



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



EDMUND G. BROWN JR.
GOVERNOR

October 12, 2018

Amy Chin, CEO
Health Plan of San Joaquin
7751 South Mantney Road
French Camp, CA 95231

Dear Ms. Chin:

**NOTICE OF IMPOSITION OF MONETARY SANCTIONS FOR FAILURE TO MEET
CORRECTIVE ACTION PLAN MINIMUM PERFORMANCE LEVELS**

The Department of Health Care Services (DHCS) sends this notice of imposition of monetary sanctions for Health Plan of San Joaquin's (HPSJ), failure to meet required minimum performance levels (MPL) set forth in its 2017 Quality of Care Corrective Action Plan (CAP) Final Expansion Framework.

Under your contract with DHCS, HPSJ is required to meet or exceed the DHCS established MPLs for each Health Effectiveness Data and Information Set (HEDIS) measure, and all other required External Accountability Set (EAS) performance measures. (Exhibit A, Attachment 4, Quality Improvement System, 3). When HPSJ failed to meet or exceed established MPLs for 2014, 2015, and 2016 and it was placed under a CAP. The CAP required HPSJ to achieve year 2015, 2016, and 2017 CAP milestone goals set forth in the CAP Framework (Attachment A). HPSJ failed to meet the CAP milestones in 2018.

Successful administration of the Medi-Cal program requires a collaborative partnership between DHCS and Medi-Cal Managed Care Plans (MCP). This collaboration includes the expectation that MCPs will meet their contractual and programmatic requirements on an ongoing basis. Throughout the CAP process, HPSJ and DHCS met regularly to collaborate on strategies for improving the Plan's EAS performance measures required to meet MPLs. On July 20, 2018, DHCS received validated EAS measure rates from the External Quality Review Organization and confirmed that HPSJ has 14 plan wide indicators below the MPL for reporting year 2018.

Under, Title 22, California Code of Regulations section 53872(b)(4) and the contract, DHCS has authority to impose monetary sanctions for HPSJ's failure to meet or exceed its MPLs under the CAP. (Exhibit E, Attachment 2, Program Terms and Conditions, section .16 Sanctions, B.) As noted above, HPSJ's contract requires it to meet or exceed the DHCS established MPLs for each HEDIS measure and any other required EAS measures. (Exhibit A, Attachment 4, Quality Improvement System, section A, 3) When HPSJ failed to meet its contractual obligations, DHCS imposed the CAP.

HPSJ's confirmed failure to meet even the reduced percentage of measures at or above the MPL as outlined in the CAP Framework unquestionably creates good cause for DHCS to

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impose monetary sanctions. (Exhibit E, Attachment 2, Program Terms and Conditions, section .16 Sanctions, C. 2)

DHCS is imposing monetary sanctions for HPSJ's failure to comply with its obligations set forth in the CAP and the contract. Under Title 22, California Code of Regulations section 53872(b)(4)(A)-(B), DHCS is authorized to impose a \$5,000 sanction for the first violation of HPSJ's contractual obligation to meet or exceed MPLs for each HEDIS measure and \$10,000 for each subsequent violation. Because HPSJ has 14 indicators below the MPL for reporting year 2017, the total sanction amount is \$135,000.

HPSJ is also required to submit a revised CAP strategy that includes new interventions designed to meet or exceed the required 2019 MPLs and details how the plan intends to devote adequate resources and staff to quality improvement on or before October 15th, 2018.

If you have any questions, please contact Sarah Brooks, Deputy Director, Health Care Delivery Systems, at Sarah.Brooks@dhcs.ca.gov or (916) 440-7800.

Sincerely,

Original Signed by Jennifer Kent
Executive Director

Enclosure

cc: Janelle Gilmore
Contract Manager
Department of Health Care Services
Medi-Cal Managed Care Division
MS 4408
P.O. Box 997413
Sacramento, CA 95899-7413

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NOTICE OF APPEAL RIGHTS

Health Plan San Joaquin 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. Anthem 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
1029 J Street, Suite 200
Sacramento CA 95814

A copy of the hearing request shall also be sent to:

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

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