

THIS CA UPDATE HAS BEEN SENT TO THE FOLLOWING:**COUNTIES:**

- Imperial
- Riverside/San Bernardino
- Los Angeles
- Orange
- Sacramento
- San Diego

LINES OF BUSINESS:

- Molina Medi-Cal Managed Care
- Molina Medicare
- Molina Marketplace (Covered CA)

PROVIDER TYPES:

- Medical Group/ IPA/MSO**
 - Primary Care**
 - IPA/MSO
 - Directs
- Specialists**
 - Directs
 - IPA
- Hospitals**
 - Ancillary**
 - CBAS
 - SNF/LTC
 - DME
 - Home Health
 - Other

Enforcement Actions: Administrative and Monetary Sanctions APL 23-012

This is an advisory notification to Molina Healthcare of California (MHC) network providers regarding the imposition of administrative and monetary sanctions, which are among the enforcement actions the Department of Health Care Services (DHCS) may take to enforce compliance with managed care plans (MCPs).

This notification is based on an All-Plan Letter (APL) 23-012, which can be found in full on the DHCS website at:

<https://www.dhcs.ca.gov/formsandpubs/Documents/MMCDAPLsandPolicyLetters/APL2023/APL23-012.pdf>.

BACKGROUND

DHCS must enforce compliance with contractual provisions of the DHCS Contracts with MHC including the requirement to comply with APLs and Policy Letters (PLs) (collectively referred to as "Contractual Obligations") as well as compliance with applicable state and federal laws and regulations. DHCS is authorized to take enforcement actions, including imposing corrective action plans (CAPs), and sanctions on MHC for applicable state and federal laws and regulations or Contractual Obligation violations. MHC will ensure that all Subcontractors comply with all Contract requirements related to the delegated functions undertaken by each Subcontractor.

What you need to know:

When MHC or its Subcontractors fail to meet Contractual Obligations or comply with applicable state and federal laws and regulations, there is good cause to impose administrative and/or monetary sanctions. These reasons include, but are not limited to, the following:

1. Failure to meet Contractual Obligations.
2. Failure to meet quality metrics or benchmarks.
3. Failure to meet data quality and reporting requirements.
4. Failure to comply with state and federal regulations and laws.
5. Failure to meet CAP requirements.
6. Failure to comply with the California Medicaid State Plan or approved federal waivers.
7. Failure to comply with network adequacy standards, including, but not limited to, time or distance, timely access, and Provider-to-Member ratio requirements pursuant to standards and formulae that are set forth in federal or state law.
8. Failure to submit timely and accurate Network Provider data.
9. Failure to provide adequate delivery of health care services.
10. Failure to meet operational standards, including the timely payment of claims.
11. Failure to timely and accurately process grievances or appeals.

DHCS may take any one or a combination of the following enforcement actions when MHC fails to comply with Contractual Obligations.

Corrective Action Plans

MHC is required to complete CAPs within the timeframe specified in the Notice of Corrective Action from DHCS. MHC is also required to provide a monthly status update to DHCS and provide supporting documentation until the CAP is closed. Monthly CAP updates must demonstrate action steps that MHC will undertake to correct the deficiency.

Monetary Sanctions

- 1) Monetary sanctions may be imposed on MHC for violations set forth in Welfare and Institutions (WIC) section 14197.7(d) and (e), especially for any violation resulting in potential Member harm. For a deficiency that impacts Members, each Member impacted constitutes a separate sanctionable violation.
- 2) Up to \$25,000 for each determination of:
 - a) Failing to provide medically necessary services that MHC is required to provide, under law or under its Contract, to a Member covered under the Contract.
 - b) Misrepresenting or falsifying information that is furnished to a Member, Eligible Beneficiary, or health care Provider.
 - c) Distributing directly, or indirectly through any agent or independent contractor, marketing materials that have not been approved by DHCS, or that contain false or materially misleading information.
- 3) Up to \$100,000 for each determination of:
 - a) Conducting any act of discrimination against a Member on the basis of the Member's health status or need for health care services. This includes termination of enrollment or refusal to reenroll an Eligible Beneficiary, except as permitted under the Medicaid program, or any practice that would reasonably be expected to discourage enrollment of Eligible Beneficiaries whose medical condition or history indicates a probable need for substantial future medical services.
 - b) Misrepresenting or falsifying information furnished to the Centers for Medicare and Medicaid Services (CMS) or furnished to DHCS.
- 4) Up to \$15,000 for each Eligible Beneficiary that DHCS determines was not enrolled because of a discriminatory practice
- 5) Up to \$25,000 or double the amount of excess charges, whichever is greater, for premiums or charges in excess of the amounts permitted under the Medicaid program.

Non-monetary or Administrative Sanctions

- 1) Temporary Suspension Orders
 - a. Orders may include:
 - i. Requiring MHC to temporarily suspend specified personnel and/or a specified Subcontractor.
 - ii. Requiring MHC to ensure that Subcontractors cease certain activities, including referrals, assignment of Eligible Beneficiaries, and reporting, until DHCS determines that the MHC is in compliance with Contractual Obligations and applicable state and federal laws and regulations.
- 2) MHC Personnel Termination
 - a) The DHCS Director has the authority to require MHC to terminate specified personnel and/or a specified Subcontractor for findings of noncompliance of Contractual Obligations and applicable state and federal laws and regulations, or for other good cause.
- 3) Imposition of Temporary Management
 - a) DHCS may impose temporary management upon a finding of any of the following:
 - i) Continuous egregious conduct by MHC
 - ii) Serious risk to Members' health

- iii) Temporary management is necessary to ensure the health of MHC Members (i) while improvements are made to remedy the sanctionable violations or (ii) until there is an orderly termination or reorganization.

Contract Termination

DHCS may terminate a Contract with MHC for violating the standards prescribed in WIC section 14197.7 or for failure to meet applicable requirements.

Probability Sampling

DHCS may deploy use of probability sampling to determine potential harm or impact on beneficiaries. When probability sampling is used in this manner, a clear description of the following will be accompanied with the notice:

- 1) The universe from which the sample was drawn;
- 2) The sample size and method used to select the sample;
- 3) The formulas and calculation procedures used to determine the amount to be recovered; and
- 4) The confidence level used to calculate the precision of the extrapolated amount.

Subcontractors and Network Providers must comply with all applicable state and federal laws and regulations, contract requirements, and other DHCS guidance, including APLs and PLs. Any failure to meet the requirements of this APL may result in a CAP and subsequent sanctions.

WIC section 14197.7 can be found at:

https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=WIC&division=9.&title=&part=3.&chapter=7.&article=6.3.

What if you need assistance?

If you have any questions regarding the notification, please contact your Molina Provider Services Representative below:

Service County Area	Provider Services Representative	Contact Number	Email Address
California Hospital Systems	Deletha Foster	909-577-4351	Deletha.Foster@molinahealthcare.com
Los Angeles	Clemente Arias	562-517-1014	Clemente.Arias@molinahealthcare.com
	Christian Diaz	562-549-3550	Christian.Diaz@molinahealthcare.com
Los Angeles / Orange County	Maria Guimoye	562-549-4390	Maria.Guimoye@molinahealthcare.com
Sacramento	Jennifer Rivera Carrasco	562-542-2250	Jennifer.RiveraCarrasco@molinahealthcare.com
San Bernardino	Luana McIver	909-501-3314	Luana.Mciver@molinahealthcare.com
San Bernardino / Riverside County	Vanessa Lomeli	909-577-4355	Vanessa.Lomeli2@molinahealthcare.com
Riverside County	Mimi Howard	562-549-3532	Smimi.Howard@molinahealthcare.com
San Diego / Imperial County	Briana Givens	562-549-4403	Briana.Givens@molinahealthcare.com
	Carlos Liciaga	858-614-1591	Carlos.Liciaga@molinahealthcare.com
	Salvador Perez	562-549-3825	Salvador.Perez@molinahealthcare.com

If you are not contracted with Molina and wish to opt out of the Just the Fax, email: mhcproviderjustthefax@molinahealthcare.com Please include provider name, NPI, county, and fax number and you will be removed within 30 days.