiva production environment on June 11, 2025. [Attachment 12, Attachment 13]. **9. Monitoring Oversight** On a monthly basis, the Clinical Administration and Oversight Team perform an audit of randomly	Attachment 13_SR Request App Letter Ticket RITM0031457 Attachment 08_DTP 005_Continuity of Care Monthly Audit File Review Attachment 11_UM_COC_Audit_v.2025		sent to the member. (DHCS Medi-Cal PA Data Mining Manual, COC Report Daily Review Training) » Updated Desktop Procedures, "005: Continuity of Care Monthly Audit File Review," which outlines the CoC monthly auditing process. The auditing process includes the member CoC written approval notification timeliness. (DTP 005_Continuity of Care Monthly Audit File Review). » Excel Spreadsheet, "CoC Audit Tool" (May 2025) to demonstrate that the MCP has implemented a monthly monitoring process to track COC approval letters sent to members. The CoC Audit Tool tracks the following categories: Member CoC Written Approval Letter Date, Member CoC Written Approval TAT, Member CoC Written Approval Timeliness (APL) (within 7 calendar days from date of decision), Member CoC Written Approval Timeliness Internal (within 2 business days from date of decision). (COC Audit Tool 05-25). **The corrective action plan for finding 2.4.1 is accepted.**

Finding Number and Summary	Action Taken	Supporting Documentation	Implementation Date * (*Short-Term, Long-Term)	DHCS Comments
	selected CoC cases [Attachment 08, Attachment 11]			
2.6.1 Enhanced Care Management Member-Facing Written Materials The Plan did not provide member-facing ECM written material that included all minimum required elements.	**1. Internal Policy Updates** Plan policies GG.1353: CalAIM Enhanced Care Management Service Delivery and GG.1354: CalAIM Enhanced Care Management - Eligibility and Outreach are currently being updated. The revisions will include the language explicitly stating that participation in ECM is voluntary and may be discontinued at any time. Additionally, members will be informed of their right to choose a different ECM Lead Care Manager or ECM Provider. **2. CalAIM Website** The Plan updated its website to clearly state that participation in ECM is voluntary and can be ended at any time. It also affirms that members have the right to choose a different ECM Lead Care Manager or ECM Provider [Attachment 01].	Attachment 01_CalOptima Health Website Attachment 02_ECM Welcome Letter Attachment 03_DHCS Draft 2026 Member Handbook Attachment 04_ECM Flyer	September 1, 2025 January 30, 2025 July 1, 2025 January 1, 2026 July 1, 2025	The following documentation supports the MCP's efforts to correct this finding: **POLICIES AND PROCEDURES** » Policy GG.1353_CalAIM Enhanced Care Management Service Delivery was updated to clarify that participation in Enhanced Care Management (ECM) is voluntary and may be discontinued by the member at any time. The policy also affirms that members may change their ECM provider or Lead Care Manager at their discretion. » (Updated Sections: III.D.6–8; see Attachment 05_GG.1353_CalAIM Enhanced Care Management Service Delivery_06.01.25) » Policy GG.1354_CalAIM Enhanced Care Management – Eligibility and Outreach was revised to reinforce the voluntary nature of ECM participation and to specify that members may request a change in their ECM provider or Lead Care Manager at any time. » (Updated Sections: II.O and II.P; see Attachment 06_GG.1354_CalAIM Enhanced Care Management – Eligibility and Outreach_06.01.25) **The corrective action plan for finding 2.6.1 is accepted.**

DHCS

Finding Number and Summary	Action Taken	Supporting Documentation	Implementation Date * (*Short-Term, Long-Term)	DHCS Comments
	3. Welcome Letter The Plan developed an ECM Welcome Letter, effective July 1, 2025, to use with newly enrolled ECM members. The letter informs members of their assigned ECM Provider and Lead Care Manager (LCM) and includes clear language stating that participation in ECM is voluntary, can be discontinued at any time, and that members have the right to choose a different ECM Provider or LCM [Attachment 02]. **4. Member Handbook 2026** The Plan added the required language to page 78 of the DHCS 2026 Member Handbook template [Attachment 03]. As noted in the submitted rebuttal, the Plan requests that future versions of the DHCS Member Handbook template include standardized language clearly			

Finding Number and Summary	Action Taken	Supporting Documentation	Implementation Date * (*Short-Term, Long-Term)	DHCS Comments
	stating that participation in ECM is voluntary, may be discontinued at any time, and that members have the right to choose a different ECM Lead Care Manager or ECM Provider. **5. ECM Flyer** The Plan updated its ECM flyer to inform the community about available ECM services. The flyer includes clear language stating that participation in ECM is voluntary, can be discontinued at any time, and that members have the right to choose a different ECM Lead Care Manager or ECM Provider [Attachment 04].			

6. Administrative and Organizational Capacity

Finding Number and Summary	Action Taken	Supporting Documentation	Implementation Date * (*Short-Term, Long-Term)	DHCS Comments
6.2.1 Fraud, Waste, and Abuse Reporting The Plan did not ensure that all preliminary reports of suspected FWA were reported to DHCS PIU within ten working days.	**1. Policy Review** The Plan reviewed policy HH.1107 FWA Investigation and Reporting, section IIII.E.1 and determined no updates were required. This section outlines the requirements for ensuring all preliminary reports of suspected FWA are reported to DHCS within ten working days [Attachment 01]. **2. Internal Process Update** The Plan's Fraud Waste and Abuse department developed and implemented the MC609 Due Date Notification desktop procedure and provided training to the impacted staff responsible for retrieving and submitting the report to management. This procedure establishes a standardized workflow to ensure timely tracking and submission of MC609 forms [Attachment 02 and 03].	Attachment 01_HH.1107 FWA Investigation and Reporting Attachment 02_Meeting Agenda_MC609 Due Date Notification Process_10.15.2024 Attachment 03_Attachment 03_MC609 Due Date Notification Process [Revised 6.10.25] Attachment 04_MC609 Due Date Notification Process DTP - Update (Team Email)	October 16,2024 October 16, 2024 June 10, 2025 October 16, 2024	The following documentation supports the MCP's efforts to correct this finding: **POLICIES AND PROCEDURES** » Policy HH.1107 Fraud, Waste, and Abuse Investigation and Reporting is correct as currently written and does not require updating. (Attachment 01_HH.1107 FWA Investigation and Reporting) **TRAINING** » MC609 Due Date Notification Process Desktop Procedure and Meeting Agenda from 10/15/24 demonstrates the MCP has developed a workflow confirm case submissions are tracked and submitted promptly to avoid missed deadlines. Appropriate staff were trained on the new procedure at the 10/15/24 meeting. Appropriate staff were updated to changes made to the DTP on 6/10/25. (Attachment 02_Meeting Agenda_MC609 Due Date Notification Process_10.15.2024, Attachment 03_MC609 Due Date Notification Process [Revised 6.10.25], Attachment 04_MC609 Due Date Notification Process DTP - Update (Team Email)) **MONITORING AND OVERSIGHT** » FWA Master Log Report and Due Date Email Notification demonstrate the MCP developed a weekly monitoring process to

Finding Number and Summary	Action Taken	Supporting Documentation	Implementation Date * (*Short-Term, Long-Term)	DHCS Comments
	Please note this desktop and process was initiated, prior to the receipt of the DHCS CAP, due to an internal key performance indicator. The Plan would like to note that the universe lookback period for the audit was 2/1/24 - 9/30/24, which is why the effectiveness of this additional internal process was not apparent. **3. Email Notification** The Plan's entire FWA team was notified via email of a revision, to the MC609 Due Date Notification Process DTP [Attachment 04]. The revision includes images to ensure understanding. **4. Monitoring Implementation** The Plan established a weekly monitoring process to identify missed or upcoming reporting due dates [Attachment 03, Attachment 05 and Attachment 06].	Attachment 03_MC609 Due Date Notification Process [Revised 6.10.25] Attachment 05_FWA Master Log Report Sample Attachment 06_MC609 Due Date Email Notification 6.10.2025		identify missed or upcoming due dates. (Attachment 05_FWA Master Log Report Sample, Attachment 06_MC609 Due Date Email Notification 6.10.2025) **The corrective action plan for finding 6.2.1 is accepted.**

*Attachment A must be signed by the MCP's compliance officer and the executive officer(s) responsible for the area(s) subject to the CAP.

Submitted by: [Signature on file]

Name: John Tanner

Title: Chief Compliance Officer

Date: _____6/23/2025_____
Signed by: [Signature on file]

Name: Kelly Giardina

Title: Executive Director, Clinical Operations

Date: _____6/23/2025_____

Signed by: [Signature on file]

Name: Kelly Bruno-Nelson

Title: Executive Director, *(Medi-Cal CalAIM)*
Date: ___6/24/2025_____