

September 9, 2026

THIS LETTER SENT VIA EMAIL

Deanna Eaves
Senior Manager, Compliance
Health Net Community Solutions, Inc.
21281 Burbank Blvd
Woodland Hills, CA 91367

**WARNING LETTER (WL) AND DEMAND FOR CORRECTIVE ACTION PLAN
(CAP): UNTIMELY & INACCURATE DELIVERABLE REPORTING**

Dear Ms. Eaves,

The Department of Health Care Services (DHCS) is hereby providing Health Net (HN), this Warning Letter (WL) due to the submission of multiple untimely and inaccurate deliverable reports. Specifically, the Quarter (Q)3 2025, Q4 2025 and Q1 2026 Timely Access & Specialty Referral Reports; the Q4 2025; the Q1 and Q2 2026 Provider Monitoring Reports; and the Q1 2026 Initial Oral Health Assessment (IOHA) Report do not comply with the requirements and expectations outlined in the Medi-Cal Dental Managed Care ("Dental MC" or "DMC") Contract¹.

Pursuant to the Dental MC Contract—Exhibit A4, Section 2; Exhibit A7, Section 4; Exhibit A8, Section 3; Exhibit A11, Section 3; Exhibit A Section 13.4; Exhibit B 4a and 4c; Exhibit E Section 18; All Plan Letters (APL) 18-003E² and 26-004 DHCS hereby requires a Corrective Action Plan (CAP) within thirty (30) days from the date of the electronic mail postmark of this letter. This CAP must include a remediation plan to ensure the

¹ The Dental MC Contract can be found here: <https://www.dhcs.ca.gov/wp-content/uploads/2025/10/DMC-Boilerplate-Contract-2025.pdf>

² All Plan Letters can be found here: <https://www.dhcs.ca.gov/services/dental-managed-care-all-plan-letters/>

complete, accurate, and timely submission of all reporting data, as well as actions to achieve and maintain compliance.

Please note, if HN is unable to correct the noted deficiencies and/or complete their CAP within six (6) months of the date of this notice, DHCS will exercise its right to retain withheld funds, pursue Liquidated Damages and/or Sanctions pursuant to the Dental MC Contract and APL 22-009.

I. Background

HN entered into their new Dental MC Contract effective July 1, 2025. As part of its contractual obligations, HN is required to submit complete, accurate, and timely deliverable reports.

During DHCS' routine monitoring and oversight of HN's deliverables, a pattern of reporting deficiencies has been identified—including late, incomplete, and inaccurate reporting. These issues, occurring across the Timely Access & Specialty Referral, Provider Monitoring, and IOHA reports, necessitate issuance of this Warning Letter for HN's inability to be compliant with contractual responsibilities and demand for CAP.

II. Summary of Non-Performance

A. Timely Access and Specialty Referral Report

On January 28, 2026, HN submitted its Q3 2025 Timely Access & Specialty Referral Report; however, DHCS immediately identified numerous deficiencies, including incorrect calculations and missing data fields. Between February 3 and August 7, 2026, DHCS issued multiple requests for corrections, but HN's resubmissions continued to contain errors and/or were submitted late.

On April 28, 2026, Health Net submitted the Q4 2025 Timely Access & Specialty Referral Report, and DHCS again requested corrections due to multiple deficiencies.

DHCS conducted Technical Assistance calls on March 4, July 6, and August 28, 2026. HN's resubmissions for Q3 and Q4 2025 continue to demonstrate insufficient reporting. As a result, DHCS has determined that HN has not met their reporting contractual requirements.

B. Provider Monitoring Report

Between January 28, 2026 and June 25, 2026, HN repeatedly submitted Q4 2025 and Q1 2026 Provider Monitoring reports, all of which DHCS deemed insufficient. On June 30, 2026, DHCS provided a Technical Assistance call with HN.

On July 30, 2026, HN submitted their Q2 2026 Provider Monitoring Report. HN self-reported that there was "No data available."

On September 1, 2026, Health Net submitted a new copy of the Q4 2025, Q1 2026, and Q2 2026 Provider Monitoring reports to DHCS. For Q4 2025 and Q1 2026 reports, HN self-reported that "chart audit coordination is currently being finalized with the provider group, and Dental Record (chart) Audit Findings and Utilization Review of Encounter Data are marked 'no data available'".

As of the date of this letter, HN has not submitted a sufficient Provider Monitoring Report.

C. Initial Oral Health Assessment Report

HN reported that the Q1 2026 Initial Oral Health Assessment (IOHA) Compliance Report had inaccurate data due to staffing issues and incomplete methodologies that impacted the reported results. HN states that they are currently regenerating and will be looking to resubmit the Quarter 1 report for 2026 by September 30, 2026. As of the date of this letter, HN has not submitted a sufficient IOHA report.

III. Applicable Contractual Authority

A. Timely Access and Specialty Referral Report

The Dental MC Contract Exhibit A11, Section 3; and APL 18-003E states as follows:

Exhibit A11, Access and Availability

3. Access Standards

"...Contractor shall submit a Timely Access Report for those Primary Care Dentists surveyed in the reporting quarter in a format specified by DHCS... Contractor shall establish mechanisms to ensure compliance by network providers, monitor network providers regularly to determine compliance, and take corrective action in the event that there is a failure to comply by a network provider."

APL 18-003E

"...DHCS directs the DMC plans to prepare and submit an updated Timely Access and Specialty Referrals Report to the Department to demonstrate their compliance with the updated requirements for network adequacy."

B. Provider Monitoring Report

The Dental MC Contract Exhibit A4, Section 2, Exhibit A7, Section 4 states as follows:

Exhibit A4: Management Information Systems (MIS)

Section 2: Encounter Data Submittal

"...Contractor shall implement policies and procedures for ensuring the complete, accurate, and timely submission of Encounter Data to DHCS for all items and services furnished to a Member under this Contract, whether directly or through Network Provider Agreement or Subcontractor Agreements. Encounter data shall be submitted on at least a monthly basis in a form and manner specified by DHCS."

"...Contractor shall ensure the completeness, accuracy and timeliness of all Network Provider, Subcontractor and Out-of-Network Provider Encounter Data regardless of whether Subcontractor, Network Provider or Out-of-Network Provider is reimbursed on a Fee-For- Service (FFS) or capitated basis."

Exhibit A7: Utilization Management

4. Review Of Utilization Data

"Contractor shall include within the UM program mechanisms to detect both under- and over-utilization of dental services. Contractor shall suspend all new enrollments for a provider who does not meet the thresholds of utilization. Reinstatement of enrollment may proceed once thresholds are met..."

C. Initial Oral Health Assessment Report

The Dental MC Contract Exhibit A13 Section 4 states the following:

**Exhibit A13, Case Management and Coordination of Care
Section 4: Initial Oral Health Assessment Requirement**

"Contractor shall develop and implement an initial health screening and oral health assessment policy, and conduct an initial screening of each new Member using an oral health information form (OHIF), in accordance with 42 CFR § 438.208(b) and any related Dental APLs issued by DHCS."

IV. Enforcement Authority

The Dental MC plan Boilerplate Contract, Exhibit B, Section 4a and 4c; Exhibit E, Section 18; and APL 22-009 states as follows:

Exhibit B: Budget Detail & Payment Provisions

Section 4. Payment Withhold

a. Payment of Withheld Funds

ii. Deliverables: "Payment of the three (3) percent withheld funds shall be payable at the end of the measurement year and is subject to the Contractor's ability to submit deliverables timely and accurately....At the end of the measurement year, DHCS will determine the amount of the three (3) percent withhold that is payable to the Contractor, and notify plans in writing of the release within ten (10) business days."

c. Failure to Perform

i. "DHCS will continually monitor Contractor's compliance with Contract requirements. In the event Contractor fails to meet specific requirements, Contractor will have the opportunity to correct the performance standard or deliverable. DHCS will notify Contractor in writing if the Contractor is at risk of not meeting a specific obligation. Contractor will be required to submit a CAP, pending DHCS' request, for any requirement that is not met or for deliverables that are not received by DHCS. DHCS will work closely with Contractor to monitor and assist Contractor in meeting all requirements.

iii. DHCS shall have sole discretion in approving any standard or deliverable that is deemed in compliance and considered timely."

Exhibit E: Additional Provisions:

18. Sanctions

"Dental MCP is subject to sanctions and civil penalties pursuant to Welfare and Institutions Code Section 14197.7 and 22 CCR 53872, however, such sanctions and civil penalties may not exceed the amounts allowable pursuant to 42 CFR 438.704. If required

by DHCS, Dental MCP shall ensure subcontractors cease specified activities, which may include, but are not limited to, referrals, assignment of beneficiaries, and reporting, until DHCS determines that Dental MCP is again in compliance. Except as provided in 42 CFR 438.706(c), 42 CFR 438.710 provides that before imposing any of the intermediate sanctions specified, DHCS must give the affected entity timely written notice that explains the basis and nature of the action and any other appeal rights the state has elected to provide.

Determination of non-compliance may be based on findings from onsite surveys, Member or other complaints, financial status, or any other source. In the event DHCS finds Dental MCP non-compliant with any provisions of this contract, applicable statutes or regulations, DHCS may impose sanctions provided in Welfare and Institutions Code Section 14197.7."

APL 22-009

"When a DMC plan fails to comply with applicable federal and state laws and regulations, or meet contractual obligations, there is good cause to require a CAP from the DMC plan. DHCS has the authority to require DMC plans to develop and submit a CAP to DHCS for review and approval, in order to correct cited deficiencies. DMC plans are required to complete CAPs within six (6) months of receiving notice of violation from DHCS. DMC plans are required to provide a monthly status update to DHCS utilizing the CAP Response Form (enclosed) and provide supporting CAP documentation until the CAP is completed. Monthly CAP updates must identify and contain the following:

- The specific deficiency*
- Description of the corrective action,*
- Supporting documentation (such as: documentation of problems in completing the corrective action, evidence of the corrections made, and proof of training),*
- Responsible person(s), and*
- Implementation date(s).*

DHCS can require or impose a CAP on a DMC plan and/or impose other enforcement actions for the violations set forth in WIC section 14197.7(a) and outlined below. For example, sanctions can be imposed on a DMC plan together with a CAP, in lieu of a CAP, or if the DMC plan fails to meet CAP requirements. The factor(s) set forth in WIC section 14197.7(g) will be considered by DHCS when determining whether a preceding, concurrent, or subsequent CAP is appropriate when taking enforcement actions, including imposing a sanction."

IV. Resultant Action

DHCS is hereby providing this WL and hereby demands a CAP within thirty (30) days from the date of the electronic mail postmark of this letter regarding the measures HN will implement to ensure compliance with applicable contractual requirements. If the Dental MCP is unable to correct the noted deficiencies and/or complete their CAP within six (6) months of the date of this notice, DHCS may exercise its right to retain withheld funds, enforce Liquidated Damages and/or Sanctions pursuant to the Dental MC Contract and APL 22-009.

Please complete the enclosed CAP Response Form and submit supporting documentation to dmcdeliverables@dhcs.ca.gov. The CAP Response Form must be signed by HN's Compliance Officer.

If you have any questions regarding this notice, please contact DHCS at dmcdeliverables@dhcs.ca.gov.

Sincerely,

Original Signed by:

Dana Durham
Chief, Medi-Cal Dental Services Division
Department of Health Care Services

Enclosure: CAP Response Form