



Edmund G. Brown Jr., Governor
State of California
Health and Human Services Agency
DEPARTMENT OF MANAGED HEALTH CARE
980 9th Street, Suite 500, Sacramento, CA 95814
Telephone: 1-916-323-0435 | Fax: 1-916-323-0438
www.HealthHelp.ca.gov

October 4, 2018

SENT VIA FACSIMILE ONLY TO: (213) 438-5724

Augustavia J. Haydel
Local Initiative Health Authority for L.A. County
DBA: L.A. Care Health Plan
1055 West 7th Street
Los Angeles, CA 90017

**RE: ENFORCEMENT MATTER NUMBER: 16-227 plus 20 additional matters
"First LA Care Health Plan Bulk Grievance Case"**

LETTER OF AGREEMENT

Dear Ms. Haydel:

The Office of Enforcement within the Department of Managed Health Care (the Department) has concluded its investigation of Local Initiative Health Authority for L.A. County, License No. 933 0355, (the Plan), concerning the above matter. This investigation concerned the Plan's violations of the Knox-Keene Health Care Service Plan Act of 1975 (Knox-Keene Act) and regulations promulgated thereunder. The relevant facts are fully set forth below.

The table below represents the grievance system violations cited in these matters.

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Enforcement Matter No.: 16-227 plus 20 additional matters

Document No.: 239657_4

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Statute/Rule Section	Description of Violation	Number of Violations
Health and Safety Code section 1368, subdivision (a)(1), and California Code of Regulations, title 28, section 1300.68, subdivision (a) ¹	Failure to initiate and/or adequately consider a grievance.	14
Section 1367.01, subdivision, (h)(1)	Failure to respond to request for services within five business days.	4
Section 1367.01, subdivision (h)(4)	Failure to clearly explain in treatment denial letter the basis for denial or failure to include information about how an enrollee may file a grievance with the plan or request a State Fair Hearing.	2
Section 1368, subdivision (a)(4)(A), and Rule 1300.68, subdivision (d)(1)	Failure to timely provide written acknowledgment of a grievance and/or failure to include in written acknowledgment the address of the plan representative who may be contacted about the grievance.	4
Section 1368.01, subdivision (a), and Rule 1300.68, subdivision (d)(3)	Failure to resolve a grievance within 30 days of receipt.	4
Section 1368.02, subdivision (b)	Failure to include in grievance resolution letter the statutory paragraph/notice regarding Department's complaint and IMR processes.	3
Rule 1300.68, subdivision (g)	Failure to timely provide the Department with requested information regarding the enrollee's complaint.	2

¹ All references to "Section" are to the Health and Safety Code unless otherwise indicated, and all references to "Rule" are to title 28 of the California Code of Regulations unless otherwise indicated.

Rule 1300.68, subdivision (g)(1)	Failure to provide the Department with a written response to issues raised in enrollee's complaint.	1
Rule 1300.68, subdivision (g)(2)	Failure to provide the Department with a copy of the grievance resolution letter the Plan sent to the enrollee.	2
Rule 1300.68, subdivision (g)(4)	Failure to provide the Department with the relevant portions of the EOC with specific applicable sections underlined.	2
Rule 1300.68, subdivision (g)(5)	Failure to provide the Department with all information relevant to resolution of the grievance and/or complaint.	8
Rule 1300.68, subdivision (g)(6)	Failure to timely respond to the Department's request for additional information.	5
Rule 1300.68, subdivision (h)	Failure to expedite plan response pursuant to the Department's instructions in an early review case.	12
Total:		63

The nature of the violations involved is grievance system violations that occurred at the utilization management level, the Plan grievance level, and the Department complaint level. The gravity of the Plan's violations is measured by the fact that even one grievance violation deprives an enrollee of Knox-Keene Act consumer protections that ensures an enrollee's access to quality medical care. In addition, repeated grievance violations result in an unnecessary use of Department resources.

The Plan has acknowledged its failure to comply with the Knox-Keene Act and title 28 of the California Code of Regulations in this enforcement matter. The Department has determined that a Corrective Action Plan (CAP) and an administrative penalty of \$280,000 are warranted. The Department has accepted the CAP proposed by the Plan as detailed in the table below. The Department agrees that performance of the CAP to the Department's satisfaction and payment of the penalty will settle all issues, accusations, and claims pertaining to this enforcement matter. This Letter of Agreement may not be used as an admission against the Plan in any civil or criminal proceedings; however, it may be used by the Department in future administrative proceedings.

As part of its response to the Department, the Plan reviewed its current grievance policies and procedures and determined that they did not need to be revised at this

time. Additional corrective actions taken in response to the Department's investigation are outlined below:

Deliverable Number 1	
Description	The Plan will provide written confirmation of the following: <ul style="list-style-type: none"> • The Utilization Management (UM) Department developed and implemented a dashboard, used daily by UM Leadership, to monitor turn-around times (TAT) for authorization requests. • The Clinical Assurance Department monitors random referrals each month to confirm adherence to TAT requirements for both internal UM and delegated partners, and will refer identified trends to the Internal Compliance Committee (ICC).
Date Due	10/22/2018
Office to Receive Deliverable	Office of Enforcement at EnforcementCAP@dmhc.ca.gov
Method of Delivery	E-mail
Related Statutes and Regulations	Section 1367.01, subdivision (h)(1)
Deliverable Number 2	
Description	The Plan will provide written confirmation it updated its Notice of Action (NOA) and attachments, and that its Clinical Assurance Department conducts random monitoring of internal and external NOAs to ensure a clear denial explanation and that appropriate attachments are included, such as member rights for filing a grievance and state fair hearing.
Date Due	10/22/2018
Office to Receive Deliverable	Office of Enforcement at EnforcementCAP@dmhc.ca.gov
Method of Delivery	E-mail
Related Statutes and Regulations	Section 1367.01, subdivision (h)(4)
Deliverable Number 3	
Description	On August 24, 2018, the Plan provided written confirmation to the Office of Enforcement that it conducted in-person training of UM staff on August 3, 2018, regarding UM referral adjudication, including turn-around time, clear denial language, and attachments with member's rights. The Plan will provide written confirmation that it trained its delegates on September 30, 2018, by webinar.

Date Due	10/22/2018
Office to Receive Deliverable	Office of Enforcement at EnforcementCAP@dmhc.ca.gov
Method of Delivery	E-mail
Related Statutes and Regulations	Section 1367.01, subdivision (h)(1) Section 1367.01, subdivision (h)(4)
Deliverable Number 4	
Description	The Plan will provide written confirmation that Appeals & Grievances (A&G) conducts monthly monitoring for timeliness of acknowledgment and resolution letters and reviews the top three identified causes of the timeliness deficiencies with all A&G staff during monthly staff meetings.
Date Due	10/22/2018
Office to Receive Deliverable	Office of Enforcement at EnforcementCAP@dmhc.ca.gov
Method of Delivery	E-mail
Related Statutes and Regulations	Section 1368, subdivision (a)(4)(A), and Rule 1300.68, subdivision (d)(1) Section 1368.01, subdivision (a), and Rule 1300.68, subdivision (d)(3)
Deliverable Number 5	
Description	The Plan provided written confirmation that it had implemented a desk level procedure and had provided staff with training documents on timely and completely responding to the Department's requests for information on June 11, 2018. The Plan hosted a webinar on June 12, 2018, for its delegated entities.
Date Completed	8/24/2018
Office that Received Deliverable	Office of Enforcement
Method of Delivery	E-mail
Related Statutes and Regulations	Rule 1300.68, subdivision (g) Rule 1300.68, subdivision (g)(1) Rule 1300.68, subdivision (g)(2) Rule 1300.68, subdivision (g)(4) Rule 1300.68, subdivision (g)(5) Rule 1300.68, subdivision (g)(6) Rule 1300.68, subdivision (h)
Deliverable Number 6	
Description	The Plan will provide written confirmation that it developed a scorecard specific to Department cases and requirements and implemented use of the scorecard on a monthly basis to ensure that staff timely provides the Department with all requested information.
Date Due	10/22/2018

Office to Receive Deliverable	Office of Enforcement at EnforcementCAP@dmhc.ca.gov
Method of Delivery	E-mail
Related Statutes and Regulations	Rule 1300.68, subdivision (g) Rule 1300.68, subdivision (g)(1) Rule 1300.68, subdivision (g)(2) Rule 1300.68, subdivision (g)(4) Rule 1300.68, subdivision (g)(5) Rule 1300.68, subdivision (g)(6) Rule 1300.68, subdivision (h)
Deliverable Number 7	
Description	The Plan will provide written confirmation that its UM, Clinical Assurance and A&G departments report oversight and monitoring results to the Internal Compliance Committee on a monthly basis, and conduct root cause analysis and develop remediation efforts for any deficiencies in the reported data.
Date Due	10/22/2018
Office to Receive Deliverable	Office of Enforcement at EnforcementCAP@dmhc.ca.gov
Method of Delivery	E-mail
Related Statutes and Regulations	Section 1367.01, subdivision (h)(1) Section 1367.01, subdivision (h)(4) Section 1368, subdivision (a)(1) and Rule 1300.68, subdivision (a) Section 1368, subdivision (a)(4)(A) and Rule 1300.68, subdivision (d)(1) Section 1368.01, subdivision (a) and Rule 1300.68, subdivision (d)(3) Section 1368.02, subdivision (b) Rule 1300.68, subdivision (g) Rule 1300.68, subdivision (g)(1) Rule 1300.68, subdivision (g)(2) Rule 1300.68, subdivision (g)(4) Rule 1300.68, subdivision (g)(5) Rule 1300.68, subdivision (g)(6) Rule 1300.68, subdivision (h)
Deliverable Number 8	
Description	The Plan will provide written confirmation that its Compliance Department conducts corrective action plan monitoring to ensure timely completion of corrective actions based on status reports submitted by the Plan's UM, Clinical Assurance and A&G departments every 30 days and that Internal Audit will conduct focused audits based on monitoring results, as needed.
Date Due	10/22/2018

Office to Receive Deliverable	Office of Enforcement at EnforcementCAP@dmhc.ca.gov
Method of Delivery	E-mail
Related Statutes and Regulations	Section 1368, subdivision (a)(1), and Rule 1300.68, subdivision (a) Section 1367.01, subdivision (h)(1) Section 1367.01, subdivision (h)(4) Section 1368, subdivision (a)(4)(A), and Rule 1300.68, subdivision (d)(1) Section 1368.01, subdivision (a), and Rule 1300.68, subdivision (d)(3) Section 1368.02, subdivision (b) Rule 1300.68, subdivision (g) Rule 1300.68, subdivision (g)(1) Rule 1300.68, subdivision (g)(2) Rule 1300.68, subdivision (g)(4) Rule 1300.68, subdivision (g)(5) Rule 1300.68, subdivision (g)(6) Rule 1300.68, subdivision (h)
Deliverable Number 9	
Description	Every 90 days for a nine-month period, the Plan will provide the Department with a status report, which will identify the root cause of the deficiencies in this bulk grievance case, the remediation efforts implemented, and a statement concerning whether such actions have resulted in an improvement of the Plan's grievance system.
Date Due	Beginning 90 days from the date of full execution of the Letter of Agreement, and every 90 days thereafter for a nine-month period.
Office to Receive Deliverable	Office of Enforcement at EnforcementCAP@dmhc.ca.gov .
Method of Delivery	E-mail
Related Statutes and Regulations	Section 1368, subdivision (a)(1), and Rule 1300.68, subdivision (a) Section 1367.01, subdivision (h)(1) Section 1367.01, subdivision (h)(4) Section 1368, subdivision (a)(4)(A), and Rule 1300.68, subdivision (d)(1) Section 1368.01, subdivision (a), and Rule 1300.68, subdivision (d)(3) Section 1368.02, subdivision (b) Rule 1300.68, subdivision (g) Rule 1300.68, subdivision (g)(1) Rule 1300.68, subdivision (g)(2) Rule 1300.68, subdivision (g)(4)

	Rule 1300.68, subdivision (g)(5) Rule 1300.68, subdivision (g)(6) Rule 1300.68, subdivision (h)
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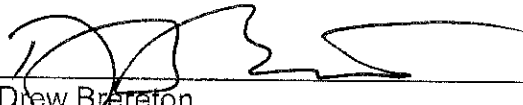
By signing below, the Plan certifies that the corrective action deemed "completed" above has in fact been completed as represented to the Department.

In summary, the statute(s) and/or regulation(s) prosecuted herein are:

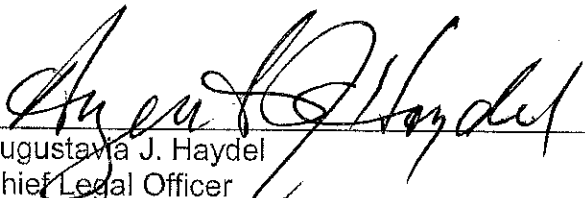
- Section 1368, subdivision (a)(1)
- Section 1367.01, subdivision, (h)(1)
- Section 1367.01, subdivision (h)(4)
- Section 1368, subdivision (a)(4)(A)
- Section 1368.01, subdivision (a)
- Section 1368.02, subdivision (b)
- Rule 1300.68, subdivision (a)
- Rule 1300.68, subdivision (d)(1)
- Rule 1300.68, subdivision (d)(3)
- Rule 1300.68, subdivision (g)
- Rule 1300.68, subdivision (g)(1)
- Rule 1300.68, subdivision (g)(2)
- Rule 1300.68, subdivision (g)(4)
- Rule 1300.68, subdivision (g)(5)
- Rule 1300.68, subdivision (g)(6)
- Rule 1300.68, subdivision (h)

Sincerely,

Dated: 10.25.2018


Drew Brereton
Deputy Director | Chief Counsel
Office of Enforcement

Accepted by Local Initiative Health Authority for L.A. County

Dated: October 17, 2018

Augustavia J. Haydel
Chief Legal Officer
Local Initiative Health Authority for L.A. County

VRS:vrs