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7 CALIFORNIA DEPARTMENT OF
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9 BEFORE THE DEPARTMENT OF MANAGED HEALTH CARE
10 OF THE STATE OF CALIFORNIA

11 In the Matter of the Investigation of:

12 ANTHEM BLUE CROSS OF CALIFORNIA

13 ENFORCEMENT MATTER NO. 11-377

14 AGREEMENT AND ORDER
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19 This Agreement ("Agreement") is made and entered into on this 19th day of December 2014, by and
20 between BLUE CROSS OF CALIFORNIA ("Blue Cross" or the "Plan") and the CALIFORNIA
21 DEPARTMENT OF MANAGED HEALTH CARE (the "Department").

22 I.

23 **Recitals**

24 1. Beginning on or about August 1, 2010, the Plan's internal system responsible for
25 generating Explanation of Benefits ("EOB") documents developed a processing error that resulted in
26 certain EOBs that contained both correct and incorrect financial responsibility information.
27

1 of the provider to reimburse the Excess Amount to the enrollee, unless the provider has made
2 affirmative assurances to the Plan in writing that it will reimburse the Excess Amount to the
3 enrollee (but was not able to meet the 45-day deadline), the Plan will reimburse the Excess
4 Amount to the enrollee.

5 c. If, under (4)(b)(ii) above the provider gives written reassurance to the Plan that the
6 provider will reimburse the Excess Amount to the enrollee, the Plan will contact the provider
7 within 15 business days of receipt of the written assurance to determine whether the provider
8 reimbursed the Excess Amount to the enrollee. If the provider has not reimbursed the Excess
9 Amount to the enrollee by the 15th business day from receipt of the written reassurance from the
10 Plan, the Plan shall, within 45 days of the Plan's follow-up contact with the provider, reimburse
11 the Excess Amount to the enrollee.

12 5. The Plan shall obtain from all involved providers written documentation of amounts
13 reimbursed by the providers to enrollees pursuant to this Agreement.

14 6. The Plan shall retain record of amounts the Plan reimbursed to enrollees pursuant to this
15 Agreement.

16 7. Nothing in this Agreement is intended to affect or limit an enrollee's right to file,
17 consistent with the time frames in the Knox-Keene Act, a grievance with the Plan, or a complaint with
18 the Department disputing the Plan's payment, payment amount, non-payment, or other act in connection
19 with the issues stated herein. For complaints submitted to the Department, the Department shall be the
20 final decision-maker as to the Plan's reasonableness in executing its obligations under this Agreement
21 with respect to complaints.

22 8. Not sooner than 120 days and not later than 180 days from the full execution of this
23 Agreement, Blue Cross shall submit a written report to the Department, addressed to Tammy McCabe,
24 Office of Enforcement, that provides the following information:

- 25 a. Number of notification letters mailed to providers in accordance with Item 1. above;
26 b. Number of notification letters mailed to enrollees in accordance with Item 2. above;
27 c. Number of enrollees who contacted the Plan to request reimbursement;

1 d. Number of claims for which reimbursement was made by a provider and total dollar
2 amount reimbursed;

3 e. Number of claims for which reimbursement was made by the Plan and total dollar
4 amount reimbursed

5 9. Upon submission of the written report required under Paragraph 8, Blue Cross shall no
6 longer need to follow the processes set forth in Paragraphs 4 through 6 above. Instead, any additional
7 member requests for reimbursement related to incorrect information on an EOB shall be handled in
8 accordance with Blue Cross' standard processes and procedures for handling member grievances.

9 10. Blue Cross shall pay to the Department an administrative penalty in the amount of
10 \$50,000 in connection with this Enforcement Matter. Should Blue Cross breach a material term of this
11 Agreement or fail to materially comply with its terms, the Department shall have the right to exercise
12 any and all of its authority under the Knox-Keene Act, including, but not limited to seeking full
13 restitution of outstanding Excess Amounts to enrollees, seeking payment of additional administrative
14 penalties from the Plan, and/or exercising any and all other disciplinary authority deemed appropriate by
15 the Department.

16 11. This Agreement is the entire agreement between the parties concerning the matters stated
17 herein and supersedes any prior negotiations, representations, or agreements, whether written or oral,
18 which relate to the subject matter of this Agreement.

19 12. This Agreement may not be altered, amended or otherwise modified except upon written,
20 signed agreement of the parties.

21 13. No waiver of any term, covenant or condition contained in this Agreement, or failure to
22 exercise any right hereunder, shall constitute a further waiver of the same.

23 14. If any portion of this Agreement shall be held to be unenforceable, such unenforceability
24 shall not affect the enforceability of the other terms, conditions or provisions of this Agreement.

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1 IN WITNESS WHEREOF, the parties hereby execute this Agreement effective as of the date of
2 the last signature to it.

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4 Dated: ~~December~~, 2014
5 *January 5, 2015*

Carol L. Ventura

6 Carol L. Ventura
7 Deputy Director | Chief Counsel
8 Department of Managed Health Care

9 Dated: December *24*, 2014

Terry German

10 Terry German
11 Associate General Counsel
12 Blue Cross of California

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