

CALIFORNIA

# Kaiser agrees to \$200 million in fines, fixes after failing to provide timely mental health care



Kaiser Permanente agreed to a \$200-million settlement after canceling tens of thousands of appointments and failing to provide timely care, California regulators said. Above, Kaiser's Los Angeles Medical Center on Sunset Boulevard. (Irfan Khan / Los Angeles Times)

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OCT. 13, 2023 10:55 AM PT

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Kaiser Permanente agreed to a \$200-million settlement and major changes to its mental health services after investigations revealed the healthcare giant canceled tens of thousands of appointments and failed to provide timely care, the California Department of Managed Health Care announced Thursday.

The agreement includes a \$50-million fine, the largest ever levied against a health plan, according to DMHC director Mary Watanabe. Kaiser also agreed to make \$150 million in investments over five years to improve its services.

“This settlement agreement aims to provide Kaiser patients with the care they are entitled to in a timely manner,” Gov. Gavin Newsom said in a statement. “Today’s actions represent a tectonic shift in terms of our accountability on the delivery of behavioral health services.”

Kaiser, the state’s largest healthcare provider with over 9 million members, faced a DMHC “non-routine survey” of the plan’s behavioral health operations beginning in May 2022 “based on

complaints received from enrollees, providers, and other stakeholders,” [according to court documents](#). Such complaints increased 20% from 2020 to 2021, the agency noted.

By August 2022, the DMHC launched a more targeted enforcement investigation into whether Kaiser was offering timely appointments during a behavioral health worker strike over [long patient waits](#) and heavy clinician workloads.

The two DMHC investigations found “several violations and deficiencies” related to “providing timely access to care, oversight of the plan’s providers and medical groups, network adequacy, conformity to mental health parity, and grievances and appeals,” [according to a DMHC statement](#).

During the 10-week National Union of Healthcare Workers strike in Northern California, [which ended in mid-October 2022](#), Kaiser canceled 111,803 behavioral health appointments, affecting 63,808 patients, according to court documents from the DMHC.

That number could be an undercount, the DMHC said, because its enforcement investigation discovered canceled, rescheduled or bridge appointments that were not included in Kaiser’s documentation.

Sal Rosselli, president of the National Union of Healthcare Workers, said the DMHC’s investigation “affirms everything that Kaiser therapists have said about their patients’ inability to receive timely, adequate mental health care.”

“This settlement is a monumental victory for Kaiser Permanente patients and its mental health therapists who have waged multiple strikes over the past decade to make Kaiser fix its broken behavioral healthcare system,” Rosselli said.

Greg A. Adams, Kaiser Permanente chair and chief executive, said demand was exacerbated by the COVID-19 pandemic, putting a strain on the health plan.

“We saw a 33% increase in need during the pandemic and have seen 20% more people come in for care in 2023 than at this point last year,” Adams said in a statement. “An ongoing shortage of qualified mental health professionals, clinician burnout and turnover, even a 10-week strike last year by 2,000 mental health clinicians in California, have all contributed to make it very difficult to meet this growing need for care.”

In the survey, Kaiser informed the DMHC that average wait times for non-urgent follow-up behavioral health appointments were longer than prescribed by state law, which requires such appointments with nonphysician behavioral health providers within 10 business days of the previous appointment for patients receiving treatment for mental health and substance abuse disorders.

In 2021, non-urgent appointments were completed in 19 days on average, and only 44% of such individual appointments with internal providers were completed in the required 10-day

period, according to court documents. Group appointments had better success, being completed in 10 days about 93% of the time.

On top of those violations, the DMHC found a shortage of high-level care facilities in the plan's network, a lack of oversight and inadequate handling of patient grievances.

The settlement forces Kaiser to hire an outside contractor on fixes to ensure timely appointments and legal compliance. The contractor will be asked to improve Kaiser's quality assurance program, patient access, handling of patient complaints and members' ability to get in-network care, including from external contractors.

"I appreciate Kaiser working proactively and in good faith to reach this agreement for the benefit of its members," Watanabe, the DMHC director, said in a statement.

The settlement comes as Kaiser reached a tentative agreement with unions representing about a third of its workforce, a week after what some described as the largest healthcare worker strike in U.S. history.

More than 75,000 employees walked out for three days in multiple states, including California, putting pressure on Kaiser to reach a deal with the [Coalition of Kaiser Permanente Unions](#). A tentative deal with the coalition representing more than 85,000 workers at Kaiser hospitals and clinics [was announced early Friday](#).