



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

MANAGED HEALTH CARE  
ACCOUNTING OFFICE  
2006 OCT 18 PM 12:29  
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August 9, 2006

Anne M. Deibert, Esq.  
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Kaiser Foundation Health Plan, Inc.  
One Kaiser Plaza, 19<sup>th</sup> Floor  
Oakland, California 94612

**RE: Complaint No. 287631, Enforcement Matter No. 06-128**  
**Complaint No. 284266, Enforcement Matter No. 06-129**  
**Complaint No. 283778, Enforcement Matter No. 06-130**

### LETTER OF AGREEMENT

Dear Ms. Deibert:

The Department of Managed Health Care (the Department) has concluded its investigation of Kaiser Foundation Health Plan, Inc. (Kaiser or the Plan), in the above referenced matters. The investigation concentrated on the Plan's failure to comply with Health and Safety Code sections 1368, subdivision (a), subpart (5), and 1368.01, subdivision (a). The specific violations include failure to provide a "clear and concise explanation" associated with "medical necessity" and "coverage" issues; and to resolve enrollees' grievances within a timely manner.

Under the Knox-Keene Health Care Service Plan Act of 1975 (the Act); as amended, the Act sets forth specific requirements, when denying health care services, to delineate the "clinical reasons" and the "criteria" for medically necessary health care services, and for those services relating to coverage (Health & Saf. Code, § 1368(a)(5)). Also, under the Act, enrollees' grievances must be resolved within 30-days, with no exceptions.

**Complaint No. 287631, Enforcement Matter No. 06-128**

The enrollee presented Kaiser with an Out-of-Plan Claim, for Emergency Health Care services on August 13, 2005. The Plan's reasons for denial were the enrollee's Health Care Service Plan Contract did not provide coverage for the requested services, and the Plan stated that requested health care services were deemed as "non-emergent." The Plan neither provided a "clear and concise explanation" nor "clinical reasons" and/or the "criteria" used for "medical necessity." Also, the Plan did not provide the requisite contract provisions that exclude coverage. Nonetheless, Kaiser never explained to the enrollee or the doctor why the requested health care services were not an emergency. Under the statute, Kaiser did not meet the requirements of a "clear and concise explanation," nor did they provide the contract provision that excluded coverage (Health & Saf. Code, 1368(a)(5), written responses to a grievance). Consequently, the Plan violated this statute (§ 1368(a)(5)).

**Complaint No. 284266, Enforcement Matter No. 06-129**

The enrollee requested reimbursement for three (3) office visit co-payments and requested refunds for medications. However, none of the above Health Care Services were covered under the enrollee's Health Plan Service Contract. In spite of these circumstances, the enrollee complained to the Help Center. The Help Center sent an RHPI (Request for Health Plan Information) Form. After the Plan responded to the Help Center with the completed form, it became evident that Kaiser received the enrollee's grievance on October 11, 2005, and did not resolve the grievance until November 18, 2005. Under the law, Kaiser was obligated to respond and resolve the grievance within 30-days (Health & Saf. Code, § 1368.01(a)). Accordingly, the Plan violated this statute (§ 1368.01(a)).

**Complaint No. 283778, Enforcement Matter No. 06-130**

The enrollee filed a complaint with the Help Center on October 10, 2005, for reimbursement of Health Care Services received and other quality of care issues. While the enrollee received a resolution to the former issue (reimbursement for Health Care Services) in a timely manner, it was the latter issues (quality of care) that went unresolved for over two (2) months. Kaiser accepted the enrollee's complaint on the quality of care issues on October 11, 2005; nonetheless, the Plan did not resolve these issues until December 23, 2005. The enrollee's grievance on the quality of care issues

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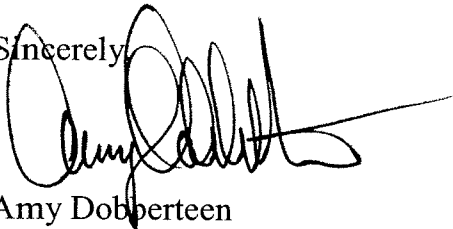
Letter of Agreement – Enforcement Matter Nos. 06-128, 06-129, & 06-130

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took over two (2) months to resolve, which was outside the requirements of the statute governing timely resolution of grievances (Health & Saf. Code, § 1368.01 (a), 30-days in which to resolve grievances). As a result, the Plan violated this statute.

The Department, pursuant to its authority under Health and Safety Code section 1386, subdivisions (a) and (b)(6), has assessed an Administrative Penalty against Kaiser in the amount of seven thousand, five hundred dollars (\$7,500.00) for these violations. Kaiser has agreed to pay the assessed penalty to the Department.

Sincerely,



Amy Dobberteen  
Assistant Deputy Director  
Office of Enforcement

JGT:mrr

**Accepted by Kaiser Foundation Health Plan, Inc.**

DATE: 8-18-06



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