

**CALIFORNIA DEPARTMENT OF MANAGED HEALTH CARE
REGULATORY PROGRAM REQUIREMENTS
FOR VENDORS, CONTRACTORS AND SUPPLIERS**

The California Department of Managed Health Care Regulatory Program Requirements for Vendors, Contractors and Suppliers contains the additional contractual provisions required by the California Department of Managed Health Care to be included in certain agreements between Kaiser Foundation Health Plan, Inc. and its vendors, contractors and suppliers as described in more detail below. Vendors, contractors and suppliers are required to review the contractual provisions below and comply with those that are applicable the services it is providing.

A. DEFINITIONS. As used herein, the following definitions shall apply:

“Agreement” means a purchase order, contract or other agreement for the supply of services by Supplier to Health Plan.

“KFHP” means Kaiser Foundation Health Plan, Inc., a California not-for-profit corporation.

“Services” means the services supplied by Supplier to Health Plan under an Agreement.

“Supplier” means a vendor, contractor or supplier providing services to Health Plan.

B. CALIFORNIA DMHC REGULATORY REQUIREMENTS

KFHP is a health care service plan licensed under the Knox-Keene Health Care Service Plan Act of 1975, as amended (Chapter 2.2, commencing with Section 1340, of the California Health and Safety Code, hereinafter, the “Knox-Keene Act”) and the regulations promulgated thereunder (Division 1, Chapters 1 and 2 of Title 28 of the California Code of Regulations, hereinafter the “Rules”), and regulated by the California Department of Managed Health Care (“DMHC”).

If Supplier provides administrative, management, or consulting services relating to the health care service plan of KFHP, then it must comply with the Knox Keene-required provisions set forth below.

1. Compliance with Knox-Keene Act and Rules. KFHP is subject to the requirements of the Knox-Keene Act and Rules. Any provisions of the Knox-Keene Act and Rules shall be binding on KFHP and Supplier whether or not set forth in this document or in an Agreement.

2. Retention and Availability of Records; Audits.

(a) Supplier shall keep and maintain books and records related to Services provided under the Agreement for a period of not less than ten (10) years. For the most recent two (2) years, books and records shall be accessible at the offices of Supplier, and thereafter, be available within not more than five (5) days of request.

(b) Upon reasonable notice to Supplier, Supplier shall make available to KFHP and its authorized agents, and authorized government and accreditation officials, for review, audit, and inspection, at reasonable times and locations, all books, records, and papers relating to Services provided under the Agreement, which shall also be open to inspection during normal business hours by DMHC.

(c) To the extent feasible, books and records shall be located in, or be readily available for review, audit, and inspection within, the State of California. To the extent books and records are located outside of the State, upon reasonable notice by KFHP, Supplier shall make such books and records available for viewing electronically within the State. Upon reasonable notice by KFHP, and if required by law, government regulator, or accreditation agency, Supplier agrees

that copies of books and records may be required to be made available in hard copy format within the State at its own expense.

(d) Obligations set forth under this section shall survive termination of the Agreement.

3. Supplier's Use of Subcontractors for Services. Supplier shall provide forty-five (45) days' notice to KFHP prior to subcontracting any portion of the Services ("Subcontracting Notice"). Supplier shall require every subcontractor to agree in writing to comply with all laws applicable to Services provided under the Agreement, and to the specific provisions of this California Regulatory Amendment. With the Subcontracting Notice, Supplier shall also provide KFHP a copy of the agreement with its subcontractor(s), evidencing compliance with this Section 3. Supplier may redact confidential reimbursement information from the subcontractor agreement. Supplier shall provide thirty (30) days' prior written notice to KFHP prior to the termination or expiration of any subcontractor agreement affecting Services under the Agreement.

4. Administrative Capacity. Supplier represents it has the administrative capacity to provide Services as required under the Agreement.

5. Confidentiality of Medical Information Act. Supplier shall make sufficient and necessary efforts to effectively protect and maintain the confidentiality of medical records and all other protected health and enrollment information of any KFHP Member.

6. Licensure.

(a) Supplier shall maintain, on a current and unrestricted basis, any required licenses, certifications, and accreditations required for Services it provides under the Agreement. In addition, Supplier shall ensure proper licensure or certification of all its personnel and subcontractors for providing Services in performance of the Agreement.

(b) Supplier represents that it has secured, and shall maintain throughout the term of the Agreement, any required registration or licensure of equipment needed in performance of Services required under the Agreement.

ADDITIONAL PROVISIONS: The following provisions should only be included in contracts that meet the criteria described below.

7. Compliance with Mental Health Parity Laws. Supplier must comply with the following provisions if Supplier's Services includes any of the following functions: claims processing or review / utilization management / medical necessity determinations / referrals to in or out of network providers / provider credentialing.

Compliance with Mental Health Parity Laws.

(a) To the extent applicable to its provision of Services, Supplier shall maintain compliance with all applicable laws, including without limitation, the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA); Title 42 United States Code Section 300gg-26; 45 Code of Federal Regulations, section 146.136 (2013); and California Health and Safety Code Section 1374.76.

(b) Upon KFHP's delegation to Supplier of claims review of KFHP mental health benefits for the purpose of approving or denying such claims, KFHP and Supplier shall confer as necessary to identify the processes, strategies, evidentiary standards, or other factors ("review criteria") that

are comparable to, and applied no more stringently than, those that KFHP uses when conducting similar claims review decisions for covered services. Supplier shall use the identified comparable criteria when reviewing, approving, or denying claims of covered KFHP benefits in applicable benefit classifications.

(c) KFHP shall have the authority to periodically monitor Supplier's claims review processes to ensure parity between Supplier's and KFHP's criteria when Supplier reviews, approves, or denies claims of KFHP benefits in applicable benefits classifications.

8. Claims Processing Delegation. Supplier must comply with the following provisions if Supplier's Services involves the performance of claims processing or review functions.

Claims Processing Delegation.

(a) In addition to applicable federal claims processing laws and regulations, Supplier must comply with all applicable Knox-Keene Act claims processing requirements. This includes compliance with requirements in Health & Safety Code Sections 1371 and 1371.35, and Rule 1300.77.4. In this regard, at a minimum, Supplier shall pay claims within forty-five (45) business days after receipt of a properly submitted complete claim, or any undisputed portion thereof, or if the claim is not governed by Knox-Keene Act requirements, within such other time frame as may be permitted or required by applicable law.

(b) Compensation of any agent or employee of Supplier engaged to review claims for health care services provided to KFHP members shall not be based on either of the following: (i) a percentage of the amount by which a claim is reduced for payment; or (ii) the number of claims or the cost of services for which the person has denied authorization or payment.

C. Conflicts Between Clauses. In the event of a conflict or inconsistency between the clauses in this document applicable to an Agreement, the most stringent clause will apply.

D. Modifications. The Requirements set forth herein are subject to change by Health Plan from time to time as a result of changes required by DMHC. These requirements shall not be construed to require any violation of federal or state law or collective bargaining agreements.