

Arnold Schwarzenegger, Governor
State of California
Business, Transportation and Housing Agency

Department of Managed Health Care
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November 18, 2004

DELIVERED VIA FACSIMILE TO (510) 267-2128 AND BY U.S. MAIL

Marlene S. Ma, Counsel
Kaiser Foundation Health Plan, Inc.
One Kaiser Plaza, Suite 21L
Oakland, CA 94612

**RE: Kaiser Foundation Health Plan, Inc.
Grievance Case Number 164974
Enforcement Matter Number 04-325**

LETTER OF AGREEMENT

The Office of Enforcement of the Department of Managed Health Care (the "Department") has completed its investigation of Kaiser Foundation Health Plan's violation of Health and Safety Code section 13.68.01, subdivision (a) and California Code of Regulations, title 28, section 1300.68, subdivision (d)(3), in the above enforcement matter. Specifically, Kaiser Foundation Health Plan failed to resolve the enrollee's grievance within 30 days.

On December 19, 2003, the Plan received the enrollee's grievance. The Plan reported the grievance was resolved on January 29, 2004, beyond the statutory and regulatory time frame (a period of forty-one (41) days).

Kaiser Foundation Health Plan has acknowledged its failure to resolve the above enrollee's grievance in a timely manner as required by the Knox-Keene Act. The Plan has previously acknowledged violation of the same statutes in eleven (11) prior Enforcement Matters.

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Kaiser Foundation Health Plan, Inc.
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The Department has determined that an administrative penalty of \$5,000.00 is warranted in this matter. Kaiser Foundation Health Plan has agreed to pay the penalty.

Sincerely,

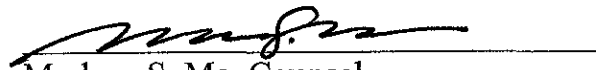


Amy L. Dobberteen
Assistant Deputy Director
Office of Enforcement

SCS/kts

Assessed Penalty Accepted by Kaiser Foundation Health Plan, Inc.

DATE: 12.7.2004



Marlene S. Ma, Counsel
Kaiser Foundation Health Plan, Inc.