



State of California—Health and Human Services Agency  
Department of Health Care Services



BRADLEY P. GILBERT, MD, MPP  
DIRECTOR

GAVIN NEWSOM  
GOVERNOR

May 11, 2020

John Kotal, President  
Michele Marcotte, Director of Government Contracts  
Molina Healthcare of California Partner Plan, Inc.  
200 Oceangate, Suite 100  
Long Beach, CA 90802

**NOTICE OF INTENT TO IMPOSE MONETARY SANCTIONS FOR FAILURE TO  
SUBMIT THE MONTHLY PROVIDER FILE IN A TIMELY FASHION**

Dear Mr. Kotal and Ms. Marcotte:

Effective January 1, 2017, the Department of Health Care Services (DHCS) implemented new requirements for provider network data reporting to the Post Adjudicated Claims and Encounter System (PACES) using national standard transactions. Molina Healthcare of California Partner Plan, Inc. (Molina) is required to comply with DHCS' provider network data reporting requirements as specified in state and federal law and All Plan Letter (APL) 16-019.

Under Title 22, California Code of Regulations section 53872(b)(3) and as specified in APL 18-003, DHCS is authorized to impose administrative and financial sanctions on Managed Care Plans (MCPs) that violate applicable state and federal laws, regulations, their contractual obligations with DHCS and APL 16-019. This includes the provider data reporting requirements in Title 22, California Code of Regulations section 53862(c)(9).

On March 1, 2019, all MCPs received notice that DHCS will impose immediate sanctions for each 274 file that is not received by the monthly submission deadline identified in APL 16-019. In July 2019, Molina failed to submit June 2019 provider network data by the July 10, 2019, deadline set forth in APL 16-019. As a result, Molina failed to meet its regulatory and contractual obligations for reporting provider network data.

Under the authority of Title 22, California Code of Regulations, Section 53872(c)(9), DHCS is imposing monetary sanctions in the amount of \$1,000 for the first day Molina failed to submit timely 274 provider network data, and \$500 per day for each day thereafter. Therefore, since Molina submitted its June 2019 provider network data on July 11, 2019, one day after the July 10, 2019, submission deadline, DHCS is imposing total monetary sanctions in the amount of \$1,000.

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DHCS will continue to evaluate the timeliness of Molina's provider network data submissions on a monthly basis. The evaluation process includes the potential to impose additional monetary sanctions for any future provider network reporting data deficiencies under newly enacted Welfare and Institutions section 14197.7, which authorizes DHCS to consider Molina's past violations and conduct when assessing future penalties.

Finally, DHCS reserves its right to claim liquidated damages to the extent that Molina's provider network data reporting deficiencies result in a requirement to repay federal financial participation to the Centers for Medicare & Medicaid Services.

If you have any questions, please contact Anastasia Dodson at [Anastasia.Dodson@dhcs.ca.gov](mailto:Anastasia.Dodson@dhcs.ca.gov) or (916) 440-7414.

Sincerely,

Originally Signed by Bradley P. Gilbert

Bradley P. Gilbert, MD, MPP  
Director

Enclosure

## **NOTICE OF APPEAL RIGHTS**

Molina Healthcare of California Partner Plan, Inc. (Molina) has the right to request a hearing in connection with any sanctions within 15 business days after receipt of the notice to impose sanctions. DHCS will stay the imposition of sanctions upon receipt of the request for a hearing until the effective date of a final decision from the Office of Administrative Hearings and Appeals. Molina may request a hearing by sending a letter so stating to the Office of Administrative Hearings and Appeals at the address below:

The Honorable Patricia Freeman  
Chief Administrative Law Judge  
Office of Administrative Hearings and Appeals  
Department of Health Care Services  
3831 N. Freeway Blvd., Suite 200  
Sacramento, CA 95834

A copy of the hearing request shall also be sent to:

Nathan Nau, Chief  
Managed Care Quality and Monitoring Division, MS 4411  
Department of Health Care Services  
P.O. Box 997413  
Sacramento CA 95899-7413

Jared Goldman  
Deputy Director and Chief Counsel  
Office of Legal Services, MS 0010  
Department of Health Care Services  
P.O. Box 997413  
Sacramento CA 95899-7413