



State of California—Health and Human Services Agency
Department of Health Care Services



**Vantage Medical Group
Corrective Action Plan
June 5, 2018**

Problem Presented:

Recently, the Department of Health Care Services (DHCS) received a whistleblower complaint documenting significant concerns in Vantage Medical Group's utilization management (UM) processes. Many Medi-Cal managed care health plans (MCPs), including the MCPs to whom this letter is addressed, have delegated UM functions to Vantage Medical Group (Vantage), who in turn utilizes Primary Provider Management Company, Inc. (PPMC), a Management Services Organization (MSO) to perform certain utilization and claims management services.

Background:

Vantage is a Medical Group that contracts with MCPs. The whistleblower complaint documents Vantage's serious UM processing deficiencies. The complaint has been validated by an onsite audit that reveals that Vantage:

- Fails to process, or timely process a substantial number of member requests for health care services;
- Falsifies dates and times and purposely delays member referrals and provider claims payment; and
- Creates false UM documentation for audit purposes.

Legal Authority:

DHCS permits MCPs to delegate utilization UM activities to third parties. (See MCP Contract, Exhibit A, Attachment 5, ¶5.) MCPs are responsible for overseeing delegated functions and remain accountable for any functions they delegate to third parties. (MCP Contract, Exhibit A, Attachment 6, ¶14, Subcontracts; 42 CFR 438.230(b)(1), 22 CCR § 53867.) Regardless of delegation, MCPs must comply with all UM duties and obligations set forth in the MCP Contract. (MCP Contract, Exhibit, A, Attachment 4, ¶6, Attachment 5.) DHCS retains the right to approve or disapprove any subcontract entered into by the MCP. (MCP Contract, Exhibit A, Attachment 6, ¶14.) Pursuant to Exhibit A, Attachment 6, ¶14, DHCS directs MCPs to immediately institute the following safeguards in order for the MCPs, or any of their subcontractors, to use Vantage.

Mandated Corrective Action Plan Requirements:

MCP contracts clearly make every MCP individually responsible for all delegated UM activities. All MCPs that have contractual relationships with Vantage, directly or indirectly, share responsibility for ameliorating the current deficiencies. If it is determined that Vantage is experiencing broad spectrum utilization management and/or claims payment deficiencies that exist across all or most contracting MCPs, DHCS reserves the right to require the MCPs to collectively install an Independent Monitor Organization to address those deficiencies in a coordinated fashion.

MCP Responsibilities

Mandate No. 1 – Plan of Action:

Each MCP shall prepare and submit a Plan of Action to DHCS detailing information regarding its members who may have been adversely impacted by Vantage's deficient UM and provider claims payment processes in the proceeding twenty-four (24) months, at a minimum. Each MCP shall submit the Plan of Action to DHCS for review and approval no later than **ten (10) business days** from the date of this letter. The Plan of Action may be amended and updated by the MCP as necessary with DHCS approval.

The Plan of Action must include, at a minimum, the following components:

- 1) The total number of members assigned to Vantage who are serviced by PPMC;
- 2) The number of members with delayed or unprocessed service request determinations due to Vantage's deficient UM processes;
- 3) The number of providers with delayed or unprocessed claim payment requests;
- 4) The number of subcontracted IPAs and providers that are impacted. For each affected entity, the following must be submitted:
 - a. Subcontracted IPA/provider name;
 - b. A list of the subcontracted IPAs and providers and whether those providers are affiliated with other MGs and IPAs; and
 - c. Total number of providers impacted.
- 5) An assessment of the MCP's "provider affiliation overlap (any IPA/MG impacted and the provider overlap with non-impacted IPAs/MGs)" for impacted members;
- 6) If the MCP elects to terminate its contract with Vantage, the MCP's transition plan for impacted members that includes member notification and continuity of care rights in accordance with all applicable State and federal laws, if applicable;
- 7) The result of the MCP's investigation that identifies all of Vantage's and PPMC's UM and provider claims payment deficiencies and the MCP's strategies to ameliorate those deficiencies.
- 8) In the event that the MCP discovers additional unrelated deficiencies or irregularities, such as, but not limited to, claims payment deficiencies, the MCP shall immediately advise DHCS.

- 9) The MCP shall oversee and monitor Vantage's and PPMC's overall business operations to validate continuity of operations and implementation of corrective actions.
- 10) An action plan that identifies remediation next steps that include, at a minimum, the following information:
 - a. A description of how the MCP proposes to handle Vantage's and PPMC's UM functions and claims payment on a go forward basis;
 - b. A description of how the MCP proposes to conduct oversight for any delegated UM and claims payment functions that remain with Vantage or PPMC on a go forward basis;
 - c. A description on how the MCP intends to monitor Vantage, PPMC, and other MGs and MSOs that have been delegated MCP responsibilities. The description shall include a forensic analysis of Vantage and how to prevent similar deficiencies from occurring in the future;
 - d. A description of how the MCP proposes to make changes to its oversight of delegated UM functions on a go forward basis to detect and correct UM deficiencies; and
 - e. Milestones and timelines.
- 11) Immediate remediation and continued monitoring plan for review of UM and claims processing functions.
- 12) DHCS reserves the right to request additional data and documents including, but not limited to, the actual contracts that the MCP has with Vantage and its subcontractor, PPMC. The MCP shall promptly comply with requests for information, data, and additional reports from DHCS and the Department of Managed Health Care (DMHC).

Mandate No. 2 – Gathering and Preserving Documents:

MCPs shall independently and expeditiously obtain all necessary information from Vantage and PPMC to quantify the extent of potential member harm. This information includes, but is not limited to:

- 1) Medical records;
- 2) Referral data;
- 3) All data relating to Notice of Action (NOA) letters as defined by the DHCS and MCP contract and All Plan Letter 17-006, whether the NOA was mailed or not; and
- 4) Provider claims payment records

Each MCP shall take all steps necessary to safeguard and preserve Vantage and PPMC documents relating to any and all UM activities as well as all provider and member requests for services and provider claims payment records for the past ten (10) years from being destroyed or compromised.

The MCP shall take immediate steps to copy and preserve Vantage and PPMC's data relating to their assigned Medi-Cal members. DHCS reserves the right to have one or

more of its staff on-site at Vantage and/or PPMC if concerns arise regarding document preservation.

Mandate No. 3 – Impacted Members:

To the extent the MCP determines that Vantage and/or PPMC did not appropriately respond to the MCP member's or provider's request for health care services or claims payment, the MCP shall expeditiously evaluate the current member's medical information relating to the request(s) and promptly authorize all medically necessary covered services and the status of outstanding provider claims payment requests.

The MCP shall only authorize medically necessary covered services to the extent the individual continues to be eligible and enrolled in the MCP. The MCP shall focus on services that were requested within the prior twenty-four (24) months that have not been properly adjudicated but shall also review, to the extent possible, all service requests that have not been properly adjudicated. "Impacted members" shall be defined as, at a minimum, including authorization requests pending a determination (not yet approved, denied or modified) and any denials identified by the plan as lacking an appropriate medical necessity review. Whenever possible, the MCP shall prioritize members with chronic conditions as defined by aid code.

The MCPs shall take prompt and appropriate steps to pay outstanding clean provider claims and to promptly notify providers of the reasons for any pending or denied claims.

Mandate No. 4 – Progress Reports:

Each MCP shall submit a progress report to DHCS on a **weekly basis**, or whenever a significant event occurs, whichever is sooner. The MCP shall submit its first progress report to DHCS **ten (10) business days** from the date of the MCP's initial Plan of Action submission. The MCP may request approval from DHCS to change the submission intervals as Plan of Action milestones are completed.

Mandate No. 5 – Contacting Impacted Members:

Each MCP shall work expeditiously to contact current members and providers impacted by the Vantage and/or PPMC UM and claims payment deficiencies within, at a minimum, the twenty-four (24) months prior to the submission of the Action Plan and expedite access to outstanding medically necessary Medi-Cal managed care covered services and outstanding provider claims payment requests. The MCP's current member contact campaign must include, at a minimum, three outbound telephone call attempts and one written notice. The MCP may stop the telephone calls if contact is made or current contact information is unavailable or inaccurate.

DHCS will continue to evaluate the MCPs' progress toward ameliorating Vantage's UM and claims payment deficiencies. The evaluation process includes the potential to

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impose monetary sanctions on a quarterly basis for any period of time that the MCPs have not been previously sanctioned for the deficiencies.

DHCS reserves its right to assess contract penalties and claim liquidated damages. If you have any questions, please contact Sarah Brooks, sarah.brooks@dhcs.ca.gov.

Sincerely,

A handwritten signature in cursive script that reads "Sarah Brooks".

Sarah Brooks, Deputy Director
Health Care Delivery Systems
Department of Health Care Services