



December 29, 2023

*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  
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 on Kaiser NorCal (KP Cal, LLC) for failure to meet required minimum performance levels (MPLs) for measurement year (MY) 2022 Medi-Cal Managed Care Accountability Set (MCAS) performance measures.

Under the contract with DHCS, Kaiser NorCal (KP Cal, LLC) is required to meet the 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 9 External Quality Review Requirements, A).

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. Kaiser NorCal (KP Cal, LLC) and DHCS regularly collaborated on strategies for improving the Plan's MCAS performance measures required to meet MPLs. On July 20, 2023, 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 domains for MY 2022. See Table 2 for enforcement tier designation triggers.

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Under Welfare and Institutions Code (W&I) section 14197.7 and the MCP contract, DHCS has the authority to impose monetary sanctions for Kaiser NorCal (KP Cal, LLC)'s failure to meet its MPLs for all applicable MCAS performance measures (Exhibit E, Attachment 2, Program Terms and Conditions, section 17 Sanctions, B; W&I § 14197.7(f)(1)). As noted above, the MCP contract requires it to meet the DHCS established MPLs for each MCAS performance measure (Exhibit A, Attachment 4, Quality Improvement System, section 9 External Quality Review Requirements, A). Kaiser NorCal (KP Cal, LLC) confirming failure to meet the MPLs as outlined in the contract creates good cause for DHCS to impose monetary sanctions (Exhibit E, Attachment 2, Program Terms and Conditions, section 17 Sanctions, B; W&I § 14197.7(f)(1)).

DHCS is imposing monetary sanctions for Kaiser NorCal (KP Cal, LLC)'s failure to comply with its obligations set forth in the contract. Under W&I section 14197.7(f), DHCS is authorized to impose a \$25,000 sanction per violation of Kaiser NorCal (KP Cal, LLC)'s contractual obligation to meet MPLs for each MCAS performance measure.

**The total sanction amount for Kaiser NorCal (KP Cal, LLC) is \$25,000 for the following 2 measures below the MPL for MY 2022:**

Reporting Unit	Measures*	Domains*	MCP Rates	MPL	Trending Difference from HEDIS MY 2021	Population Impacted
KP North	LSC	CH	45.09%	63.99%	0	1253
	WCV	CH	48.03%	48.93%	1.27	24920

\*Please see Table 1 for acronym definitions

Pursuant to W&I section 14197.7 and in accordance with the December 4, 2023, Quality Sanction Bulletin, 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 (i.e., the number of eligible members who did not receive the recommended preventive service.) If an MCP's failure to meet an MPL impacts more than 25,000 eligible members, then each impacted beneficiary will constitute a separate violation and the MCP may be sanctioned more than \$25,000 total, as provided by W&I sections 14197.7(f)(1) and (g)(1).
- 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

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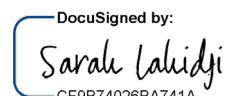
below the MPL for the measure at issue and will increase sanction amounts per violation based upon the severity of the violation. (Please see Table 3 for violation factors).

- 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 gotten worse over the previous MY, the sanction amount will increase; if performance has improved, the sanction amount will decrease. (Please 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 (Please 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
Kaiser Foundation HP/Sacramento	59.6%	0.0%

Kaiser NorCal (KP Cal, LLC) is also required to submit a revised comprehensive quality strategy on or before January 31, 2024, that includes new interventions designed to meet or exceed the required 2024 milestones and details how it intends to devote adequate resources and staff to quality improvement.

Sincerely,

DocuSigned by:  


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Sarah Lahidji

Division Chief, Quality and Health Equity  
Quality and Population Health Management  
Department of Health Care Services

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CC

Michelle Baass  
Director  
Department of Health Care Services

Lindy Harrington  
Interim Chief Deputy Director, Health Care Programs  
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

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

Dr. Richard Rabens  
Medical Director for Medi-Cal (Medicaid) and State Programs  
Dr. Nolan C. Chang  
Regional Assistant Medical Director, Emeritus.  
Kaiser NorCal (KP Cal, LLC)  
1800 Harrison Street  
Oakland, CA 94612

Julie Bomgren, Director, Medi-Cal Policy

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Enclosure

<b>TABLE 1: DOMAIN, MEASURE, &amp; ACRONYM</b>		
<b>Domain</b>	<b>Measure</b>	<b>Acronym</b>
<b>Children's Health (CH)</b>	Child and Adolescent Well-Care Visits	WCV
	Childhood Immunization Status: Combination 10	CIS-10
	Immunizations for Adolescents: Combination 2	IMA-2
	Lead Screening in Children	LSC
	Well-Child Visits in the First 30 Months of Life – Well-Child Visits in the First 15 Months – Six or More Visits	W30-6
	Well-Child Visits in the First 30 Months of Life – Well-Child Visits for Age 15 Months to 30 Months – Two or More Visits	W30-2
<b>Reproductive Health and Cancer Prevention (RC)</b>	Breast Cancer Screening	BCS
	Cervical Cancer Screening	CCS
	Chlamydia Screening in Women	CHL
	Prenatal and Postpartum Care: Postpartum Care	PPC-Post
	Prenatal and Postpartum Care: Timeliness of Prenatal Care	PPC-Pre
<b>Chronic Disease Management (CD)</b>	Comprehensive Diabetes Care: HbA1c Poor Control (>9.0%)*	HBD-H9*
	Controlling High Blood Pressure	CBP
<b>Behavioral Health (BH)</b>	Follow-up After Emergency Department Visit for Mental Illness – 30-day Follow-Up	FUM-30Day
	Follow-up After Emergency Department Visit for Substance Use – 30-day Follow-Up	FUA-30Day

\*A lower rate is better for this measure

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<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>
Minimal Violation	<1.00% below MPL	1.0
Minor violation	1.00% - 5.99% below MPL	1.2
Moderate Violation	6.00% - 10.99% below MPL	1.4
Moderately severe violation	11.00% - 15.99% below MPL	1.6
Severe Violation	16.00% - 20.99% below MPL	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

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<b>TABLE 5: HPI IMPACT AND SANCTION REDUCTION</b>		
<b>Severity (Impact) of HPI (per county and MCP)</b>	<b>HPI Percentile</b>	<b>HPI Impact Factor (Sanction Reduction)</b>
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 15 business days after receipt of the notice to impose sanctions. 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. 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 shall 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  
Sacramento CA 95899-7413

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