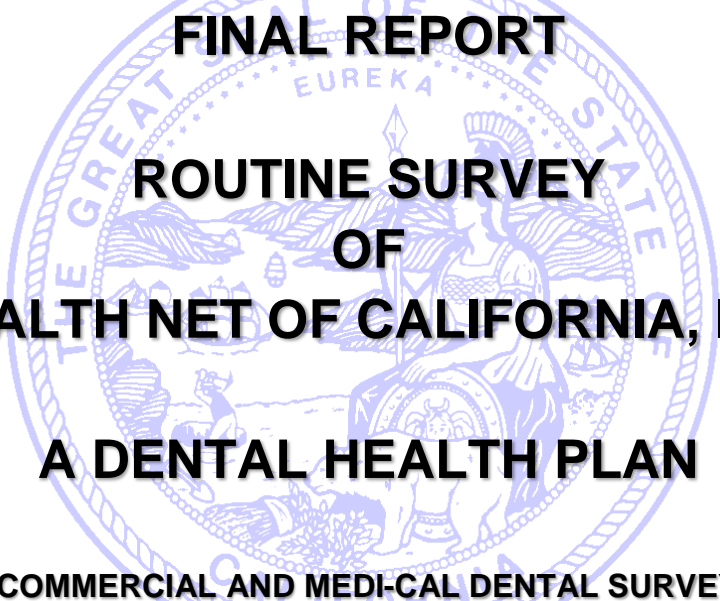




**DEPARTMENT OF MANAGED HEALTH CARE  
OFFICE OF PLAN MONITORING  
DIVISION OF PLAN SURVEYS**



**FINAL REPORT  
ROUTINE SURVEY  
OF  
HEALTH NET OF CALIFORNIA, INC.  
A DENTAL HEALTH PLAN  
(COMMERCIAL AND MEDICAL DENTAL SURVEY)**

**DATE OF FINAL REPORT: SEPTEMBER 29, 2016**

**Final Report of a Routine Survey  
Health Net of California, Inc.  
A Dental Health Plan  
September 29, 2016**

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**EXECUTIVE SUMMARY**

On December 18, 2015, the California Department of Managed Health Care (the “Department”) notified Health Net of California, Inc. (the “Plan”) that its Routine Survey had commenced, and requested the Plan to submit information regarding its health care delivery system. The survey team conducted the onsite portion of the survey from February 23, 2016 through February 25, 2016.

The Department assessed the following areas for Knox-Keene compliance:

- Quality Management**
- Grievances and Appeals**
- Access and Availability of Services**
- Utilization Management**
- Language Assistance**

The Department, through the Interagency Agreement 13-90172 with the Department of Health Care Services (“DHCS”), also assessed the Plan’s compliance with the Medi-Cal Dental Managed Care Program Contract (“Contract”). Part II of the Report outlines the areas of the Contract assessed.

The Department identified one Knox-Keene deficiency during the current Routine Survey

**2016 KNOX-KEENE SURVEY DEFICIENCIES**

#	DEFICIENCY STATEMENT	STATUS
<b>GRIEVANCES AND APPEALS</b>		
#1	<p><b>The Plan does not provide an Independent Medical Review application and envelope as part of its notification to the enrollee regarding a disposition of the enrollee's grievance that denies, modifies, or delays health care services.</b></p> <p>Section 1374.30(m); Rule 1300.68(d)(4).</p>	<p><b>Not Corrected</b></p>

The Department also identified one finding related to the Plan's adherence to the Contract:

**2016 MEDI-CAL DENTAL MANAGED CARE CONTRACT FINDINGS**

#	CONTRACT FINDING	STATUS
<b>LANGUAGE ASSISTANCE</b>		
#1	<b>The Plan does not provide fully translated vital documents to its enrollees in all of the required threshold languages.</b> Health Net of California, Inc., Medi-Cal Dental GMC Program Contract, Exhibit A, Attachment 11, Provision H, Linguistic Services: Section 3. b.	<b>DHCS to assess</b>

## SECTION I: KNOX-KEENE SURVEY

### KNOX-KEENE SURVEY OVERVIEW

The Department evaluates each health care service plan licensed pursuant to the Knox-Keene Health Care Service Plan Act of 1975.<sup>1</sup> At least once every three years, the Department conducts a Routine Survey of a Plan that covers five major areas of the Plan's dental care delivery system. The survey includes a review of the procedures for obtaining health care services, the procedures for providing authorizations for requested services (utilization management), peer review mechanisms, internal procedures for assuring quality of care, and the overall performance of the Plan in providing dental care benefits and meeting the dental needs of the subscribers and enrollees in the following areas:

**Quality Management** – Each plan is required to assess and improve the quality of care it provides to its enrollees.

**Grievances and Appeals** – Each plan is required to resolve all grievances and appeals in a professional, fair, and expeditious manner.

**Access and Availability of Services** – Each plan is required to ensure that its services are accessible and available to enrollees throughout its service areas within reasonable timeframes.

**Utilization Management** – Each plan manages the utilization of services through a variety of cost containment mechanisms while ensuring access and quality care.

**Language Assistance** – Each plan is required to implement a Language Assistance Program to ensure interpretation and translation services are accessible and available to enrollees.

The Preliminary Report was issued to the Plan on June 15, 2016. The Plan had 45 days to file a written statement with the Director identifying the deficiency and describing the action taken to correct the deficiency and the results of such action.

This Final Report addresses the most recent Routine Survey of the Plan, which commenced on December 18, 2015.

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<sup>1</sup> The Knox-Keene Act is codified at Health and Safety Code section 1340 et seq. All references to "Section" are to the Health and Safety Code unless otherwise indicated. The regulations promulgated from the Knox-Keene Act are codified at Title 28 of the California Code of Regulations section 1000 et seq. All references to "Rule" are to Title 28 of the California Code of Regulations unless otherwise indicated.

## **PLAN BACKGROUND**

Health Net of California, Inc. ("Health Net") entered into the Sacramento Geographic Managed Care ("GMC") Dental Program in 2006 to serve Medi-Cal beneficiaries. Health Net currently has 42,156 Medi-Cal GMC members in Sacramento.

Since July 1, 2007, Liberty Dental Plan ("Liberty") serves as Health Net's Plan Administrator ("ASO"). Administration duties conducted by Liberty include communication with members, provider credentialing and contracting, member materials, payments to providers for capitation and supplemental payments, and audits of provider offices and various quarterly report generations. Health Net does not delegate Grievance and Appeals to Liberty, but retains those functions internally.

Health Net oversees all delegated processes by conducting Joint Operations meetings, reviewing all reports and a monthly report card on Liberty's performance.

## DISCUSSION OF KNOX-KEENE DEFICIENCIES

On June 15, 2016, the Plan received a Preliminary Report regarding these deficiencies. In that report, the Plan was instructed to:

- (a) Develop and implement a corrective action plan for each deficiency, and
- (b) Provide the Department with evidence of the Plan's initial completion of or progress toward implementing those corrective actions.

The following details the Department's preliminary findings, the Plan's corrective actions and the Department's findings concerning the Plan's compliance efforts.

### DEFICIENCIES

## GRIEVANCES AND APPEALS

**Deficiency #1: The Plan does not provide an Independent Medical Review application and envelope as part of its notification to the enrollee regarding a disposition of the enrollee's grievance that denies, modifies, or delays health care services.**

**Statutory/Regulatory Reference(s):** Section 1374.30(m); Rule 1300.68(d)(4).

#### Section 1374.30(m)

(m) As part of its notification to the enrollee regarding a disposition of the enrollee's grievance that denies, modifies, or delays health care services, the plan shall provide the enrollee with a one-page application form approved by the department, and an addressed envelope, which the enrollee may return to initiate an independent medical review. The plan shall include on the form any information required by the department to facilitate the completion of the independent medical review, such as the enrollee's diagnosis or condition, the nature of the disputed health care service sought by the enrollee, a means to identify the enrollee's case, and any other material information.

#### Rule 1300.68(d)(4)

(d) The plan shall respond to grievances as follows:

(4) For grievances involving delay, modification or denial of services based on a determination in whole or in part that the service is not medically necessary, the plan shall include in its written response, the reasons for its determination. The response shall clearly state the criteria, clinical guidelines or medical policies used in reaching the determination. The plan's response shall also advise the enrollee that the determination may be considered by the Department's independent medical review system. The response shall include an application for independent medical review and instructions, including the Department's toll-free telephone number for further information and an

envelope addressed to the Department of Managed Health Care, HMO Help Center, 980 Ninth Street, 5th Floor, Sacramento, CA 95814.

**Assessment:**

The Plan does not provide an Independent Medical Review application and envelope as part of its notification to the enrollee regarding a disposition of the enrollee's grievance that denies, modifies, or delays health care services. The Plan submitted its Grievance and Appeals policies and procedures for the Department's review. The Plan's policy GA-201: Medi-Cal Member Grievance Process included mention of IMR, but did not include any mention of sending out the IMR application and envelope with grievance resolution letters. The Plan's policy GA-202ML: Medi-Cal Member Appeal Process states that the written response to appeals involving a delay, modification or denial will include the IMR applications, instructions, and envelope.

During onsite interviews with the Plan's Dental Director and grievance staff, the Plan stated that they are providing the IMR application and envelope with appeals only.

The Department finds the Plan out of compliance with Section 1374.30(m) and Rule 1300.68(d)(4) for not sending the required IMR application and envelope to enrollees in grievance resolution letters that deny, modify, or delay health care services.

**Corrective Action:** Within 45 days following notice to a Plan of a deficiency, the Plan is required to file a written statement with the Department signed by an officer of the Plan, describing any actions that have been taken to correct the deficiency.

**Plan's Compliance Effort:** In its response to the Preliminary Report, the Plan provided the following response and corrective action plan.

On July 15, 2016, the Plan communicated to its Appeals and Grievance (A&G) coordinators that effective July 18, 2016, all A&G coordinators handling grievances must enclose the IMR Application/Complaint Form and DMHC Return Envelope with the all grievance resolution letters to enrollees.

For a 60-day period starting July 18, 2016, the Plan represented it will conduct daily audits of all cases closed the previous day to ensure the IMR Application/Complaint Form and DMHC Return Envelope is included with the resolution correspondence sent to enrollees. The Plan's A&G Department has also included this requirement as an audit element for its routine quality monitoring review, which will occur monthly.

By July 20, 2016, supervisors and leads will collect a completed signature sheet for all A&G case coordinators acknowledging the communication about enclosing the IMR Application/Complaint form and the DMHC Return Envelope with the resolution letters.

Furthermore, the Plan's revised letter template reflects information about the enrollees' external options for grievance resolution. The template includes contact information for the following:

- California Department of Health Services Ombudsman Program



- California Department of Social Services Fair Hearing
- Department of Managed Health Care

Appended in the template/sample letter is the IMR Application/Complaint Form. Additionally, included in the enclosure section of the template letter are the:

- External Options for Grievance Resolution
- Notice of Language Assistance
- Application for IMR Review/Complaint Form
- Department of Managed Health Care Return Envelope

### **Final Report Deficiency Status: Not Corrected**

The Department recognizes that the Plan has taken substantial steps to correct this deficiency. The Plan revised their appeals and grievances template letter to include information on the availability of IMR. The Plan notified its A&G case coordinators about the requirement to include the IMR Application/Complaint Form and DMHC Return Envelope in grievance resolution letters. The Plan also instituted an internal audit tool to confirm that the IMR Application/Complaint Form and DMHC Return Envelope is included in the grievance resolution letters. However, the Department finds that the Plan will need more time to implement its corrective actions, and monitor the effectiveness of the corrective actions through daily and monthly auditing.

In order to determine whether this deficiency is corrected, the Department will conduct a Follow-Up Survey which will encompass file review and review of documents related to the Plan's implemented corrective actions, including, but not limited to, the daily and monthly audit reports.

Based upon the corrective actions undertaken, the Department has determined that this deficiency has not been fully corrected.

## **KNOX-KEENE SURVEY CONCLUSION**

The Department has completed its Routine Survey. The Department will conduct a Follow-Up Review of the Plan and issue a report within 14-16 months of the date of this Final Report.

In the event the Plan would like to append a brief statement to the Final Report as set forth in Section 1380(h)(5), please submit the response via the Department's Web portal, eFiling application. Click on the Department's Web Portal, [DMHC Web Portal](#).

Once logged in, follow the steps shown below to submit the Plan's response to the Final Report:

- Click the "eFiling" link.
- Click the "Online Forms" link.
- Under Existing Online Forms, click the "Details" link for the **DPS Routine Survey Document Request** titled, **2016 Routine Dental Survey - Document Request**.

Submit the response to the Final Report via the "DMHC Communication" tab.



**DEPARTMENT OF MANAGED HEALTH CARE  
OFFICE OF PLAN MONITORING  
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**ROUTINE SURVEY  
OF  
HEALTH NET OF CALIFORNIA, INC.  
A DENTAL HEALTH PLAN  
SECTION II**

**Medi-Cal Dental Managed Care Survey**

## **SECTION II: MEDI-CAL DENTAL MANAGED CARE SURVEY**

### **MEDI-CAL DENTAL MANAGED CARE BACKGROUND**

The Department of Health Care Services (“DHCS”) contracted with three dental plans to provide dental services to Medi-Cal Beneficiaries in Sacramento and Los Angeles counties through the Geographic Managed Care (GMC) Plan and the Prepaid Health Plan (PHP). All Medi-Cal dental managed care plans are licensed by the State of California, Department of Managed Health Care, pursuant to the Knox-Keene Health Care Service Plan Act of 1975. Health Net of California, Inc. (“Health Net”) entered into the Sacramento Geographic Managed Care (“GMC”) Dental Program in 2006 to serve Medi-Cal beneficiaries.

### **MEDI-CAL DENTAL MANAGED CARE SURVEY OVERVIEW**

The Medi-Cal Dental Managed Care Program Contracts (“Contract”) requires that the Plan continuously monitor its associated contracted providers to ensure adherence with access and availability, grievance and appeals policy and procedures, quality management and proper utilization management. This survey includes a review of the contract elements in the following areas:

- Provider and Enrollee Ratios;
- Geographic and Timely Access to Care;
- Assignment of Primary Care Dentist Methodology;
- Grievance and Appeals;
- Pay for Performance Initiatives;
- Utilization Management;
- Utilization Management in relation to the quality management program;
- Specialty Network and Referrals;
- Delegation Oversight;
- Preventative Care Outreach; and
- Marketing Practices and Training.

The Preliminary Report was issued to the Plan on June 15, 2016. The Plan had 30 days to file a written statement identifying each contractual finding and describing the action taken to correct the finding and the results of such action.<sup>2</sup>

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<sup>2</sup> Pursuant to Exhibit A, Attachment 5, Provision N of the Contract and APL 13-004.

## DISCUSSION OF CONTRACTUAL FINDINGS

All contractual findings cited in this Final Report require corrective actions.

The contractual findings cited in this Final Report will be addressed by the Department of Health Care Services.

On June 15, 2016, the Plan received a Preliminary Report regarding these findings. Within 30 days following notice to the Plan of a contractual finding the Plan was required to file a corrective action report that:

- Identifies the contractual finding; and
- Describes the actions taken to correct the contractual finding and the results
- Bears the signature of a principal officer of the Plan.

### CONTRACTUAL FINDINGS

#### LANGUAGE ASSISTANCE

**Finding #1: The Plan does not provide fully translated vital documents to its enrollees in all of the required threshold languages.**

**Contract Reference(s):** Health Net of California, Inc., Medi-Cal Dental GMC Program Contract, Exhibit A, Attachment 11, Provision H, Linguistic Services: Section 3.b.

Health Net of California, Inc., Medi-Cal Dental GMC Program Contract, Exhibit A, Attachment 11, Provision H, Linguistic Services: Section 3. b

3. Contractor shall provide, at minimum, the following linguistic services at no cost to Medi-Cal Members:

b. Fully translated written informing materials, including but not limited to the Member services guide, enrollee information, welcome packets, marketing information, and form letters including notice of action letters and grievance acknowledgement and resolution letters. Contractor shall provide translated written informing materials to all monolingual or LEP Members that speak the identified threshold or concentration standard languages. The threshold or concentration languages are identified by DHCS within the Contractor's service area, and by the Contractor in its group needs assessment.

**Assessment:**

The Plan does not provide fully translated vital documents to its enrollees in all of the required threshold languages, and it is unclear if the Plan or the delegate is responsible for the translation of these vital documents. The Plan's delegation agreement with Liberty specifies that Liberty is responsible for the translation of vital documents. However, during onsite interviews, Health Net staff stated that these vital documents were translated by Health Net and distributed to Liberty, which is contradictory to what is detailed in the delegation agreement.

During the onsite survey, the Department requested the Plan provide all documents that had been translated into threshold languages. Post-onsite, the Plan provided the following documents which had been translated into the six threshold languages (English, Spanish, Russian, Vietnamese, Chinese and Hmong) required by APL 14-008 (revised): Grievance forms, Acknowledgement and resolution letters, health education flyers, and some marketing materials. The Plan also provided the enrollee Evidence of Coverage (EOC) documents; however, these EOCs were only translated into Spanish and Chinese. The Plan did not provide translations of the EOCs into Hmong, Russian or Vietnamese.<sup>3</sup>

In the plan's post-onsite response to the Department's request, the Plan provided LA-007B Translation of Written Member Informing Materials, which states:

**III. Medi-Cal (CA Only)**

- A. Health Net Community Solutions (HNCS) will translate documents as required by law, regulatory agency, contract, or oversight agency.
- 2. HNCS will translate the following materials
  - a. Evidence of Coverage Booklet and Disclosure Forms;
  - b. Provider directories;
  - c. Marketing materials;
  - d. Form letters (denial of coverage letters, emergency room follow-up);
  - e. Plan generated preventive health reminders (appointments and immunization reminders, initial health examinations notices, and pre-natal care follow-up);
  - f. Member surveys; and
  - g. Newsletters.
  - h. Other materials as deemed necessary by HNCS to meet the needs of LEP members.
  - i. Any additional documents required by updates to regulations or contracts.

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<sup>3</sup> The Plan's post-onsite response to the Department's request was:

As noted in the request, Health Net provided the Spanish and Chinese translated EOCs. The Hmong, Russian and Vietnamese documents are being sent for translation and upon receipt will be provided to any members whose language information is available as one of the threshold languages. The translation is expected to take 4-6 weeks to complete.

The Plan has failed to translate all required documents into the required threshold languages. Moreover, it is unclear how the responsibility for the translation of documents is delegated. Therefore, the Department finds the Plan out of compliance with The Health Net of California, Inc., Medi-Cal Dental GMC Program Contract.

**Plan's Compliance Effort:** In its response to the Preliminary Report, the Plan provided a response and corrective action plan which was submitted to the Department of Health Care Services Medi-Cal Dental Services Division.

The Department of Health Care Services Medi-Cal Dental Services Division will approve, implement, and enforce any corrective action regarding DHCS contractual deficiencies. DHCS will issue a final report detailing the Plan's corrective actions and the findings by DHCS concerning the Plan's compliance efforts.

## **MEDI-CAL DENTAL MANAGED CARE SURVEY CONCLUSION**

The Department has completed its review of the Plan and has identified one finding related to the DHCS Contract during the current Routine Survey.