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Kaiser ordered to revamp delivery of behavioral health care services

The settlement with state regulators calls for increased oversight, corrective actions and a $50 million fine

Kaiser Permanente Foundation Health Plan has reached a settlement with the California Department of Managed Health Care that calls for significant changes to Kaiser's delivery of behavioral health care services. It includes a $50 million fine and will require the healthcare provider to take corrective action to address deficiencies in delivery and oversight of the behavioral health care services it provides to enrollees. (File photo)

By KEVIN SMITH | kvsmith@scng.com | San Gabriel Valley Tribune

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Kaiser Permanente Foundation Health Plan has reached a settlement with the California Department of Managed Health Care that calls for significant changes to Kaiser's delivery of behavioral health care services.

The settlement, announced Thursday, Oct. 12, includes a $50 million fine and will require the healthcare provider to take corrective action to address deficiencies in delivery and oversight of the behavioral health care services it provides to enrollees.

The settlement grew out of a non-routine survey of Kaiser the DMHC conducted in May 2022.

The DMHC found that Kaiser canceled behavioral health appointments and often failed to schedule appointments in a timely manner, which were still required, regardless of a strike among mental health clincians in August 2022.

The agency also noted a "shortage of contracted high-level behavioral health care facilities" in the plan's network, as well as "inadequate oversight of the plan's medical groups in evaluating appropriate care." DMHC also said Kaiser failed to make out-of-network referrals, which are required under the law, when in-network providers are not available.

Kaiser has also pledged $150 million in additional investments over the next five years into programs to its improve its behavioral health care programs.

The settlement comes amid labor unrest that could potentually fuel a week-long strike among 75,000 Kaiser workers next month.

In a statement issued late Thursday, Kaiser CEO Greg A. Adams said the company has seen "an unprecedent rise in demand" for mental health care services over the past three years, driven largely by the COVID-19 pandemic and its aftermath.

"We have increased our staffing and facilities to help meet this growing need," he said. "Since 2020, we have invested an additional $1.1 billion to provide mental health treatment for our members."

Adams said Kaiser hired nearly 600 additional therapists and expanded its networks over the past three years to include thousands of community therapists.

"We have invested an additional $195 million in new clinical facilities that include 329 mental health provider offices," Adams continued. "Even so, during the period of the DMHC survey we fell short of our members expectations and our own expectations."

DMHC Director Mary Watanabe said Kaiser worked "proactively and in good faith" to reach the agreement.

"In addition to paying the highest fine the DMHC has ever levied against a health plan, Kaiser Permanente has agreed to make significant improvements to the plan's operations, processes and procedures and business model to better assist enrollees with accessing care," Watanabe said.

Gov. Gavin Newsom, who was in Los Angeles on Thursday signing legislation to modernize and transform California's mental health and substance-use disorder treatment systems, also weighed in on the settlement.

"Today's actions represent a tectonic shift in terms of our accountability on the delivery of behavioral health services," Newsom said. "Accountability of the private sector is foundational to ensuring our entire system of behavioral health care works for all Californians."

Meanwhile, Kaiser is grappling with labor issues.

On Tuesday, Kaiser executives received notice of another potential strike just days after 75,000 employees ended a three-day walkout.

The Coalition of Kaiser Permanente Unions issued a 10-day strike notice Monday, Oct. 9, warning of a possible strike Nov. 1-8 if the healthcare giant fails to address "an acute and dire" staffing crisis and continues to outsource jobs.

Kaiser said it recently finished hiring 10,000 people, adding to the 51,000 workers the hospital system has brought aboard since 2022.

Last week’s walkout among nurses, ER techs, respiratory therapists, x-ray technicians and scores of others has been called the largest healthcare strike in U.S. history. It impacted operations at 23 Kaiser facilities in Southern California, along with others throughout Colorado, Oregon, southwest Washington, Virginia and Washington.