DEPARTMENT OF
Managed
Health Care

Arnold Schwarzenegger, Governor
State of California
Business, Transportation and Housing Agency
Department of Managed Health Care
Office of Enforcement
980 9th Street, Suite 500
Sacramento, CA 95814-2725
Telephone number (916) 323-0435
Facsimile number (916) 323-0438
enforcement@dmhc.ca.gov

January 7, 2009

SENT VIA FACSIMILE (818) 676-8097 AND U.S. MAIL

Douglas A. Schur
Vice President and Chief Regulatory Counsel
Health Net of California, Inc.
21650 Oxnard Street, Suite 1560
Woodland Hills, CA 91367

RE: Enforcement Matter No. 08-507, Complaint No. 420260
Enforcement Matter No. 08-508, Complaint No. 414449

ACCOUNTING OFFICE

LETTER OF AGREEMENT

Dear Mr. Schur:

The Office of Enforcement of the Department of Managed Health Care (the Department) has completed its investigation of the failure of Health Net of California, Inc. (Health Net or the Plan) to resolve two enrollees' grievances within 30 days, a violation of Health and Safety Code, section 1368.01, subdivision (a) and California Code of Regulations, title 28, section 1300.68, subdivision (d)(3). Both Health and Safety Code, section 1368.01, subdivision (a) and California Code of Regulations, title 28, section 1300.68, subdivision (d)(3) mandate that all plans shall resolve their enrollees' non-expedited grievances within 30 days.

The enrollee in Matter No. 08-507, through his mother, filed his grievance on March 28, 2008, after Health Net denied payment of claims related to pediatric care received by the enrollee on the basis that the treatment was not pre-authorized. The Plan's resolution letter upholding its initial denial was issued on July 24, 2008, a period of 118 days.

The enrollee in Matter Number 08-508, through her mother, filed her grievance on June 16, 2008, after Health Net denied coverage for out-of-network services related to the enrollee's diagnosis of T-Cell Lymphoma that were not pre-authorized. The Plan's resolution letter upholding its initial denial was issued on July 28, 2008, a period of 42 days.

Health Net has acknowledged the Plan's violations of the above-referenced sections of the Health and Safety Code and California Code of Regulations. The Department has determined that an administrative penalty of $5,000.00 is warranted ($2,500.00 for each matter), and Health Net of California has agreed to pay the penalty.

Sincerely,

AMY L. DOBBERTEEN
Assistant Deputy Director
Office of Enforcement

SRF:js

cc: Accounting Office

2009 JAN 16 AM 11:17
LEGAL OFFICE
CHARGED HEALTH CARE
ACCOUNTING OFFICE

Accepted by Health Net of California, Inc.

Dated: 1/12/09

Douglas Schur
Vice President and Chief Regulatory Counsel
Health Net of California, Inc.