



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



EDMUND G. BROWN JR.
GOVERNOR

DATE: January 20, 2017

TO: ALL MEDI-CAL DENTAL MANAGED CARE PLANS

SUBJECT: **MDSO APL 16-011: Final Rule Notice of Modernized Managed Care Regulation 42 C.F.R. §438.710: Notice of Sanction and Pre-Termination Hearing**

The Department of Health Care Services (Department) issues this All Plan Letter (APL) under Exhibit E, Additional Provisions, Provision 5, section d, of the Medi-Cal Dental Geographic Managed Care and Prepaid Health Plan contracts (Contracts). This APL is incorporated into the Contracts, shall be complied with by Contractor. As set forth under Exhibit E, Provision 5, section d, "APLs issued by MDSO subsequent to the effective date of this Contract shall provide clarification of Contractors obligations pursuant to this contract, and may include instructions to the Contractor regarding implementation of mandated obligations pursuant to changes in State or federal statutes or regulations, or pursuant to judicial interpretation."

Due to the publication of the Medicaid and Children's Health Insurance Program (CHIP) Managed Care Final Rule (CMS-2390-F, 81 FR 27498) on May 6, 2016 ("final rule"), the Department issues this APL, which is part of a series of APLs, to provide guidance and direction to the Medi-Cal Dental Managed Care Plans (Plans). In accordance with the law, Plans are required to comply with these managed care regulations effective July 5, 2016. The below-identified final rule provisions are incorporated by reference into the Contracts.

Modernized Managed Care Regulations 42 C.F.R. [§438.710](#), except as provided in [§438.706\(c\)](#), provides that before imposing any of the intermediate sanctions specified in this subpart, the State must give the affected entity timely written notice that explains the basis and nature of the action and any other appeal rights the state has elected to provide.

Before terminating a Managed Care Organization(MCO), Primary Care Case Management (PCCM), or PCCM entity contract under [§438.708](#), the State must provide the entity a pre-termination hearing.

Lastly, the State must ensure all of the following requirements are met:

1. Give the MCO, PCCM or PCCM entity written notice of its intent to terminate, the reason for termination, and the time and place of the hearing;
2. After the hearing, give the entity written notice of the decision affirming or reversing the proposed termination of the contract and, for an affirming decision, the effective date of termination; and

3. For an affirming decision, give enrollees of the MCO, PCCM or PCCM entity notice of the termination and information, consistent with § 438.10, on their options for receiving Medicaid services following the effective date of termination.

This APL sets forth additional provisions regarding contract termination. The Contracts currently address this process outlined in the current contractual agreement.

For the entire text pertaining to the regulations above, refer to the [Medicaid federal register](#).

If you have any questions, please contact the Medi-Cal Dental Services Division at dmcdeliverables@dhcs.ca.gov.

Sincerely,



Eric Mayes, Chief
Contract Management and Policy Unit
Medi-Cal Dental Services Division
Department of Health Care Services