

STATE OF CALIFORNIA
ARNOLD SCHWARZENEGGER, GOVERNOR
BUSINESS, TRANSPORTATION AND HOUSING
AGENCY

Department of Managed Health Care
Office of Enforcement
980 Ninth Street, Suite 500
Sacramento, CA 95814
916-323-0435 phone
916-323-0438 fax

March 19, 2004

Marlene S. Ma, Esq.
Counsel
Kaiser Foundation Health Plan, Inc.
One Kaiser Plaza, 21st Floor
Oakland, CA 94612

**RE: DMHC Complaint No. 127061
Enforcement Matter No. 04-039**

Dear Ms. Ma:

LETTER OF AGREEMENT

The Department of Managed Health Care (hereinafter "the Department") has concluded its investigation of Kaiser Foundation Health Plan, Inc., (hereinafter "Kaiser") in the above referenced matter. The focus of the investigation was Kaiser's failure to comply with California Health and Safety Code section 1368.02, subdivision (b). That section specifies certain language that health plans are required to include on certain documents, including written communications and notices to enrollees regarding the plan's grievance process.

The pertinent facts of this matter include that Kaiser's letters dated July 1, July 15 and August 1, 2003, to the enrollee failed to include the required language. With respect to those letters, the Department concluded that Kaiser failed to comply with California Health and Safety Code section 1368.02, subdivision (b).

The Department, pursuant to its authority under Health and Safety Code section 1386, subdivisions (a) and (b) (6), and based on the facts of this matter, has assessed an administrative penalty against Kaiser in the amount of two thousand, five hundred dollars (\$2,500.00), payable to the Department of Managed Health Care. As acknowledged below

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and during previous discussions between Kaiser and the Department, Kaiser has agreed to pay the assessed penalty to the Department.

Sincerely,

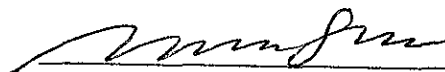


G. Lewis Chartrand, Jr.
General Counsel

SJB:vb

Assessed Penalty Accepted by Kaiser Foundation Health Plan, Inc.

Dated: 4.14.2004



MARLENE S. MA
Counsel
Kaiser Foundation Health Plan, Inc.