CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES
Michelle Baass | Director

September 9, 2026

THIS LETTER SENT VIA EMAIL

Richard Callery
CEO and President, CA Dental Operations
DentaQuest dba California Dental Network
2151 Michelson Drive, Suite 165
Irvine, CA 92612

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

Dear Mr. Callery,

The Department of Health Care Services (DHCS) is hereby providing California Dental Network (CDN), dba DentaQuest, 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 Report; the Q4 2025, Q1 and Q2 2026 Provider Monitoring Report; 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") Contract[1].

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) 18-003E[2] and 26-004, DHCS hereby requires CDN to submit a Corrective Action Plan (CAP) within thirty (30) days from the date of the electronic mail postmark of this notice. The CAP must include a comprehensive remediation plan to ensure the complete, accurate, and timely submission of all reporting data, as well as actions to achieve and maintain compliance.

[1] The Dental MC Boilerplate 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/

Please note, if CDN 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

CDN became an operational Dental MC plan effective July 1, 2025. As part of its contractual obligations, CDN is required to submit complete, accurate, and timely deliverables.

During DHCS' routine monitoring and oversight of CDN'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, necessitates issuance of this Advance Warning Letter for CDN's inability to be compliant with contractual responsibilities and demand for CAP.

II. Summary of Non-Compliance

A. Timely Access and Specialty Referral Report

On January 29, 2026, CDN submitted its Q3 2025 Timely Access & Specialty Referral Report. DHCS identified numerous deficiencies, including incorrect calculations and missing data fields. Through March 19, DHCS issued multiple requests for corrections, but CDN's resubmissions continued to contain errors and/or were submitted late. On April 30, 2026, CDN submitted the Q4 2025 Timely Access & Specialty Referral Report, and DHCS again requested corrections due to multiple deficiencies. On July 7, 2026, DHCS requested that CDN submit the amended Q3 and Q4 2025 reports by July 10, 2026. On July 10, 2026, CDN requested an extension to submit the reports by July 24, 2026, but did not submit the Q3 and Q4 2025, and Q1 2026 reports until August 10, 2026.

CDN's resubmissions for Q3 and Q4 2025, and the initial submission for Q1 2026 continued to contain inaccurate data. DHCS provided Technical Assistance Calls on February 6, July 6, and August 28, 2026. As of the date of this letter, CDN has not submitted a sufficient submission.

B. Provider Monitoring Report

On January 30, 2026, CDN submitted its Q4 2025 Provider Monitoring Report which demonstrated significant reporting deficiencies. DHCS identified missing audit findings and incomplete and inconsistent statements regarding Provider utilization data reporting. Multiple DHCS inquiries occurred between January and July 2026. CDN submitted revised versions on May 12 and June 17, 2026, but the amended submissions were incomplete and inaccurate. CDN submitted a revised Q4 2025 Provider Monitoring Report on July 21, 2026; however, the submission was incomplete with no review of Dental Record (chart) Audit Findings or Utilization Review of Encounter.

On April 28, 2026, CDN submitted the Q1 2026 Provider Monitoring report, and it was approved on June 10, 2026. However, upon submissions of the Q2 2026 deliverable, initially on July 27, 2026, and subsequently on July 30, 2026, CDN self-reported that there were inaccuracies in the previously submitted Q1 report. CDN stated: "Upon further review, we identified inaccuracies in the previously submitted report and have revised it accordingly. Please use the attached version as our official Quarter 2 2026 deliverable submission."

For both Q1 and Q2 2026, CDN reported that Provider utilization is being monitored and that a chart audit will be initiated once sufficient activity is available to support a comprehensive review

DHCS provided a Technical Assistance call for CDN on June 30, 2026. As of the date of this letter, CDN has not submitted a sufficient Provider Monitoring Report.

C. Initial Oral Health Assessment Report

On April 30, 2026, CDN submitted its Q1 2026 IOHA Report which exhibited deficiencies for post-90-day IOHA tracking, narrative accuracy, and inclusion of required reporting elements. DHCS issued several inquiries between June and July 2026 requesting corrections to inaccurate statements, missing post-90-day IOHA data, and absent explanations. CDN submitted revised versions on June 11, and June 24, 2026. However, the amended versions were still incomplete. Subsequently, on July 29, 2026, CDN submitted its Q2 2026 IOHA Report and self-reported that the Q1 2026 metrics had been inaccurately reported, and that

Q2 2026 metrics were more accurate due to improved oversight. As of the date of this letter, CDN has not submitted a sufficient submission of the IOHA Report for Q1 2026.

III. Applicable Contractual Authority

A. Timely Access and Specialty Referral Report

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

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:

Exhibit A4: Management Information Systems (MIS)

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. <u>Initial Oral Health Assessment Report</u>

The Dental MC Contract Exhibit A13, Section 4 and APL 26-004 states:

Exhibit A13. Case Management and Coordination of Care
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".

APL 26-004
Per APL 26-004, the Initial Oral Health Assessment (IOHA) Report is due to DHCS 30 days after the end of the CY quarter.

IV. Enforcement Authority

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

Exhibit B: Budget Detail & Payment Provisions
Section 4. Payment Withhold

a. Payment of Withheld Funds

ii. *"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 to CDN and hereby demands a CAP within thirty (30) days from the date of the electronic mail postmark of this letter regarding the measures CDN 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 CDN's Compliance Officer.

If you have any questions, 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