



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



GAVIN NEWSOM
GOVERNOR

November 12, 2019

Jarrold B. McNaughton, MBA, FACHE, CEO
Inland Empire Health Plan
10801 6th Street, Suite 120
Rancho Cucamonga, CA 91729

NOTICE OF IMPOSITION OF MONETARY SANCTIONS FOR FAILURE TO COMPLY WITH CORRECTIVE ACTION PLAN

Dear Mr. McNaughton:

On April 20, 2016, the Department of Health Care Services (DHCS) notified Inland Empire Health Plan (IEHP) that it was required to submit all outstanding Encounter Data by June 30, 2016, to the Post Adjudicated Claims and Encounters System (PACES). DHCS also notified all Medi-Cal Managed Care Plans (MCP) that failure to meet the June 30, 2016, deadline for reporting all outstanding encounter data using the PACES submission process would result in the imposition of a Corrective Action Plan (CAP).

Under Title 22, California Code of Regulations (CCR) section 53872(b)(3) and as specified in All Plan Letter (APL) 18-003, DHCS is authorized to impose administrative and financial sanctions on MCPs that fail to report required Encounter Data to DHCS. DHCS may also impose sanctions on MCPs that violate the terms of the contract with DHCS, including the requirement to comply with the encounter data reporting requirements in APL 14-019.

On December 26, 2017, DHCS imposed a CAP on IEHP for failure to meet its regulatory and contractual obligations for reporting Encounter Data. DHCS' CAP notification letter informed IEHP that its failure to submit all required Encounter Data by April 1, 2018, could result in the imposition of monetary sanctions. DHCS then approved submission extensions requested by IEHP, the first to June 1, 2018, and the second to March 31, 2019. Despite the approved extensions, IEHP failed to submit all of the following required Encounter Data by March 31, 2019:

1. Complete Encounter Data to DHCS in the 837 Institutional and Professional formats for dates of service from September 2014 to April 2015.

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Title 22, CCR section 53862(c)(1) requires monthly submissions of accurate Encounter Data. Under 22 CCR 53872(b)(3)(A)(B), IEHP's failure to submit accurate monthly Encounter Data authorizes DHCS to impose a sanction of \$1,000, plus \$500 per day, for each day that the Encounter Data submission remains inaccurate for the first violation (not to exceed \$10,000, per violation month), and \$5,000 plus \$500 per day, for each day that the report is late for each subsequent violation (not to exceed \$10,000, per violation month).

DHCS is authorized to impose sanctions for each failed monthly submission as a separate violation of the reporting requirements in 22 CCR 53862(c)(1). Therefore, DHCS is imposing monetary sanctions in the amount of \$80,000 for IEHP's failure to correct its Encounter Data deficiencies and achieve full compliance with the requirements of its CAP by the March 31, 2019, deadline. DHCS will continue to evaluate the completeness and accuracy of IEHP's Encounter Data submissions on a quarterly basis. The evaluation process includes the potential to impose additional monetary sanctions for any additional period of time that IEHP fails to achieve full compliance with the requirements of its CAP.

DHCS reserves the right to claim liquidated damages to the extent that IEHP's Encounter Data reporting deficiencies cause DHCS to repay federal financial participation to the Centers for Medicare and Medicaid Services.

If you have any questions, please contact Sarah Brooks, Deputy Director, Health Care Delivery Systems, at Sarah.Brooks@dhcs.ca.gov or (916) 440-7800.

Sincerely,

Original Signed by Richard Figueroa

Richard Figueroa
Acting Director

Enclosure

NOTICE OF APPEAL RIGHTS

Inland Empire Health Plan 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. Inland Empire Health Plan 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
Deputy Director and Chief Administrative Law Judge
Office of Administrative Hearings and Appeals
Department of Health Care Services
3831 North Freeway Boulevard, 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
Department of Health Care Services
1501 Capitol Avenue, MS 4411
P.O. Box 997413
Sacramento, CA 95899-7413
Nathan.nau@dhcds.ca.gov

Jared Goldman
Deputy Director and Chief Counsel
Office of Legal Services
Department of Health Care Services
1501 Capitol Avenue, MS 0010
P.O. Box 997413
Sacramento, CA 95899-7413
Jared.goldman@dhcs.ca.gov