

November 24, 2025

THIS LETTER SENT VIA EMAIL

Emily Duran, Chief Executive Officer
Kern Health Systems
2900 Buck Owens Boulevard
Bakersfield, CA 93308

**FINAL NOTICE OF MONETARY SANCTION FOR FAILURE TO MEET AND EXCEED
MINIMUM PERFORMANCE LEVELS FOR MEDI-CAL MANAGED CARE
ACCOUNTABILITY SET PERFORMANCE MEASURES**

Dear Emily Duran,

The Department of Health Care Services (DHCS) sends this Final Notice of Monetary Sanction Letter to Kern Health Systems (KHS) for failure to meet and exceed the required minimum performance levels (MPLs) for measurement year 2024 (MY24)¹ Medi-Cal Managed Care Accountability Set (MCAS) performance measures (Managed Care Plan (MCP) Contract, Exhibit A, Attachment 3, section 2.2 Quality Improvement System, subsection 2.2.9 External Quality Review Requirements).

Under California Welfare and Institutions Code (W&I) section 14197.7 and the MCP contract, DHCS has the authority to impose monetary sanctions for KHS's failure to meet and exceed required MPLs for MY24, which has directly impacted KHS's Members (MCP Contract, Exhibit A, Attachment 3, section 2.2 Quality Improvement System, subsection 2.2.9 External Quality Review Requirements). Pursuant to W&I section 14197.7(f) and the MCP contract, DHCS is authorized to impose a \$25,000 sanction per violation of KHS's contractual obligation to meet and exceed MPLs for each MCAS performance measure (MCP Contract, Exhibit E, Program Terms and Conditions, section 1.1.19 Sanctions; W&I section 14197.7(e)).

Successful administration of the Medi-Cal program requires a collaborative partnership between DHCS and KHS. This collaboration includes the expectation that KHS meet their contractual and programmatic requirements on an ongoing basis. DHCS provides KHS with regular opportunities for collaboration on strategies for improving KHS's MCAS

¹ Measurement Year 2024 (MY 24) covered activities conducted from January 1, 2024, to December 31, 2024



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performance measures required to meet and exceed MPLs, including engaging directly with KHS on required Quality Improvement (QI) work, providing QI coaching, and providing opportunities to participate in statewide and regional quality improvement collaboratives.

On April 25, 2025, DHCS published APL 25-007 Attachment C², which provided MCPs with an overview of the MCAS monetary sanction methodology.

On August 21, 2025, DHCS received KHS's reported MCAS rates through the External Quality Review Organization (EQRO).

On October 7, 2025, DHCS sent KHS the Quality Sanction Bulletin via the Quality Monitoring Inbox, which provided a detailed overview of MCAS monetary sanction methodology for MY24.

DHCS determined that KHS has 7 county-level measures below the MPL across two domain(s), triggering Tier 2 or Tier 3 quality sanctions in one county(ies). See Table 2 for enforcement tier designation triggers.

On October 16, 2025, DHCS notified KHS that DHCS was imposing monetary sanctions in the amount of \$26,000.00 for KHS's failure to comply with its obligations set forth in the contract. See Table 3 for KHS's Sanction Determination Details.

KHS requested a Meet and Confer Conference with DHCS. DHCS and KHS met on November 5, 2025. DHCS also considered the following information provided by KHS in conjunction with the Meet and Confer Conference:

- KHS asked DHCS to consider the improvement in their MCAS performance for this measurement year compared to the previous measurement year.
 - The MY24 MCAS Sanction determination methodology already considers performance for this measurement year compared to the previous measurement year in the sanction determination through the "trending factor."
- KHS asked DHCS to consider the magnitude of difference between MCAS performance and the MPL.
 - The MY24 MCAS Sanction determination methodology already considers the magnitude of difference between rate and MPL in the sanction determination through the "severity factor."

² Department of Health Care Services. Attachment C – Managed Care Accountability Set (MCAS) Monetary Sanction Methodology. APL 25-007, 2025.



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As a result of the information provided by KHS in conjunction with the Meet and Confer Conference, the final sanction amount is **\$26,000.00**, which will be paid to DHCS via ACH/Wire or check payment. 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 November 24, 2025. Payment for the MCAS MY24 Quality Sanctions is due immediately.

If KHS does not pay within 30 business days, KHS will receive a past due notice. Please provide notice of receipt and payment via email to DHCS' Quality Monitoring inbox at QualityMonitoring@dhcs.ca.gov. Please include the account number and check number, or wire transfer number, once payment has been sent. Notice of Appeal Rights is included in the letter below.

If you have any questions, send an email to the Quality Monitoring inbox at QualityMonitoring@dhcs.ca.gov.

Sincerely,

Original signed by

Pamela Riley, MD, MPH
Assistant Deputy Director, Chief Health Equity Officer
Quality and Population Health Management
Department of Health Care Services



Emily Duran, Chief Executive Officer

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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 Final Notice of Monetary Sanction Letter and any backup documents that will identify the payment.



Emily Duran, Chief Executive Officer

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CC

Michelle Baass
Director
Department of Health Care Services

Tyler Sadwith
State Medicaid Director
Chief Deputy Director, Health Care Programs
Department of Health Care Services

Lindy Harrington
Assistant State Medicaid Director
Department of Health Care Services

Palav Babaria, MD, MHS
Deputy Director, Chief Quality Officer
Quality and Population Health Management
Department of Health Care Services

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Department of Health Care Services

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State of California

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California Health and Human Services Agency

Emily Duran, Chief Executive Officer

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Jane MacAdam General Contact / Deborah Murr Compliance, Contracts, Rates,
Director of Compliance / Chief Compliance and Fraud Prevention Officer
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NOTICE OF APPEAL RIGHTS

KHS has the right to request a hearing in connection with any sanctions within fifteen (15) working days after the notice of the effective date of sanctions has been given. 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). KHS 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:

Angelico Razon
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 95899-74



Enclosure

TABLE 1: DOMAIN, MEASURE, & ACRONYM

Domain	Measure	Acronym
Behavioral Health (BH)	Follow-Up After ED Visit for Mental Illness—30 days	FUM
	Follow-Up After ED Visit for Substance Use—30 days	FUA
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 Visits	W30-6+
	Well-Child Visits in the First 30 Months of Life – 15 to 30 Months – Two or More Visits	W30-2+
Reproductive Health and Cancer Prevention (RC)	Chlamydia Screening in Women	CHL
	Prenatal and Postpartum Care: Postpartum Care	PPC-Pst
	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
	Glycemic Status Assessment for Patients with Diabetes (>9%)*	GSD

*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: KHS MY24 MCAS QUALITY SANCTION DETERMINATION DETAILS

County	Measure	MCP Rate	MPL	Severity Factor	Trending Factor	Population Impacted	HPI Reduction Factor	Sanction per Measure Per County
Kern	CIS-10	25.06%	27.49%	1.1	1	4607	50%	\$2,533.85
Kern	DEV	35.64%	35.70%	1	0.4	8644	50%	\$1,728.80
Kern	FUA	33.81%	36.18%	1.1	0.2	1169	50%	\$128.59
Kern	FUM	31.93%	53.82%	2	0.2	680	50%	\$136.00
Kern	W30-2	69.43%	69.43%	1	0.6	1780	50%	\$534.00
Kern	W30-6	52.18%	60.38%	1.4	0.2	1429	50%	\$200.06
Kern	WCV	51.08%	51.81%	1	0.6	68511	50%	\$20,553.30

TABLE 4: QUALITY RATING REGIONS

Quality Rating Region	Counties
Central California	Mariposa, Merced, Monterey, Santa Cruz
Central Coast	San Luis Obispo, Santa Barbara
Inland Empire	Riverside, San Bernardino
North Bay	Marin, Napa, Solano, Sonoma, Yolo
Rural Central	Alpine, El Dorado
Rural North	Del Norte, Humboldt, Lake, Lassen, Mendocino, Modoc, Shasta, Siskiyou, Trinity
Rural South	Amador, Calaveras, Inyo, Mono, Tuolumne
Rural Upper Central	Butte, Colusa, Glenn, Nevada, Placer, Plumas, Sierra, Sutter, Tehama, Yuba
San Joaquin Valley	San Joaquin, Stanislaus
Tri County	Fresno, Kings, Madera
Alameda	Alameda

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Quality Rating Region	Counties
Contra Costa	Contra Costa
Imperial	Imperial
Kern	Kern
Los Angeles	Los Angeles
Orange	Orange
Sacramento	Sacramento
San Benito	San Benito
San Diego	San Diego
San Francisco	San Francisco
San Mateo	San Mateo
Santa Clara	Santa Clara
Tulare	Tulare
Ventura	Ventura

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