

December 6, 2024

THIS LETTER SENT VIA EMAIL

Abbie Totten, Chief Executive Officer
Molina Healthcare of California
200 Oceangate, Suite 100
Long Beach, CA 90802

**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 Abbie Totten,

The Department of Health Care Services (DHCS) sends this Notice of Imposition of Monetary Sanctions Letter on Molina Healthcare of California for failure to meet or exceed required minimum performance levels (MPLs) for measurement year 2023 (MY23)¹² 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 Molina Healthcare of California has 38 plan-wide measures below MPL across 3 domain(s) for MY23 (see Table 2 for enforcement tier designation triggers).

Molina Healthcare of California 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 Molina Healthcare of California'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)

¹² Measurement Year 2023 (MY 2023) covered activities conducted from January 1, 2023, to December 31, 2023.



and the MCP contract, DHCS is authorized to impose a \$25,000 sanction per violation of Molina Healthcare of California'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 Molina Healthcare of California is \$247,000 for the following 38 measures below the MPL for MY23:

| Quality Reporting Unit | Measures* | Domains* | MCP Rates | MPL | TRENDING Difference from HEDIS MY 2022 | Population Impacted |
|--------------------------|-----------|----------|-----------|--------|--|---------------------|
| Imperial | IMA-2 | CH | 33.33% | 34.31% | 3.29 | 194 |
| | TFL-CH | CH | 5.81% | 19.30% | 2.48 | 5,078 |
| | W30-6 | CH | 43.48% | 58.38% | -7.66 | 65 |
| | WCV | CH | 42.20% | 48.07% | 0.17 | 2,843 |
| | AMR | CD | 51.98% | 65.61% | -10.66 | 97 |
| | CCS | RC | 52.80% | 57.11% | 0.98 | 1,615 |
| | PPC-PRE | RC | 71.62% | 84.23% | -6.57 | 65 |
| | PPC-PST | RC | 74.24% | 78.10% | 0.58 | 59 |
| Riverside/San Bernardino | CIS-10 | CH | 17.03% | 30.90% | -0.49 | 1,691 |
| | IMA-2 | CH | 26.03% | 34.31% | -1.46 | 2,498 |
| | LSC | CH | 46.23% | 62.79% | 2.43 | 1,100 |
| | TFL-CH | CH | 16.03% | 19.30% | 15.41 | 51,723 |
| | W30-2 | CH | 49.65% | 66.76% | 3.48 | 943 |
| | W30-6 | CH | 22.09% | 58.38% | -4.59 | 328 |
| | WCV | CH | 37.51% | 48.07% | 2.16 | 37,198 |
| | AMR | CD | 54.96% | 65.61% | -1.71 | 259 |
| | HBD | CD | 43.31% | 37.96% | -5.84 | 3,430 |
| | BCS | RC | 51.59% | 52.60% | 1.69 | 2,846 |
| | CCS | RC | 40.63% | 57.11% | -0.98 | 18,191 |
| | PPC-PRE | RC | 73.27% | 84.23% | -6.78 | 329 |
| | PPC-PST | RC | 69.78% | 78.10% | -3.7 | 372 |
| Sacramento | CIS-10 | CH | 23.60% | 30.90% | -1.22 | 421 |
| | LSC | CH | 51.82% | 62.79% | 4.62 | 267 |
| | TFL-CH | CH | 13.10% | 19.30% | 10.43 | 14,066 |
| | W30-2 | CH | 58.09% | 66.76% | -0.91 | 233 |
| | W30-6 | CH | 18.93% | 58.38% | -23.33 | 197 |
| | WCV | CH | 42.30% | 48.07% | -6.75 | 8,987 |

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| | | | | | | |
|-----------|---------|-----|--------|--------|-------|--------|
| | AMR | CD | 60.79% | 65.61% | -2.37 | 109 |
| | CBP | CD | 58.88% | 61.31% | -5.6 | 848 |
| | HBD | CDC | 43.55% | 37.96% | 3.4 | 1,351 |
| | BCS | RC | 37.47% | 52.60% | -0.22 | 1,597 |
| | CCS | RC | 43.60% | 57.11% | -1.79 | 5,717 |
| | PPC-PRE | RC | 76.38% | 84.23% | -9.26 | 103 |
| | PPC-PST | RC | 69.72% | 78.10% | -7.9 | 132 |
| San Diego | LSC | CH | 62.36% | 62.79% | -3.58 | 1,201 |
| | W30-6 | CH | 36.63% | 58.38% | 0.27 | 941 |
| | AMR | CD | 60.92% | 65.61% | -2.69 | 508 |
| | CCS | RC | 54.33% | 57.11% | -5.28 | 22,354 |

*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. Molina Healthcare of California 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. Molina Healthcare of California 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

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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 50th 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 |
|---------------------------------|----------------|-------------------|
| Molina/Imperial | 9.2% | 50.0% |
| Molina/Riverside/San Bernardino | 31.4% | 20.0% |
| Molina/Sacramento | 48.1% | 10.0% |
| Molina/San Diego | 57.4% | 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 **Molina Healthcare of California** does not pay within 30 business days, **Molina Healthcare of California** 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.



Abbie Totten, 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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Signed by:

Sarah Lahidji

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

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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

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Chief of Managed Care Quality and Monitoring Division
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Department of Health Care Services

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Enclosure

| TABLE 1: DOMAIN, MEASURE, & ACRONYM | | |
|---|---|----------|
| Domain | Measure | Acronym |
| Children's Health (CH) | 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+ |
| Reproductive Health and Cancer Prevention (RC) | 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 |
| Chronic Disease Management (CD) | 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



| TABLE 2: QUALITY ENFORCEMENT TIER DESIGNATION TRIGGERS | | | |
|---|---|--|---|
| Enforcement Tiers | Tier 1 | Tier 2 | Tier 3 |
| Triggers | 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 |
| Enforcement Action | Not subject to monetary sanction | Subject to monetary sanction | Subject to monetary sanction |

| TABLE 3: VIOLATION AND BENEFICIARY IMPACT (W&I section 14197.7(g)(1)) | | |
|--|------------------------------|----------------------------------|
| Severity/Beneficiary Impact | Violation per Measure | Severity Violation Factor |
| 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 |

| TABLE 4: TRENDING FACTOR (W&I section 14197.7(g)(6)) | | |
|---|--|------------------------|
| Degrees of Improvement | Trending Difference per Measure | Trending Factor |
| 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 |

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| 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

Molina Healthcare of California 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). Molina Healthcare of California 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
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