

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

Department of Managed Health Care  
980 Ninth Street, Suite 500  
Sacramento, CA 95814-2725  
(916) 323-0435 -Phone  
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enforcement@dmhc.ca.gov

November 9, 2005

RECEIVED

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LEGAL DEPARTMENT

Marlene Ma, Counsel  
Legal and Government Relations Department  
Kaiser Foundation Health Plan, Inc.  
One Kaiser Plaza, 21-L  
Oakland, CA 94612

**RE: Complaint Number: 266720**  
**Enforcement Matter Number: 05-313**

**LETTER OF AGREEMENT**

Dear Ms. Ma:

The Office of Enforcement of the California Department of Managed Health Care (hereinafter "the Department") has completed its investigation of the above-referenced matter and has concluded that there is sufficient evidence to support allegations that Kaiser Foundation Health Plan, Inc. (hereinafter "the Plan") has violated the Knox-Keene Health Care Service Plan Act of 1975, as amended, (the "Knox-Keene Act").

According to Health and Safety Code section 1368.01(a), and California Code of Regulations, title 28, section 1300.68(d)(3), a plan must resolve grievances within thirty (30) days and a written response to the grievance must be sent to the enrollee within thirty (30) days. The enrollee filed a grievance with the Plan on June 2, 2005. The Plan responded to the enrollee by letter dated August 2, 2005, a period of sixty days (60) days

Based on the above facts, the Department has determined that the Plan has violated Health and Safety Code section 1368.01(a), and California Code of Regulations, title 28, section 1300.68(d)(3). Pursuant to Health and Safety Code section 1386, the Department is imposing an administrative penalty in the amount of two thousand five hundred dollars (\$2,500) for this violation of the Knox-Keene Act.

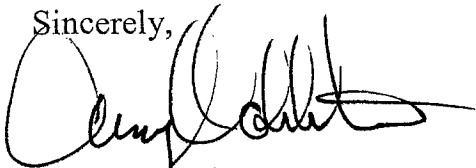
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DEPARTMENT OF  
MANAGED HEALTH CARE  
ACCOUNTING OFFICE

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The Plan has agreed to pay this penalty. The Department agrees that execution of this Letter of Agreement and payment of the penalty will settle this enforcement matter and all issues, accusations, and claims the Department has against the Plan based upon the above violation.

Sincerely,



Amy L. Dobberteen  
Assistant Deputy Director  
Office of Enforcement

CML/lmo

**Accepted by Kaiser Foundation Health Plan**

DATE: 12-6-05



Marlene Ma, Counsel  
Legal & Government Relations Dept.  
Kaiser Foundation Health Plan, Inc.