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5 CALIFORNIA DEPARTMENT OF  
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8

9 Attorneys for the Department of Managed Health Care

10 BEFORE THE DEPARTMENT OF MANAGED HEALTH CARE  
11 OF THE STATE OF CALIFORNIA

12  
13 In the Matter of the Investigation and  
Examination of:

14 BLUE CROSS OF CALIFORNIA,  
15 Respondent.  
16

Enforcement Matter Number: 15-268

Office of Administrative Hearings Number:  
2018030792

17 **STIPULATED SETTLEMENT  
AGREEMENT**

18  
19 IT IS HEREBY STIPULATED AND AGREED by and between the Parties to the above  
20 entitled Enforcement Matter:

21 **PARTIES**

22 1. Drew Brereton (Complainant) is the Deputy Director of the DEPARTMENT OF  
23 MANAGED HEALTH CARE'S (the Department), Office of Enforcement. Pursuant to  
24 Government Code section 11180, et seq., the Complainant has been delegated with the  
25 powers and authority by the Department's Director to conduct the Department's investigation  
26 and enforcement matters. This investigation was brought solely in the official capacity of the  
27 Complainant Deputy Director. The Complainant is represented in his official capacity by  
28 Sheila F. Gonzalez, Attorney IV, and Jennifer E. Marsh, Attorney III.



1 attached hereto.

2 10. On or about August 31, 2017, the Department completed its review of the  
3 Individual Files and concluded that an additional 246 grievance violations arose out of  
4 enrollee grievances filed during 2013 through 2016.

5 11. Following unsuccessful efforts by both Parties to resolve Enforcement Matter  
6 Number 15-268, the Department filed an Accusation in the Office of Administrative Hearings  
7 (OAH), OAH Number 2018030792, in Sacramento, California, containing 11 Causes for  
8 Discipline, on November 15, 2017. Anthem filed its Notice of Defense on November 29,  
9 2017. Both pleadings are incorporated by reference herein. A dispute therefore exists  
10 between the Department and Anthem regarding Anthem's handling of enrollee grievances  
11 and appeals.

12 12. Notwithstanding the above, the Department and Anthem are willing to enter  
13 into this Agreement in order to avoid litigation between the Parties over the issues relating to  
14 and arising from this Enforcement Matter without the need for a hearing or further  
15 administrative action. By entering into this Agreement, neither party waives its contentions  
16 and/or defenses with respect to Enforcement Matter Number 15-268 (as defined in  
17 Paragraph 13) except as set forth in this Agreement. Nonetheless, the Parties agree that it  
18 is in their best interest to enter into this Agreement and settle Enforcement Matter Number  
19 15-268 (as defined in Paragraph 13) and all issues, accusations, and claims that the  
20 Department has against Anthem related to or arising from Enforcement Matter Number 15-  
21 268 (as defined in Paragraph 13).

22 13. Anthem, having been represented by counsel, is willing to enter into this  
23 Agreement to resolve with the Department issues arising out of the Accusation, the Surveys  
24 and the Individual Files listed on Exhibit A and any violations arising therein. (Collectively  
25 referred to as Enforcement Matter Number 15-268)

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1 14. This Agreement is made and entered into by and between the Parties for the  
2 sole purpose of resolving the disputes regarding Enforcement Matter Number 15-268. This  
3 Agreement applies only to Anthem’s Grievance and Appeals System for its commercial lines  
4 of business, excluding dental, and does not apply to any line of business where regulation  
5 by the Department is preempted by federal law.

6 **ACKNOWLEDGEMENTS**

7 15. Anthem acknowledges that the Surveys concluded that Anthem did not  
8 maintain a grievance system that consistently ensures any written or oral expressions of  
9 dissatisfaction is considered a grievance in violation of Health and Safety Code section  
10 1368, subdivision (a)(1),<sup>1</sup> and California Code of Regulations, title 28, section 1300.68,  
11 subdivision (a)(1)<sup>2</sup>.

12 16. Anthem acknowledges that the Surveys concluded that Anthem impermissibly  
13 processed standard grievances as exempt grievances in violation of Section 1368,  
14 subdivision (a)(4)(B); and Rule 1300.68, subdivision (d)(8).

15 17. Anthem acknowledges that the Surveys concluded that Anthem processed  
16 standard grievances not resolved by the close of the next business day through its exempt  
17 grievance process, in violation of Section 1368, subdivision (a)(4)(B); Rule 1300.68,  
18 subdivision (a)(4); and Rule 1300.68, subdivision (d)(8).

19 18. Anthem acknowledges that the Surveys concluded that Anthem did not  
20 maintain a grievance system that consistently ensured adequate consideration of enrollee  
21 grievances and rectification where appropriate in violation of Sections 1368, subdivision  
22 (a)(1), (4)(A) and (5); and Rule 1300.68, subdivision (a)(1); and Rule 1300.68, subdivision  
23 (d)(1)-(3), and (5).

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26 <sup>1</sup> All references to “Section” are to the Health and Safety Code unless otherwise  
27 indicated.

28 <sup>2</sup> All references to “Rule” are to California Code of Regulations, title 28, unless  
otherwise indicated.

1           19. Anthem acknowledges that the Routine Survey concluded that Anthem did not  
2 maintain a grievance system that consistently ensured compliance with all  
3 acknowledgement letter requirements in violation of Sections 1368, subdivision (a)(4)(A)(ii),  
4 Section 1368.02, subdivision (b); Rule 1300.68, subdivision (b)(3); and Rule 1300.68,  
5 subdivision (d)(1).

6           20. Anthem acknowledges that following review of the Individual Files, the  
7 Department concluded that a number of files contained at least one or more grievance  
8 violations, many being the same as those cited in the Surveys. The alleged violations cited  
9 in the Individual Files include:

- 10           a. Failure to adequately consider a grievance and/or to initiate the grievance  
11 process as required by Section 1368, subdivision (a)(1), and Rule 1300.68,  
12 subdivision (a)(1).
- 13           b. Failure to provide an enrollee with a written acknowledgment of its receipt of a  
14 grievance with all required content within five calendar days of receipt as  
15 required by Section 1368, subdivision (a)(4)(A), and Rule 1300.68, subdivision  
16 (d)(1).
- 17           c. Failure to resolve enrollee grievances within 30 calendar days of receipt as  
18 required by Section 1368.01, subdivision (a), and Rule 1300.68, subdivisions  
19 (a) and (d)(3).
- 20           d. Failure to issue a clear and concise written resolution of a grievance as  
21 required by Section 1368, subdivision (a)(5).
- 22           e. Failure to provide the appropriate notification within three days of receipt of a  
23 grievance concerning imminent and serious threat to the health of the patient  
24 as required by Section 1368.01, subdivision (b), and Rule 1300.68.01,  
25 subdivision (a)(2).
- 26           f. Failure to include the appropriate language in a grievance-related  
27 communication as required by Section 1368.02, subdivision (b).

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1 g. Failure to timely provide information to the Department as required by Rule  
2 1300.68, subdivisions (g) and (h).

3 21. The Department acknowledges that Anthem has engaged in, and/or will  
4 engage in, significant changes and improvements to its Grievance and Appeals (hereinafter  
5 G&A) and Customer Service Divisions to ensure proper identification and handling of  
6 enrollee grievances. These include changes to engage in the Corrective Action Plan  
7 discussed in Paragraph 29. Since the issuance of the Routine Survey Follow-Up Report,  
8 Anthem has invested \$8.4 million in software upgrades to aid its G&A and Customer Service  
9 Divisions and anticipates incurring additional expenses in the future.

10 **ADVISEMENTS AND WAIVERS**

11 22. Anthem has carefully read, fully discussed with its counsel and understands  
12 the effect of this Agreement.

13 23. Anthem is fully aware of its legal rights in this matter, including the right to a  
14 hearing on any potential Accusation related to this Enforcement Matter, including OAH  
15 Number 2018030792; the right to be represented by counsel at its own expense; the right to  
16 confront and cross-examine the witnesses against it; the right to present evidence and  
17 testimony on its behalf; the right to the issuance of subpoenas to compel the attendance of  
18 witnesses and the production of documents; the right to reconsideration and court review of  
19 an adverse decision; and all other rights accorded by the California Administrative  
20 Procedure Act and other applicable laws.

21 24. By entering into this Agreement, Anthem voluntarily, knowingly, and  
22 intelligently waives the procedural rights set forth above with respect to Enforcement Matter  
23 Number 15-268.

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1 **AGREEMENT**

2 WHEREAS, this Agreement is entered into based on the Recitals, Acknowledgments,  
3 Advisements and Waivers set forth above, which are incorporated herein by this reference.

4 WHEREFORE, the Department and Anthem mutually enter into this Agreement, and  
5 agree as follows:

6 25. **Resolution of Enforcement Matter Number 15-268:** Anthem's agreement to  
7 perform the terms set forth in this Agreement (including the payment of the Administrative  
8 Penalty identified in Paragraph 27, the statements in Paragraph 28, and the corrective  
9 actions identified in Paragraph 29), will resolve the dispute between the Parties and release  
10 Anthem from any further disciplinary actions based on a claim or violation arising from  
11 Enforcement Matter Number 15-268 and any other administrative or civil action based on, or  
12 related to, the following: 1) Routine Survey and deficiencies cited therein, 2) Routine Survey  
13 Follow-Up and findings cited therein, and 3) the Individual Files listed on Exhibit A and any  
14 violations arising therein. By entering into this Agreement, the Parties hereby settle  
15 Enforcement Matter Number 15-268, including the Individual Files and all issues,  
16 accusations and claims that the Department may have against Anthem, including without  
17 limitation, any alleged violation of the Knox-Keene Health Care Service Plan Act of 1975  
18 (Knox-Keene Act), relating to or arising from Enforcement Matter Number 15-268 as defined  
19 herein.

20 26. **Release of Grievance System Violations:** In consideration for Anthem's  
21 agreement to perform the corrective actions outlined under Paragraph 29, statements in  
22 Paragraph 28, and payment of the administrative penalty under Paragraph 27, the  
23 Department hereby releases Anthem from any future prosecution or enforcement action by  
24 the Department for Grievance System Violations, either alleged or confirmed, that occurred  
25 from January 1, 2011, through December 31, 2016. As used in this Agreement, "Grievance  
26 System Violations" includes only the following:

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- a. Failure to adequately consider a grievance and/or to initiate the grievance process as required by Section 1368, subdivision (a)(1), and Rule 1300.68, subdivision (a)(1).
- b. Failure to appropriately identify and/or process those grievances that appropriately qualify as an exempt grievance as required by Section 1368, subdivision (a)(4)(B), and Rule 1300.68, subdivision (d)(8).
- c. Failure to provide an enrollee with a written acknowledgment of its receipt of a grievance with all required content within five calendar days of receipt as required by Section 1368, subdivision (a)(4)(A), and Rule 1300.68, subdivision (d)(1).
- d. Failure to resolve enrollee grievances within 30 calendar days of receipt as required by Section 1368.01, subdivision (a), and Rule 1300.68, subdivisions (a) and (d)(3).
- e. Failure to issue a clear and concise written resolution of a grievance as required by Section 1368, subdivision (a)(5).
- f. Failure to provide the appropriate notification within three days of receipt of a grievance concerning imminent and serious threat to the health of the patient as required by Section 1368.01, subdivision (b), and Rule 1300.68.01, subdivision (a)(2).
- g. Failure to include the appropriate language in a grievance-related communication as required by Section 1368.02, subdivision (b).
- h. Failure to timely provide information to the Department as required by Rule 1300.68, subdivisions (g) and (h).

27. **Administrative Penalty:** The Department, through its Director, has determined (in accordance with the factors set forth in Rule 1300.86) that an administrative penalty in the amount of \$2.8 million shall be assessed against Anthem. Anthem agrees that within 20 days of the execution of this Agreement by both Parties it will pay to the Department the \$2.8 million administrative penalty.

1           28.    **Anthem Grievance System**: Anthem agrees to implement modifications to its  
2 practices by July 31, 2019, to ensure compliance with the grievance requirements of the  
3 Knox-Keene Act, which includes but is not limited to adhering to the following:

4           a. A grievance shall be defined as a written or oral expression of dissatisfaction  
5           regarding the plan and/or provider, including quality of care concerns, and  
6           shall include a complaint, dispute, requests for reconsideration or appeal made  
7           by an enrollee or the enrollee’s representative. Where Anthem is unable to  
8           distinguish between a grievance and an inquiry, it shall be considered a  
9           grievance. Anthem may process any communication from an enrollee or their  
10          representative as a grievance.

11          b. Disputes concerning cancellation, rescission or non-renewal are to be handled  
12          pursuant to Health and Safety Code section 1365. Coverage disputes and  
13          disputes regarding cancellation, rescission or non-renewal are not eligible to  
14          be treated as exempt grievances under Health and Safety Code section 1368,  
15          subdivision (a)(4)(B), or California Code of Regulations, title 28, section  
16          1300.68, subdivision (d)(8).

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1 c. For exempt grievances pursuant to California Code of Regulations, title 28,  
2 section 1300.68, subdivision (d)(8), Anthem acknowledges that a grievance is  
3 “resolved” when it has reached a final conclusion and there are no further  
4 administrative steps to bring about the resolution. An exempt grievance will be  
5 considered to be resolved when Anthem has taken all steps to process the  
6 resolution of the grievance and the only thing that remains to be done are  
7 ministerial functions such as printing and mailing documents. Except for  
8 exempt grievances involving claims, such ministerial functions will be  
9 completed within three business days in order to remain an exempt  
10 grievance. For exempt grievances involving claims, when the resulting exempt  
11 grievance action results in a provider payment, the ministerial functions will be  
12 completed within five business days. When the resulting exempt grievance  
13 action results in payment made to the enrollee, the ministerial functions will be  
14 completed within three business days. For example, if a grievance regarding a  
15 disputed claim is reprocessed by Anthem by the close of the next business  
16 day and the only tasks to be completed are printing and mailing the check and  
17 Explanation of Benefits (EOB) to the enrollee, the grievance will be considered  
18 to be resolved if, in the normal course of business, the check and the EOB will  
19 be printed and mailed within three business days from the date the claim was  
20 reprocessed.

21 29. **Corrective Action:** Anthem agrees to undertake all corrective actions  
22 described in Exhibit B to this Agreement, titled Corrective Action Plan, and incorporated  
23 herein by reference. The corrective actions within the Agreement are intended to enhance  
24 Anthem’s compliance with the following provisions: Section 1368, subdivisions (a)(1), (a)(4),  
25 (a)(5); Section 1368.01, subdivisions (a), (b); Rule 1300.68, subdivisions (a)(1), (d)(1),  
26 (d)(3), (d)(4), (d)(5), (d)(8), (g), (h); and Rule 1300.68.01, subdivision (a).

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1           30.    **Grievance Policy Revision Filing**: Anthem acknowledges that the activities  
2 outlined in Paragraph 28 and the Corrective Action Plan in Exhibit B will necessitate a filing  
3 with the Department. Within 30 days of the execution of this Agreement, Anthem will  
4 schedule a pre-filing conference regarding any necessary revisions to its licensure  
5 application that are required as a result of this Agreement, which will be reviewed in the  
6 regular course of business and according to the provisions of the Knox-Keene Act and the  
7 regulations implemented thereunder. Anthem understands that any additional revision to its  
8 processes may require revision to documents on file with the Department and any such  
9 revision will be submitted as agreed upon herein and in compliance with the Knox-Keene  
10 Act.

11           31.    **Material Modification, Filing Number 20181221**: By entering into this  
12 Agreement, and agreeing to the terms herein, the Department is satisfied that there are no  
13 remaining concerns regarding Anthem's request to engage in the actions outlined in Filing  
14 Number 20181221. The Parties have agreed to a set of Undertakings associated with that  
15 filing, which are incorporated herein by reference, and will be made a part of the Order of  
16 Approval granting the request. Within 30 days of execution of this Agreement, Anthem will  
17 execute the Undertakings. Within 10 days of receipt of both this executed Agreement and  
18 the Undertakings, the Department will issue a separate Order of Approval regarding Filing  
19 Number 20181221. This provision shall not be construed to constitute a waiver of any  
20 compliance issues that may be identified on subsequent review and analysis of the Filing  
21 Number 20181221 and other Filing Numbers in which Anthem relied upon or otherwise  
22 incorporated into Filing Number 20181221, whether or not such issues or concerns are  
23 encompassed in this Agreement.

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1           32.     **Breach of Agreement:** The Parties agree that if Anthem discovers that it is in  
2 material breach of any of its obligations under this Agreement, it will promptly notify the  
3 Department of the breach and what actions Anthem has taken or will take, to cure the  
4 breach. Alternatively, if the Department discovers that Anthem has breached the  
5 Agreement, the Department will notify Anthem of the breach. The Parties agree that in either  
6 of these circumstances the Department will allow Anthem a reasonable opportunity to cure  
7 the breach, prior to commencement of an enforcement action (unless the Department  
8 determines that the nature of the breach is likely to result in immediate serious harm and  
9 requires immediate enforcement action.) If Anthem fails to cure the breach, the Department  
10 reserves the right to take actions pursuant to the Knox-Keene Act.

11           33.     **Subsequent Remedial Measures:** In the event of any future litigation  
12 (Administrative or Civil) between the Department and Anthem, Anthem agrees it will not  
13 object on the basis of California Evidence Code section 1151, (subsequent remedial  
14 measures) to the admissibility of corrective actions taken by Anthem per this Agreement.

15           34.     **Obey all laws:** Anthem shall obey all federal, state and local laws, and rules  
16 governing health care service plans.

17           35.     **Director's Order:** The Parties agree that the terms of this Agreement are not  
18 only a contract but they are additionally an Order of the Director, and the Department may  
19 exercise any and all aspects of its enforcement authority to enforce Anthem's compliance  
20 with any and/or all of its obligations under this Agreement, and that any remedy available to  
21 the Director is not exclusive, and may be sought and employed in any combination with civil,  
22 criminal, and other administrative remedies deemed warranted by the Director to enforce  
23 this Agreement.

24           36.     **Governing Law:** This Agreement shall be governed by and construed in  
25 accordance with the laws of the State of California without regard for conflicts of law  
26 principles.

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1           37.    **Venue**: Each party irrevocably submits to the jurisdiction of the California OAH  
2 located in Sacramento, or the California Superior Court located in Sacramento County, over  
3 any suit, action or other proceeding arising out of or relating to this Agreement and  
4 irrevocably agrees that all claims with respect to any such suit, action or proceeding may be  
5 heard and determined in such venue.

6           38.    **Dismissal**: Upon signing of the Agreement and payment of the penalty, the  
7 Department will file a dismissal of the Accusation, OAH Number 2018030792, with  
8 prejudice.

9           39.    **Execution of Original**: After Anthem’s representative has signed this  
10 document by hand, Anthem shall forward the hard copy of its original hand-signed  
11 Agreement to the Department’s Office of Enforcement, located at 980 9th Street, Suite 500,  
12 Sacramento, California, 95814. This Stipulated Settlement Agreement may be executed in  
13 counterparts. The Parties understand and agree that facsimile or Portable Document  
14 Format (PDF) copies of the original signed Agreement shall have the same force and effect  
15 as the original.

16           40.    **Signatory Authority**: Each signatory below warrants and represents that they  
17 have the authority to sign on behalf of, and to bind, their respective entity.

18           41.    **Binding Agreement**: This Agreement shall be binding on all Parties, including  
19 all principals, executors, administrators, representatives, and successors in interest.

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1           42.    **Department Authority:** Except as explicitly stated herein, nothing in this  
2 Agreement shall constitute a disclaimer, accord, relinquishment, estoppel, or a waiver of any  
3 form of any right or authority of the Department, including without limitation to continue with  
4 its current investigations, surveys, audits, or examinations and/or to exercise its  
5 enforcement and disciplinary authority relative to, or independent of, those investigations,  
6 surveys, audits or examinations. Nothing in this Agreement shall limit, affect, or inhibit in any  
7 manner the Department’s powers to initiate any new or additional investigations, routine or  
8 non-routine audits, surveys or examinations, or to require and/or order any remediation,  
9 penalties, and/or other remedies the Department deems necessary or appropriate to carry  
10 out the objectives and purposes of this Agreement and/or the Knox-Keene Act, including,  
11 without limitation, actions necessary to protect and/or effectuate remediation to and on  
12 behalf of Anthem’s enrollees.

13           43.    **Additional Documents:** The Parties agree to cooperate in the drafting,  
14 execution, and delivery of such other additional documents as reasonably may be required  
15 to effectuate each of the terms of this Agreement.

16           44.    **Integration:** This Agreement (including any documents expressly  
17 incorporated herein by reference, and any attachments) is the complete, final, and exclusive  
18 statement of the terms of the Agreement, and supersedes prior or contemporaneous  
19 negotiations, representations, statements, writings, and/or agreements, whether written or  
20 oral, which relate to the subject matter of this Agreement.

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1           45.    **Construction:** As used in this Agreement, the masculine, feminine, or neuter  
2 gender, the singular or plural numbers, and the conjunctive or disjunctive shall each be  
3 deemed to include the other whenever the context so indicates. This Agreement shall be  
4 construed in accordance with its fair meaning, the captions being for the convenience of the  
5 Parties only and not intended to describe or define the provisions in the portions of the  
6 Agreement to which they pertain. The Parties have engaged in arms-length negotiations and  
7 have freely negotiated the terms of this Agreement, and this Agreement shall not be  
8 construed against the drafter, as these drafting services have been performed as a courtesy  
9 to the other party to this Agreement. In the event that any provision of this Agreement is held  
10 to be ineffective or invalid, the remaining provisions will nevertheless be given full force and  
11 effect.

12           46.    **Advice of Attorney:** Each party warrants and represents that, in executing  
13 this Agreement, they have relied upon legal advice from the attorney of their choice; that the  
14 terms of this Agreement have been read, and its consequences (including, but not limited to,  
15 risks, complications, and costs) have been completely explained to them by that attorney;  
16 that adequate time has been given for them to consult with their attorney, to ask any  
17 questions concerning this Agreement, to receive responses to those questions, and to  
18 contemplate the attorney's advice concerning this Agreement; and that the Parties fully  
19 understand the terms of this Agreement. The Parties to this Agreement acknowledge,  
20 warrant, and represent that, in executing this Agreement, they have not relied on any  
21 inducements, promises, or representations made by any other party to this Agreement or  
22 any person or entity representing or serving another party, except for those expressly stated  
23 in this Agreement.

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1           47.    **Counterparts**: For the convenience of the Parties, this document may be  
2 executed in counterparts, which shall together constitute the agreement of the Parties. If an  
3 original signature affixed by a party to a counterpart of this Agreement and a facsimile, or  
4 copy, of such originally executed counterpart signature is thereafter sent to a party or a  
5 party's attorney of record, the facsimile, or copy, shall be afforded the same validity as the  
6 originally executed counterpart, and may be relied upon by all Parties for any and all  
7 purposes relating to this Agreement.

8           48.    **Public Record**: Anthem understands that this Agreement will be posted on  
9 the Department's public website in its Enforcement Action Database.

10          49.    **Modification**: This Agreement may not be altered, amended or otherwise  
11 changed or modified, except in writing signed by both of the Parties.

12          50.    **Effect on Execution**: This Agreement shall take effect upon execution by  
13 both Parties.

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1 **IT IS SO AGREED.**

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3 **ACCEPTANCE**

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5 IN WITNESS WHEREOF, the Parties hereby execute this Agreement by the  
6 signatures of their respective duly authorized officials.

7  
8 Dated: June 5, 2019

Blue Cross of California

9  
10 /Original Signed/  
11 Terry German  
12 Associate General Counsel  
Blue Cross of California

13 I have read and fully discussed with Anthem the terms and conditions and other  
14 matters contained in the above Stipulated Settlement Agreement. I approve its form and  
15 content.

16 Dated: June 5, 2019

Daponde Simpson Rowe PC

17  
18 /Original Signed/  
19 Michael J. Daponde  
20 Attorney for Blue Cross of California

21  
22 Dated: June 5, 2019

DEPARTMENT OF MANAGED HEALTH CARE

23  
24 /Original Signed/  
25 Drew Brereton, Complainant  
26 Deputy Director | Chief Counsel  
27 Department of Managed Health Care  
28 Office of Enforcement

Exhibit A – Grievance matters through August 1, 2016

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No.	Matter No
1	16-124
2	16-885
3	16-886
4	16-890
5	16-891
6	16-893
7	16-894
8	16-1046
9	16-1047
10	16-1048
11	16-1051
12	16-1052
13	16-1053
14	16-1054
15	16-1055
16	16-1249
17	16-1250
18	16-1251
19	16-1252
20	16-1254
21	16-1258
22	16-1262
23	16-1719
24	16-1720*
25	16-1721
26	16-1722
27	16-1723

No.	Matter No
28	16-1725
29	16-1726
30	16-1728
31	16-1729
32	16-1730
33	16-1731
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41	16-1752
42	16-1756
43	16-1801
44	16-1803
45	16-1829
46	16-1830
47	16-1831
48	16-1832
49	16-1833
50	16-1836
51	16-1837
52	16-2024
53	16-2025
54	16-2026

No.	Matter No
55	16-2027
56	16-2028
57	16-2029
58	16-2034
59	16-2037
60	16-2038
61	16-2039
62	16-2041
63	16-2042
64	16-2043
65	16-2046
66	16-2097
67	16-2098
68	16-2100
69	16-2102
70	16-2104
71	16-2105
72	16-2106
73	16-2107
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75	16-2109
76	16-2111
77	16-2112
78	17-006
79	17-010
80	17-014
81	17-016

Exhibit A – Grievance matters through August 1, 2016

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No.	Matter No
82	17-019
83	17-024
84	17-025
85	17-026
86	17-027
87	17-068
88	17-070
89	17-077
90	17-090
91	17-132
92	17-133
93	17-134
94	17-135
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96	17-142
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100	17-147
101	17-148
102	17-150
103	17-151
104	17-192
105	17-322
106	17-346
107	17-354
108	17-355

No.	Matter No
109	17-356
110	17-357
111	17-358
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No.	Matter No
136	17-395
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145	17-405
146	17-514
147	17-519
148	17-520
149	17-523
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Exhibit A – Grievance matters through August 1, 2016

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No.	Matter No
163	17-653
164	17-657
165	17-668
166	17-670
167	17-673
168	17-674
169	17-705
170	17-706
171	17-711
172	17-731
173	17-732
174	17-733
175	17-1367

1 Exhibit B

2 **Corrective Action Plan**

3  
4 Blue Cross of California, DBA Anthem Blue Cross (herein referred to as the Plan) agrees to  
5 implement the following modifications to its practices:

6 A. **Corrective Actions**: In order to accomplish the requirements of the attached  
7 Stipulated Settlement Agreement (herein referred to as Agreement), and to further  
8 improve upon its Grievance System, the Plan agrees to engage in the activities  
9 listed below (herein referred to as "Corrective Actions"). The Plan agrees it will  
10 implement these Corrective Actions by July 31, 2019:

- 11 1. Enhanced Customer Service Representative (CSR) Training:
- 12 a. Ownership of grievance and appeals (G&A) policies and procedures
  - 13 utilized by CSRs will shift to the G&A department. After any necessary
  - 14 updates to those policies and procedures, CSR training will be re-
  - 15 evaluated and updated. At minimum, Plan documents and training will
  - 16 be updated to reflect the agreed upon modifications in Paragraph 28 of
  - 17 the Agreement. This will include reassessment of all documents that
  - 18 seek to define "grievance", inquiry, coverage dispute and "resolved".
  - 19 b. Train CSRs to appropriately identify enrollee expressions of
  - 20 dissatisfaction (grievances) beyond relying on the enrollee's tone of
  - 21 voice to determine whether the issue is an inquiry or a grievance. Train
  - 22 CSRs not to ask enrollees whether the enrollee wants to file a
  - 23 grievance.
  - 24 c. Standardized initial training to emphasize the importance of correct
  - 25 categorization of enrollee communications and how each category
  - 26 should be processed.

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- d. Standardized ongoing, regular training to ensure retention and consistency of understanding and early remediation of any categorization issues.
- e. Structured call listening sessions in training for CSRs to provide appropriate examples of proper processing and conduct.
- f. Regular retraining focused on the results of the Plan's ongoing auditing and monitoring where it is disclosed that there are compliance issues.

2. Plan G&A Auditing and Monitoring:

- a. The Plan's G&A division, at minimum, will be incorporated into the oversight, auditing and monitoring of CSR G&A compliance.
- b. Not less than quarterly, the Plan shall perform call quality evaluation to ensure consistency in documentation of enrollee contacts. Regular meetings between the quality team and management to discuss skills needing further development.
- c. Not less than annually, the Plan shall perform a review of customer service contacts to determine proper categorization; update procedures to ensure consistent documentation to conduct sufficient review of those contacts. Audit program should include expanded list of "grievance" types from the regulatory definition in order to effectively evaluate the categorization of the communication.
- d. Not less than every six months, the Plan shall perform a review of open and closed exempt grievances; update procedures to ensure adequate documentation to conduct sufficient review for compliance.

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- 1 e. The Plan's review process shall include a mechanism to ensure  
2 issuance of appropriate documents (acknowledgment letter and/or  
3 resolution letter) as expeditiously as possible in cases where  
4 monitoring discloses a grievance should have been opened but was  
5 misclassified.
- 6 f. The Plan shall implement system and/or process improvements to  
7 identify all open grievances approaching the 30-day deadline, as well  
8 as those that have been open for more than 30 days without written  
9 resolution.
- 10 g. The Plan shall implement system and/or process improvements to  
11 identify all open grievances approaching the deadline for issuance of  
12 an acknowledgment letter, as well as those that have been open for  
13 more than five days without written acknowledgment.
- 14 h. The Plan shall implement focused auditing and coaching of CSRs (new  
15 hires as well as those identified through feedback and monitoring) to  
16 review skills and accuracy of G&A compliance, including correct  
17 categorization of enrollee communications. Audits should be conducted  
18 per month per associate along with coaching sessions. Feedback  
19 should be given to the associate and trends should be tracked for  
20 higher levels of review.
- 21 i. Not less than quarterly, the Plan shall perform audits of  
22 acknowledgment and resolution letters to ensure compliance with clear  
23 and concise language and timeframe requirements.

24 3. Process improvements for improved handling of grievances:

- 25 a. The Plan shall incorporate into regular internal reporting, a process to  
26 monitor correct transfer of enrollee communications from CSR to the  
27 G&A division.

- b. The Plan shall implement process improvements that result in the documentation of the subject of the enrollee's contact and whether there was an expression of dissatisfaction at any time during the encounter.
- c. The Plan shall implement process improvements that result in restricting the use of an exempt process to those types of grievances that are eligible.
- d. The Plan shall implement process improvements to ensure all individual issues within a grievance are identified, documented and resolved.
- e. The Plan shall implement process improvements to ensure CSRs have access to past communication(s) with enrollee(s) to determine if an issue has been raised previously.
- f. The Plan shall review inquiries, grievances, and appeals to improve the Plan's ability to identify, track, trend, and resolve emerging enrollee or CSR training issues.
- g. The Plan shall update its mailroom processes to improve timeliness of response to enrollee communications.
- h. The Plan shall route all enrollee calls pertaining to Department of Managed Health Care (herein referred to as Department) regulated products to CSRs specially trained in Department regulated products and Knox-Keene Health Care Service Plan Act of 1975 statutes and regulations. Although this group of CSRs primarily focus on California-specific products, they may answer calls about health care products licensed in other states, should the Plan choose.

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1                   4. The Plan and the Department acknowledge and agree that the Plan's  
2                   Corrective Actions set forth herein will result in all calls that are received by a  
3                   customer service representative being initially categorized as a grievance by  
4                   default. Calls may be recharacterized as an inquiry by the Plan's systems or  
5                   personnel if a call is determined not to be a grievance. The Plan and the  
6                   Department further acknowledge that the Corrective Actions set forth herein  
7                   may result in inquiries being processed as a grievance.  
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9                   **B. Deliverables:** The Plan shall update and report to the Department regarding the  
10                  status and results of its Corrective Actions as outlined below. Each item shall be  
11                  emailed to [EnforcementCAP@dmhc.ca.gov](mailto:EnforcementCAP@dmhc.ca.gov).

12                 1. On or before June 14, 2019, the Plan shall submit a report to the  
13                 Department that addresses the following as of April 30, 2019:

14                     a. Status of modifications to CSR Training including a discussion of any  
15                     issues that remain to be completed before July 31, 2019. This will  
16                     include the status of the following: revisions to G&A training materials,  
17                     implementation of associate training and projected training schedule  
18                     through 2020.

19                     b. Status of modifications and system enhancements to address the  
20                     Plan's G&A Auditing and Monitoring including a discussion of any  
21                     issues that remain to be completed before July 31, 2019.

22                     c. Status of modifications and system enhancements to address process  
23                     improvements for improved handling of grievances including a  
24                     discussion of any issues that remain to be completed before July 31,  
25                     2019.

26                 2. On or before August 30, 2019, the Plan shall submit a report to the  
27                 Department that includes the following:  
28

- a. Status of all Corrective Actions, as of July 31, 2019, including a discussion of all remaining tasks to be completed.
  - b. A listing of all policies and/or procedures updated on or before July 31, 2019, as a result of the Corrective Actions described herein.
  - c. A listing of the training topics and/or the training materials or modules that were subject to change on or before July 31, 2019, as a result of the Corrective Actions described herein.
  - d. Confirmation that on or before July 31, 2019, customer service and G&A personnel were trained utilizing materials updated as a result of the Corrective Actions described herein.
3. Starting October 30, 2019, and quarterly thereafter through April 30, 2020, the Plan shall submit a report containing the following for the previous quarter:
- a. By month, the number of inquiries, exempt grievance and standard grievances. In addition to the total number of grievances, a listing of the types of grievances shall also be included.
  - b. By month, for exempt grievances, the report shall identify the grievances by type and provide a summary of the number of grievances that required some back office task.
  - c. For the quarter, a listing of all policies and/or procedures updated as a result of the Corrective Actions described herein.
  - d. For the quarter, a listing by date of all training provided to G&A and customer service personnel utilizing training materials that were updated as a result of the Corrective Actions described herein.
  - e. For the quarter, a narrative report that describes how the Plan's updated monitoring and auditing activities are performing, to include a description of how the promised changes are being implemented, what tools are being utilized and the results of those efforts.