



State of California—Health and Human Services Agency  
Department of Health Care Services



BRADLEY P. GILBERT, MD, MPP  
DIRECTOR

GAVIN NEWSOM  
GOVERNOR

May 11, 2020

Abbie Totten, Medi-Cal Program Officer  
Deanna Eaves, Director, Compliance  
California Health and Wellness  
1740 Creekside Oaks Drive, Suite 200  
Sacramento, CA 95833

**NOTICE OF INTENT TO IMPOSE MONETARY SANCTIONS FOR FAILURE TO  
SUBMIT THE MONTHLY PROVIDER FILE IN A TIMELY FASHION**

Dear Ms. Totten and Ms. Eaves:

Effective January 1, 2017, the Department of Health Care Services (DHCS) implemented new requirements for provider network data reporting to the Post Adjudicated Claims and Encounter System (PACES) using national standard transactions. California Health and Wellness (CHWP) is required to comply with DHCS' provider network data reporting requirements as specified in state and federal law and All Plan Letter (APL) 16-019.

Under Title 22, California Code of Regulations section 53872(b)(3) and as specified in APL 18-003, DHCS is authorized to impose administrative and financial sanctions on Managed Care Plans (MCPs) that violate applicable state and federal laws, regulations, their contractual obligations with DHCS and APL 16-019. This includes the provider data reporting requirements in Title 22, California Code of Regulations section 53862(c)(9).

On March 1, 2019, all MCPs received notice that DHCS will impose immediate sanctions for each 274 file that is not received by the monthly submission deadline identified in APL 16-019. In December 2019, CHWP failed to submit November 2019 provider network data by the December 10, 2019, deadline set forth in APL 16-019. As a result, CHWP failed to meet its regulatory and contractual obligations for reporting provider network data.

Under the authority of Title 22, California Code of Regulations, Section 53872(c)(9), DHCS is imposing monetary sanctions in the amount of \$1,000 for the first day CHWP failed to submit timely 274 provider network data, and \$500 per day for each day thereafter. Therefore, since CHWP submitted its November 2019 provider network data

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on December 26, 2019, 16 days after the December 10, 2019 submission deadline, DHCS is imposing total monetary sanctions in the amount of \$8,500.

DHCS will continue to evaluate the timeliness of CHWP's provider network data submissions on a monthly basis. The evaluation process includes the potential to impose additional monetary sanctions for any future provider network reporting data deficiencies under newly enacted Welfare and Institutions section 14197.7, which authorizes DHCS to consider CHWP's past violations and conduct when assessing future penalties.

Finally, DHCS reserves its right to claim liquidated damages to the extent that CHWP's provider network data reporting deficiencies result in a requirement to repay federal financial participation to the Centers for Medicare & Medicaid Services.

If you have any questions, please contact Anastasia Dodson at [Anastasia.Dodson@dhcs.ca.gov](mailto:Anastasia.Dodson@dhcs.ca.gov) or (916) 440-7414.

Sincerely,

Originally Signed by Bradley P. Gilbert

Bradley P. Gilbert, MD, MPP  
Director

Enclosure

## **NOTICE OF APPEAL RIGHTS**

California Health and Wellness (CHWP) 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. CHWP may request a hearing by sending a letter so stating to the Office of Administrative Hearings and Appeals at the address below:

The Honorable Patricia Freeman  
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:

Nathan Nau, Chief  
Managed Care Quality and Monitoring Division, MS 4411  
Department of Health Care Services  
P.O. Box 997413  
Sacramento CA 95899-7413

Jared Goldman  
Deputy Director and Chief Counsel  
Office of Legal Services, MS 0010  
Department of Health Care Services  
P.O. Box 997413  
Sacramento CA 95899-7413