

# Medi-Cal Risk Bearing Organizations on Corrective Action

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**Michelle Yamanaka**

Supervising Examiner

[www.HealthHelp.ca.gov](http://www.HealthHelp.ca.gov)

DEPARTMENT OF  
**Managed  
Health Care**

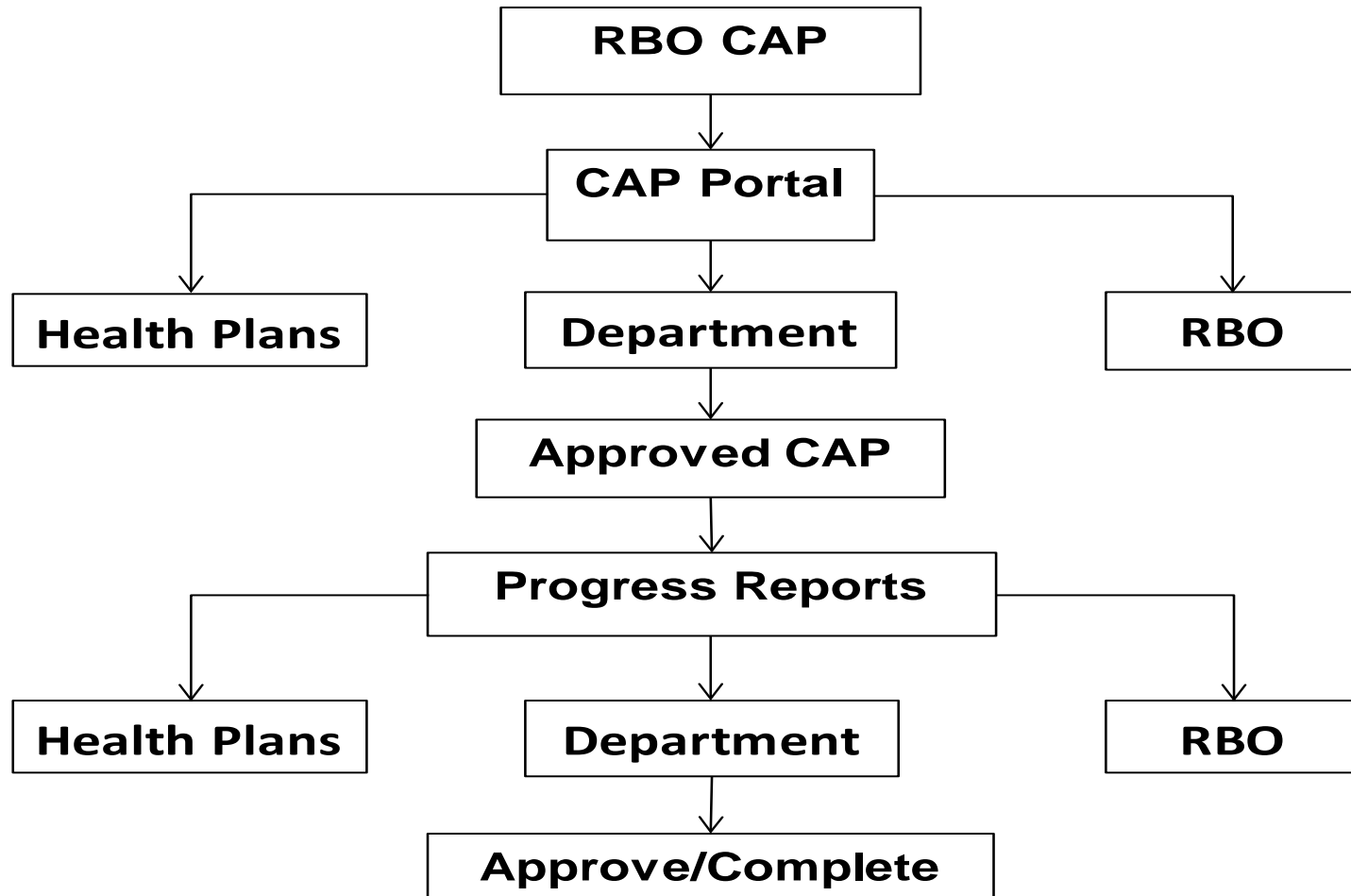


# RBOs with Greater than 50% Medi-Cal Enrollment at 3/31/2014

- Corrective Action Plan Process
- Update on Medi-Cal RBOs on a corrective action plan (CAP)
- Health Plan procedures to oversee their delegated RBOs
- RBOs with affiliates

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# Corrective Action Plan Process

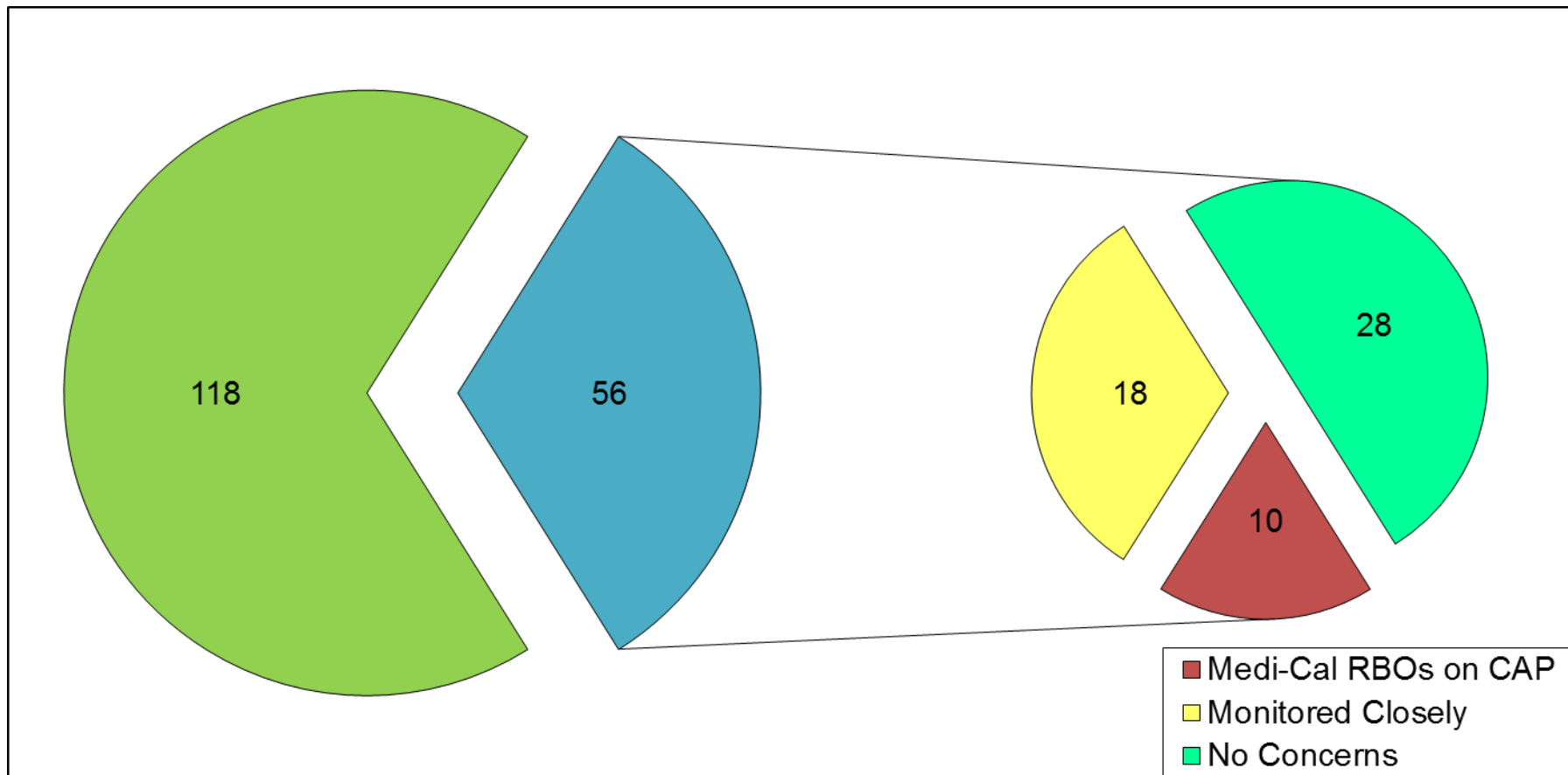


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# Types of Specific Actions in a CAP

<b>TNE</b>	<b>Working Capital</b>	<b>Cash-to-Claims</b>	<b>Claims Timeliness</b>
Increase enrollment	Infusion of cash	Sponsoring organization	Increase staffing
Renegotiating health plan and/or provider contracts	Subordinated debt	Terminating health plan contracts	New claims processing system
Reduction of administrative expenses	Restructure debt	Collection of receivables	Efficient UM review

# Status of RBOs with Greater than 50% Medi-Cal Enrollment at 3/31/2014



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# Status of RBOs with Greater than 50% Medi-Cal Enrollment

	RBOs with less than 50% Medi-Cal Enrollees	RBOs with more than 50% Medi-Cal Enrollees	Medi-Cal RBOs on Corrective Action Plan	Medi-Cal RBOs Monitored Closely	Medi-Cal RBOs with No concerns
Quarter 1, 2014	118	56	10	18	28
Quarter 4, 2013	117	56	7	19	30
Quarter 3, 2013	114	59	9	18	32
Quarter 2, 2013	117	59	6	20	33

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# Health Plan Procedures for Monitoring RBOs

- Review all reports and financial information for RBO Solvency
- Take appropriate actions following the Department's written notification
- Comply with the corrective action process and cooperate in the implementation of a final CAP
- Advise the Department and the organization within five (5) days of becoming aware:
  - The organization is not in compliance with the requirements of a final CAP
  - An organization's conduct may cause the plan to be subject to disciplinary action

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# RBO Reporting Regulation

RBO reporting requires combining financials if the organization or such affiliate is legally and financially responsible for the payment of the organization's claims.

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## RBOs with Affiliates

Example #1 - No expense for administrative services

Example #2 – Reduction in cost of medical services

Example #3 – Loans to affiliates

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# Questions

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