



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

Department of Managed Health Care
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enforcement@dmhc.ca.gov

August 16, 2006

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

RE: Complaint Number: 288206-STD02
Enforcement Matter Number: 06-148

LETTER OF AGREEMENT

Dear Ms. Ma:

The Office of Enforcement of the California Department of Managed Health Care (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. (the Plan) has violated the Knox-Keene Health Care Service Plan Act of 1975, as amended, (the Knox-Keene Act).

On April 14, 2005, your enrollee filed a grievance on behalf of her son with the Plan regarding the unnecessary dosage of Gentamicin administered to him at the time of his birth in 2001. On June 14, 2005, sixty (60) days following the enrollee's written grievance, the Plan notified the Department that the enrollee's complaints were "currently under review" and that she "will receive a response to her complaint within 30-days." On January 2, 2006, the enrollee notified the Department that the Plan had again not responded to her grievance. Ultimately, the Plan responded to the enrollee's grievance on January 20, 2006, one hundred and eighty six (186) days from the date of the Plan's June 14, 2005 correspondence.

Based on the above facts, the Department has determined that the Plan has twice 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

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MANAGED HEALTH CARE
ACCOUNTING OFFICE

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is imposing an administrative penalty in the amount of five thousand dollars (\$5,000) for these violations of the Knox-Keene Act.

The Plan acknowledged its violation of the Act and has agreed to pay the 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:slb

Accepted by Kaiser Foundation Health Plan, Inc.

DATE: 8-24-06



Marlene Ma, Counsel
Legal & Government Relations Dept.
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