

ATTACHMENT A

Network Adequacy Enforcement

The Department of Health Care Services (DHCS) assesses Medi-Cal Managed Care Plan (MCP) Networks using the Annual Network Certification (ANC) process. MCPs must maintain Networks that meet all Network adequacy standards and are required to submit documentation to DHCS to demonstrate compliance with Network adequacy requirements through the ANC. MCPs may be found non-compliant with Network adequacy requirements through a variety of activities beyond the ANC process including, but not limited to, Provider terminations, audits, and Grievance and Appeals monitoring.

MCPs are required to comply with follow-up compliance activities including, but not limited to, submitting timely and complete responses to questions and concerns identified during the ANC process. Follow-up activities may require MCPs to identify the root cause of the non-compliance, provide the steps necessary to ameliorate the deficiencies, propose a remediation timeline, and comply with any remediation timeline imposed by DHCS. MCPs may use various methods to improve their compliance with Network adequacy requirements including, but not limited to, utilizing telehealth, correcting data quality issues, and expanding their Provider Network.

DHCS may impose a Corrective Action Plan (CAP), as well as administrative and/or monetary sanctions for non-compliance. For additional information regarding administrative and monetary sanctions, see APL 25-007 or any superseding APL. Any failure to meet the requirements of APL 23-001 may result in a CAP and/or other enforcement action.

As outlined in APL 25-007, or any superseding APL and Welfare and Institutions Code (W&I) section 14197.7, DHCS may issue sanctions together with a CAP, in lieu of a CAP, or if the MCP fails to meet CAP requirements.^{1,2} MCPs are required to meet the Network adequacy requirements as outlined in APL 23-001, or any superseding APL. MCPs that do not meet the

¹ For additional information regarding administrative and monetary sanctions, see APL 25-007, or any superseding APL on this topic.

² W&I section 14197.7(d), (e).

Network adequacy assessment requirements may be subject to one or more enforcement actions. DHCS will consider the following enforcement tiers in determining which enforcement actions may be taken.

| TABLE One (1): Enforcement Tiers | Tier One (1) | Tier Two (2) | Tier Three (3) |
|-------------------------------------|--|--|---|
| Triggers (ANC) | <ul style="list-style-type: none"> » Failure to meet Network adequacy requirements in one of the following categories, as defined in APL 23-001, or any superseding APL: Network Ratios, Mandatory Providers, and Time or Distance Standards. | <ul style="list-style-type: none"> » Failure to meet CAP requirements. » Failure to meet Network adequacy requirements in two of the following Network adequacy categories, as defined in APL 23-001, or any superseding APL: Network Ratios, Mandatory Providers, and Time or Distance Standards; » Failure to meet the same compliance standards for one of the ANC categories for two or more consecutive ANC periods. | <ul style="list-style-type: none"> » Failure to meet CAP requirements. » Failure to meet Network adequacy requirements in three of the following Network adequacy categories, as defined in APL 23-001, or any superseding APL: Network Ratios, Mandatory Providers, and Time or Distance Standards; » Failure to meet the same compliance standards for two or more ANC categories for two or more consecutive ANC periods. |

| TABLE One (1): Enforcement Tiers | Tier One (1) | Tier Two (2) | Tier Three (3) |
|-------------------------------------|--|--|---|
| Enforcement Actions: | <ul style="list-style-type: none"> » May include, but are not limited to, a CAP. » Repeat violations of the same categories may be subject to the next higher tier of enforcement actions. | <ul style="list-style-type: none"> » May include, but are not limited to, a CAP and/or monetary penalty. » Repeat violations of the same categories may be subject to the next higher tier of enforcement actions. | <ul style="list-style-type: none"> » May include, but are not limited to, CAP, administration sanctions, and/or monetary penalty. » Repeat violations of the same categories may be subject to increased enforcement activities, including increased monetary sanction amounts. |