

Kaiser Permanente Fined \$2.5 Mil for Failure to Deliver State Medi-Cal Data



Healthcare giant Kaiser Permanente is no stranger to heavy penalties leveraged

in the state of California. In 2013, the California Department of Managed Health Care imposed a \$4 million fine on the health insurer over issues concerning mental health treatment (including the problem of some enrollees experiencing long wait times in receiving care).

However, having experience in paying a whopping fine didn't inoculate the health system from incurring another one.

The California Department of Health Care Services (DHCS) [recently penalized Kaiser to the tune of \\$2.5 million](#) for falling down on the requirement to turn over certain patient care data involving Medi-Cal (the state's Medicaid program).

Kaiser was [notified of the penalty via letter by DHCS](#) director Jennifer Kent dated January 13th. The letter stated: "On September 23, 2016, DHCS imposed a CAP [Corrective Action Plan] on Kaiser for failure to meet its regulatory and contractual obligations for reporting encounter data. The CAP further advised Kaiser that its failure to submit all retrospective encounter data by January 1, 2017, would result in the imposition of monetary sanctions."

Kaiser did not provide all of the required encounter data by the 1st (namely, records on medications—including infusions—administered to patients by physicians in a medical office or clinic from March of 2010 through March of 2015, as well as information showing out-of-network care received by patients from a two-year period between 2014 and 2016).

Kaiser: "Working toward compliance"

The Oakland-based health insurer said that it is "working toward compliance"; there has been no word of Kaiser appealing the agency's sanctions. The health plan did make clear, though, that the punitive action by the DHCS has no reflection on patient care.

The missing data in question is used by the state to oversee the way taxpayer funds are being allocated in the Medi-Cal program, as well as to set rates for healthcare and determine whether enough care is accessible to patients within the program.

Sarah Brooks is the deputy director of health care delivery systems at the Department of Health Care Services. "This is the first time the department has sanctioned a health plan in recent history. The amount is significant," she said. "We do take it very seriously."

The Kaiser fine is the first Medicaid-related penalty the department has handed out since 2000.

Sanctions remain a work-in-progress

Brooks also said that DHCS is continuing to hammer out details about the sanctions and that there remains the possibility of further penalties if the discovered breaches violate federal regulations as well. If that's the case, the state may be compelled to reimburse the Centers for Medicare and Medicaid Services (CMS), the agency that, along with the state, provides funding for Medi-Cal.

Nathaniel Oubre is Kaiser Permanente's vice president for Medi-Cal; he said the company's technology and systems are centered around "quality, access and integration of care," while acknowledging that the systems were not geared to gather data in the way the state requires.

"We are taking steps to change this," he said. "We are making investments in technology that will facilitate compliance with the state's data reporting requirements."

Was reconfiguring for compliance not worth it to the industry giant?

Some industry insiders hazard a guess that because Medi-Cal represents a relatively small chunk of its business, Kaiser didn't think it the best business decision to overhaul its IT systems to comply with the state's requirements. The insurer says that it covers around 700,000 Medi-Cal participants (and it has 10.6 million members overall).

However, though Medi-Cal enrollees may not be anywhere near the bulk of its business as a whole, as California's dominant HMO in a roster of 22 insurers that participate in the state Medicaid program, Kaiser holds around 80% of all Medi-Cal coverage.

Kaiser also operates hundreds of clinics and 38 hospitals across the U.S., and employs over 18,000 physicians. Roughly 80% of its patient base, however, is in California. It reported a net income of \$1.9 billion for 2015.

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