



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

Department of Managed Health Care
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March 6, 2006

Maria Borje-Bonkowski, Director
Health Plan Licensing/Submissions
Kaiser Foundation Health Plan, Inc.
1800 Harrison St., 8th Floor
Oakland, California 94612

**RE: Failure to submit 2003 and 2004 Antifraud Annual Reports
Enforcement Matter No. 05-256**

LETTER OF AGREEMENT

The Office of Enforcement of the Department of Managed Health Care (the "Department") completed its investigation of Kaiser Foundation Health Plan's (the "Plan") violation of California Health and Safety Code section 1348(c). Health and Safety Code section 1348(c) requires each health care service plan to provide an annual written report to the Director, which describes the Plan's efforts to deter, detect, investigate fraud and report fraud to law enforcement agencies. This report is due by January 31st following the reporting year.

Although the Plan's 2003 antifraud annual report was due to the Department on January 1, 2004, the Plan failed to submit it until March 2, 2004. Although the 2004 antifraud annual report was due on January 31, 2005, the Plan failed to submit it until June 9, 2005. On September 20, 2005, the Office of Enforcement sent a letter to the Plan regarding the Plan's failure to submit its 2003 and 2004 antifraud annual reports in a timely manner.

This letter informed the Plan of the Department's intent to file an Accusation seeking to impose an administrative penalty of five thousand dollars (\$5,000.00) as a result of the Plan's violations of Health and Safety Code section 1348(c).

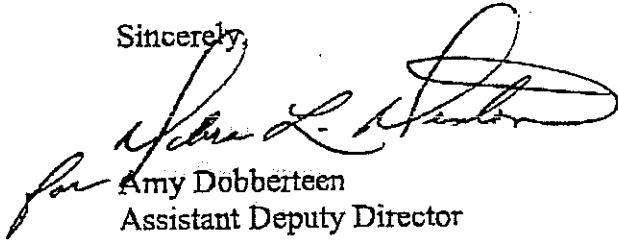
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ACCOUNTING OFFICE

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

Sincerely,

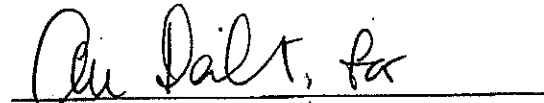


Amy Dobberteen
Assistant Deputy Director
Office of Enforcement

KKS:aac

Accepted by KAISER FOUNDATION HEALTH PLAN, INC.

Dated: 3-7-06



Maria Borje-Bonkowski
Kaiser Foundation Health Plan, Inc.

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