



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

Department of Managed Health Care
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April 22, 2005

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

2005 APR 29 PM 3:41

MANAGED HEALTH CARE
ACCOUNTING OFFICE

**RE: Complaint Nos. 149419, 156087, 196937, and 209775
Enforcement Nos. 04-210, 04-224, 04-432, and 04-449**

LETTER OF AGREEMENT

The Office of Enforcement of the California Department of Managed Health Care (the "Department") has concluded its investigation in the above-referenced matter. The Department has determined that Kaiser Foundation Health Plan, Inc. ("Kaiser") has violated the Knox-Keene Health Care Service Plan Act of 1975 (the "Knox-Keene Act").

According to Health and Safety Code section 1368.01, subdivision (a), and California Code of Regulations, title 28, section 1300.68, subdivision (d)(3), a Plan must resolve grievances within thirty (30) days. Furthermore, a written response to an enrollee's grievance must be sent to the enrollee within thirty (30) days. In four cases, Kaiser failed to satisfy the thirty (30) day statutory requirement.

Complaint No. 149419; Enforcement Matter No. 04-210

In the first case, the enrollee initiated the grievance process on August 18, 2003. Kaiser did not send a written response to the grievance until October 24, 2003.

Complaint No. 156087; Enforcement No. 04-224

In the second case, the enrollee filed a complaint on November 20, 2003 but no response was sent until December 23, 2003.

Complaint No. 196937; Enforcement No. 04-432

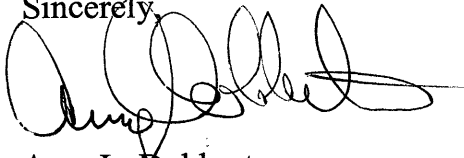
In the third case, the enrollee filed a grievance on November 11, 2003 and received no response until December 17, 2003.

Complaint No. 209775; Enforcement No. 04-449

In the fourth case, the enrollee submitted a grievance on June 8, 2004 and Kaiser did not send a written response until July 13, 2004.

Based upon these four violations, the Department notified Kaiser of its intent to impose an administrative penalty of \$10,000. Kaiser has agreed to pay this penalty and to address these violations with the appropriate personnel. The Department agrees that execution of this Letter of Agreement and payment of the penalty will settle these enforcement matters and all issues, accusations and claims the Department has against Kaiser Foundation Health Plan, Inc. based upon its actions in the above-referenced matter.

Sincerely,

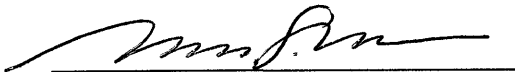


Amy L. Dobberteen
Assistant Deputy Director
Office of Enforcement

JVG/kts

Accepted by Kaiser Foundation Health Plan, Inc.

DATE: 4.28.2005



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