

**CHECKLIST FOR HEALTH CARE SERVICE PLANS
NEW LICENSE APPLICATIONS
MEDICARE ADVANTAGE AND MEDICARE PRESCRIPTION DRUG PLANS ONLY**

General Filing Information

- The laws relating to health care service plans may be found at www.dmhc.ca.gov.¹
- Applicant (also referred herein to as “Plan”) should request a pre-filing conference with the Department of Managed Health Care (DMHC) to discuss the application prior to filing. To request a pre-filing conference, please complete the [DMHC 10-195 Pre-Filing Request Form](#) and submit by email to OFR.Correspondence@dmhc.ca.gov.
- License approvals require an average time of 12 months to 18 months. A complete, careful, and thorough initial application will limit delays. The Applicant’s ability to respond in a timely manner to requests from the DMHC for additional information, documentation and changes necessary to establish compliance may also impact the timeliness of the application process. Please take this review time into account when considering application deadlines from CMS. The DMHC cannot guarantee licensure by a particular date.
- Applicants must submit filing information/documents/emails electronically through the DMHC’s eFiling system. (See section below “Electronic Filing Requirements.”)
- Applicants must include details of the sources and amounts of funding.
- Applicants must file all projection exhibits in Excel format for the DMHC’s ease of review.

For Each Exhibit

- Include page numbers on all exhibits.
- Complete each item on the “Exhibits to be Filed” section. If an item is not applicable to the Applicant’s business plan, mark “not applicable” and briefly explain why it is not applicable.
- Submit clearly legible electronic reproductions. (Please note that the eFiling system

¹ The laws administered by the DMHC are found in the Knox-Keene Health Care Service Plan Act of 1975 (the “Act”). References herein to “Section” are to Sections of the Act. References to “Rule” refer to the regulations promulgated by the DMHC at title 28 of the California Code of Regulations.

displays the uploaded electronic documents only in black and white to reviewers.)

- Review all proposed revisions prior to filing them to avoid errors and ensure consistency between exhibits.
- Number each exhibit with the letter/number of the item to which the exhibit responds. If several exhibits are required under the same letter/number designation, add a sequential letter or roman numeral as indicated in the following example. Example: If Item Q-1 calls for copies of the specified documents, an applicant employing three different documents would label them as follows: Exhibit Q-1-a; Exhibit Q-1-b; Exhibit Q-1-c.
- For an exhibit for which confidentiality is being requested (partial or entirely), the Applicant must comply with Rule 1007, including submitting a separate, public Request for Confidentiality and filing the exhibit appropriately as public and confidential. (Please see the Request for Confidentiality Checklist posted in the eFiling system.)
- Amendments to the initial application must comply with Rule 1300.52, specifically, changes to the information previously filed must be redlined/black-lined.
- This Checklist is provided for guidance and reference purposes only and. The Applicant is required to review and comply with the detailed requirements of the Knox-Keene Act and Title 28 Regulations and other applicable laws.
- In each exhibit, provide only information that applies to that exhibit. Do not bundle information and include in multiple exhibits.

Electronic Filing Requirements

- All filings, including the application for licensure, must be submitted electronically pursuant to Rule 1300.41.8. This filing process is referred to as “eFiling.”
- The Plan/Applicant is required to provide the DMHC with the original hard copy of the Electronic Filing Signature Verification Contract form for a new “Signature Contract” only.
- Each Plan/Applicant assigns an Administrator(s) who has the ability to provide web portal access by: Creating a New Account (add new staff), Edit Accounts (modify or delete existing accounts), Reset Accounts **or** monitor User Activity.
- To request an Electronic Filing Signature Verification Contract, or for more information on obtaining an eFiling Login and Password, please email LicensingFiling@dmhc.ca.gov or call 916-322-5393.

For questions concerning this checklist, please email OFR.Correspondence@dmhc.ca.gov.

CHECKLIST OF EXHIBITS FOR NEW LICENSE APPLICATION FOR MEDICARE ADVANTAGE OR MEDICARE PART D LINE OF BUSINESS

Exhibits to be Filed

This checklist is to assist an applicant filing for a Medicare Advantage or Medicare Part D license in California.

(See Health & Safety Code § 1351 and Title 28, Cal. Code of Regs. § 1300.51 for specific requirements for each exhibit.)

Exhibit A-D Execution Page:

- A: Identification of Plan
- B: Type of Filing
- C: Type of Plan Contract
- D: Contact Person
- E: Other Agencies (See Exhibit D-2, below)

Exhibits:

- Exhibit D-2: Filings with Other Agencies
 - If the Applicant anticipates making any related filing with any other state or federal agency, identify each agency, the nature, purpose, and date, or projected date, of each such filing.
- Exhibit E: Summary of Information in Application
 - E-1 Summary Description of Plan Organization and Operation
 - Include the Applicant's legal name and any dba names.
 - Include the physical location (street address, city, state and country) of *personnel* who perform any financial functions on behalf of the Applicant and the employing company. Example: Key data entry of claims by XYZ, Inc. in Salt Lake City, Utah or Dublin, Ireland.
 - Include the physical location (street address, city, state and country) of the Applicant's *books and records* related to corporate governance, claims and accounting. Include the same information for books and records maintained by any entity performing claims and accounting services on behalf of the Applicant.
 - Background on the Applicant, parent, and affiliates (also info regarding presence in other states and intended fiscal year end).
 - Whether the Applicant or affiliate is currently operating in California or elsewhere under CMS waivers (Part D only).
 - Ownership, Corporate Structure information.
 - All relevant information known to the Applicant concerning whether the Applicant, its parent, or any other affiliate of the Applicant, or any controlling

person, officer, director, or other person occupying a principal management or supervisory position in the Applicant, management company, or other affiliate, has:

- Any history of noncompliance with applicable state or federal laws, regulations, or requirements related to providing, or arranging to provide for, health care services or benefits in this state or any other state or any under federal program.
 - Any current investigations or lawsuits pending regarding compliance with applicable state or federal laws, regulations, or requirements related to providing, or arranging to provide for, health care services or benefits.
 - Any other information the Applicant feels would be relevant in considering the application that may not be included in the other required exhibits.
 - Include the name and telephone number of the Applicant's contact, knowledgeable about the details of the filing.
 - Summary of Amounts and Sources of Funding (e.g., capital infusion by each shareholder).
- E-2 Summary Description of Start Up²
- Milestone dates for contracting with CMS, including any final date by which the Applicant must be licensed by the state of California.
 - Assuming Applicant is given a CMS contract, first possible date Applicant can begin accepting enrollment (start date).
 - Name of Applicant's CMS contact and their contact information, including phone and email.
 - Enrollment projections.
 - Further explanation of exhibits which need background to be clearly understood (e.g., administrative services agreements in Exhibit N).
 - A summary of all exhibits filed, with a short description of each (unless the previous bullet is applicable).
 - Services to be offered, benefit plans to be offered, general service area (need not be detailed).

➤ Exhibit F: Organization and Affiliated Persons

- F-1 Type of Organization
- F-1-a-i Articles of Incorporation filed with California Secretary of State
- F-1-a-ii Corporate By-laws
- F-1-a-iii Corporate Information Form
 - Including, but not limited to, the following: Chief Executive Officer, President, Chief Financial Officer, and Chief Medical Officer.

² Check that all page numbers referenced correspond to the printed page numbers in each exhibit as filed.

- F-1-f Individual Information Sheet
 - Anyone named in F-1-a-iii must have a corresponding Individual Information Sheet.
- F-2-a Contracts with Affiliated Persons, Principal Creditors and Providers of Administrative Services
- F-2-b Surplus Notes and Subordination Agreements
- F-3 Other Controlling Persons
 - Including any individual or entity not identified in any exhibit that has any power, directly or indirectly, to manage, influence, administer the operations, or control the operations or decisions, of the Applicant.
- F-4 Criminal, Civil & Administrative Proceedings
- F-5 Employment of Barred Persons
- Exhibit G: Miscellaneous
 - G-1 §1300.51.2 Consent to Service of Process Form
 - G-2 Authorization of Disclosure of Financial Information Form
- Exhibit H: Service Area
 - H-1 Service Area Description
 - This exhibit must state the Applicant's entire service area. For partial counties, zip codes must be listed.
- Exhibit J: Internal System
 - J-8: Anti-Fraud Plan (to be reviewed by the Office of Enforcement)
- Exhibit K: Contracts with Providers
 - K-1 Template Copies of Contracts
 - K-3 Compensation of Health Care Providers, (DOFR and any risk sharing agreements)
- Exhibit L: Organization Chart
 - At a minimum, the Applicant's organization chart depicting the Applicant's Board of Directors (names required) key management and officers must include the CEO, President, CFO, COO, Medical Director/Chief Medical Officer and Head of Claims
 - Show committees and committee membership

- Include a separate organization chart showing all the Applicant's affiliates, with their respective Board of Directors and key management and officers
- Exhibit M: Narrative Information
 - M-1 Narrative explanation of the organization chart.
 - Include the following information:
 - Number of Applicant's employees
 - Indicate the identity of the employer of the following: CEO, President, CFO, COO, CMO, and Head of Claims
 - If any of the positions in the above bullet have not been filled, please provide the anticipated hiring date for the vacant position
 - Physical location (street address, city, state and country) of the headquarters of CFO and Accounting and Claims Departments
 - Physical location (street address, city, state and country) of claims processing and employees who oversee claims processing
 - Legal name of entity, if any, performing claims processing functions on behalf of the Applicant
 - Include in the information whether claims are processed electronically
 - Identify entity which employs claims processors
 - For Part D applicants, explain how pharmacy claims are processed, including whether claims are processed electronically
 - M-2 Narrative explanation of individual responsibilities.
 - For each individual named in Exhibit L, provide a narrative of their responsibilities, the percentage of time devoted to each function, if they have responsibilities with affiliates, and if so, the percentage of time they will work for the Applicant
 - M-4 Unredacted Resumes (Confidential) – for those named in Exhibit L (Applicant's organizational chart only)
 - M-5 Redacted Resumes (Public) - for those named in Exhibit L (Applicant's organizational chart only)
- Exhibit N: Contracts for Administrative Services.
 - N-1 Contracts (administrative services)
 - Include a copy of the entire administrative services agreement
 - (If the contract is for solicitation services only, see Exhibit BB below.)
 - N-2 Applicant's administrative arrangements to monitor performance
 - N-3 Contracts (claims processing services)
 - Include a copy of the entire administrative services agreement

- N-6 Provide compensation terms
- Exhibit O: Separation of medical services from fiscal and administrative management (a narrative)
- Exhibit P: Plan-to-Plan Contracts
 - Exhibit P-5 Plan-to-Plan Contract (Confidential Version that includes Compensation Terms, and Nonconfidential Version redacted for Compensation Terms)
- Exhibit BB: Solicitor Contracts
 - BB-1 Contracting Solicitors
 - BB-2 Solicitor Contracts
 - File only the templates, including compensation (Show compensation, per template)
- Exhibit DD: Individual Contract Enrollment Projections
 - DD-1 Projections
 - DD-2 Substantiation of Projections
- Exhibit EE: Summary Enrollment Projections
- Exhibit FF: Prepaid and Periodic Charges
 - FF-1 Determination of Prepaid Charges
 - FF-2 Schedule of Prepaid Charges
 - FF-3 Collection of Prepaid Charges
- Exhibit GG: Current Financial Viability, including tangible net equity³ (TNE)
 - GG-1 Financial Statements that demonstrate the Applicant has adequate funding to continuously meet the required TNE from pre-operational to post-operational period.
 - GG-2 Tangible Net Equity
- Exhibit HH: Projected Financial Viability⁴ that is prepared in accordance with United

³ The Applicant will be required to submit updated financial statements through the course of the DMHC's review.

⁴ The Applicant will be required to submit updated financial projections and assumptions if the Applicant does not meet its projected go-live date as submitted in its initial application filing.

States generally accepted accounting principles (also known to as “GAAP”). Projected financial statements include Balance Sheet, Income Statement, Statement of Cash Flows, Calculation of TNE pursuant to Rule 1300.76, and Calculation of Administrative Percentage pursuant to Rule 1300.78.

- HH-1 Projected Financial Statements (pre-operation and Start-up Date)
- HH-2 Projected Financial Statements, month and quarter (post-operation)
 - Monthly financial projections to be provided for the longer of one year or until the Applicant reaches the break-even point.
 - Quarterly financial projections to be provided after the break-even point for one additional year.
 - Include a set of financial projections based on the actuarial report’s **top range adverse scenario** utilization rates, cost per utilization unit, and per member per month costs.
- HH-3 Substantiation of Projections in HH-1 and HH-2 based on:
 - Exhibit HH-3-a: **Feasibility studies** obtained by Applicant as normally required by conventional lending institutions, including at least the following: legal, marketing/enrollment, providers and financial. *Best Practice: Complete this requirement prior to filing an application.*
 - Exhibit HH-3-b: **Actuarial report**, which includes at least the following: utilization rates, cost per utilization unit, per member per month cost, methodology and source of data used, and inflation estimates. *Best Practice: Complete this requirement prior to filing an application.*
- HH-3-f-1 TNE and Financial Viability Compliance Maintenance Description
 - Provide a detailed description of any measures taken or proposed to be taken by Applicant to maintain compliance with the TNE requirement under Rule 1300.76 and the financial viability requirement under Rule 1300.76.1 in view of losses and expenditures prior to reaching a break-even point in its operations. See Rule 1300.51(d)(HH)(3)(f)1) for more details.
- HH-3-f-ii Funder’s Audited and Interim Financial Statements
 - If any funding obtained or to be obtained from an entity or individual other than a national bank or a bank incorporated under the laws of this state, attach as Exhibit HH-3-f-ii a copy of such entity or individual’s most recent annual audited and quarterly unaudited financial statements.
- HH-4 Reimbursements
- HH-5 Administrative Costs

- HH-6 Provision for Extraordinary Losses
- HH-31 Miscellaneous Documents – Public

Note: For Exhibit HH-31, please file all appropriate documents that do not fit in other exhibit categories.

➤ Exhibit II: Fiscal Arrangements

- II-1 Maintenance of Financial Viability
- II-2 Capitation Payments to Providers
- II-3 Risk of Insolvency
- II-4 Provider Claims
- II-5 Other Business

➤ Restricted Deposits

- The Applicant is required to obtain and maintain a tangible net equity deposit pursuant to Rule 1300.76.1 at application. The Applicant is required to file a completed assignment form, copy of the financial instrument statement used for the deposit, and a copy of the board resolution approving the deposit. Assignment forms can be requested by email at OFR.Correspondence@DMHC.ca.gov or can be found in the eFiling web portal. Deposit form documents should be filed under Exhibit HH-3-f-iii – Restricted Deposit – Confidential.
- If Exhibit HH-4 calculations show that the Applicant's reimbursement of non-contracted providers is at least 10% of total health care expenses for a six-month period, the Applicant will be required to obtain and maintain a cash and cash equivalents deposit pursuant to Section 1377. The assignment form process is the same as the process noted above for the tangible net equity deposit.