DEPARTMENT OF
Managed
Health Care

CHECKLIST FOR HEALTH CARE SERVICE PLANS
NEW LICENSE APPLICATIONS
MEDICARE PRESCRIPTION DRUG PLANS ONLY [1]

General Filing Information

☐ The California laws that apply to Medicare Prescription Drug Plans may be found at www.dmhc.ca.gov.[2]

☐ Complete the Financial Projections Data Source Checklist (Attachment 1) if there is not an actuarial report submitted supporting the financial projections.

☐ Applicant should request a pre-filing conference with Department of Managed Health Care ("DMHC") [licensing counsel and financial examiner] to discuss the application prior to filing.

☐ License approvals require an average time of four (4) to six (6) months. A complete, careful, and thorough initial application will limit delays. The applicant's ability to respond in a timely manner to requests from the DMHC for additional information, documentation and changes necessary to establish compliance may also impact the timeliness of the application process. Please take this review time into account when considering application deadlines from CMS. The DMHC cannot guarantee licensure by a particular date.

☐ Applicants must submit filing information/documents/emails electronically through the DMHC's eFiling system. (See section below "Electronic Filing Requirements.")

☐ CONFIDENTIALITY. All filed exhibits are open to the public. The Applicant may request confidential treatment for information which meets the criteria of Title 28 California Code of Regulations section 1007(a). All exhibits for which

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[1] For Medicare Advantage or Medicare Advantage-Prescription Drug plans use the Medicare Advantage/ Medicare Advantage-Prescription Drug Plan Checklist.

[2] The laws administered by the Department of Managed Health Care are found in the Knox-Keene Health Care Service Plan Act of 1975. California Health and Safety Code Sections 1340 et seq. (the "Act"). References herein to "Section" are to Sections of the Act. References to "Rule" refer to the regulations promulgated by the Department at Title 28 California Code of Regulations.

confidential treatment is requested (either the entire exhibit or parts of an exhibit) must be filed separately and marked "Confidential Treatment Requested." The Applicant must file a separate "Request for Confidentiality Checklist" [hyperlink to the checklist] which is posted in the eFling system. The Checklist is open to the public.

For Each Exhibit

☐ Include page numbers and filing date on all exhibits.

☐ Submit clearly legible electronic reproductions. Please note that the eFiling system displays the uploaded electronic documents only in black and white to reviewers.

☐ Review all proposed revisions prior to filing them to avoid errors and ensure consistency between exhibits.

☐ Amendments to the initial application must comply with Rule 1300.52, specifically, changes to the information previously filed must be redlined/black-lined.

Electronic Filing Requirements

☐ All filings, including the application for licensure, must be submitted electronically pursuant to Rule 1300.41.8. This filing process is referred to as "eFiling."

☐ Each individual authorized to submit E-Filings on behalf of the plan must file an Electronic Filing Signature Verification Contract with an original signature with the DMHC.

☐ Once the DMHC receives a completed Signature Verification Contract, that individual will be issued a Login and Password to submit filings on behalf of the plan.

☐ To request an Electronic Filing Signature Verification Contract, or for more information on obtaining an eFiling Login and Password, please send an email only to LicensingeFiling@dmhc.ca.gov or call (916) 322-5393.

For questions concerning this checklist, please contact Nancy Wong, (916) 322-1955 or nwong@dmhc.ca.gov. For questions concerning Attachment 1, please contact Michael Cleary at (916) 255- 2448 or mcleary@dmhc.ca.gov.

CHECKLIST OF EXHIBITS FOR NEW LICENSE APPLICATION FOR MEDICARE PART D PRESCRIPTION DRUG PLAN

Exhibits to be Filed

This checklist is to assist a Medicare Part D Prescription Drug Plan filing for a health care service plan license in California. If the applicant believes that the information requested in a specific exhibit is not applicable, please file the exhibit with an explanation why the information is not applicable.

(See Health & Safety Code § 1351 and Title 28, Cal. Code of Regs. § 1300.51 for specific requirements for each exhibit.)

Exhibit A-D Execution Page:

☐ A: Identification of Plan

☐ B: Type of Filing

☐ C: Type of Plan Contract.
- Under item "C.2. Specialized Health Plan Contract(s); Other " specify that plan is a "Pharmacy, Medicare Part D Prescription Drug Plan."

☐ D: Contact Person

E: Other Agencies

Exhibits:

Exhibit E: Summary of Information in Application

☐ E-1: Summary Description of Plan Organization and Operation

- Include the Applicant's legal name and any dba's.
- Include the physical location (street address, city, state and country) of *personnel* who perform any financial functions on behalf of the plan and the employing company. Example: Key data entry of claims by XYZ, Inc. in Dublin, Ireland.
- Include the physical location (street address, city, state and country) of the Applicant's *books and records* related to corporate governance, claims and accounting. Include the same information for books and records

maintained by any entity performing claims and accounting services on behalf of the applicant.

- Background on Applicant, parent, and affiliates (also info regarding presence in other states).
- Whether the Applicant is currently operating in CA or elsewhere under CMS waivers.
- Ownership, Corporate Structure information.
- All relevant information known to the applicant concerning whether the plan, its parent, or any other affiliate of the plan, or any controlling person, officer, director, or other person occupying a principal management or supervisory position in the plan, management company, or other affiliate, has:
  - Any history of noncompliance with applicable state or federal laws, regulations, or requirements related to providing, or arranging to provide for, health care services or benefits in this state or any other state or any under federal program
  - Any current investigations or lawsuits pending regarding compliance with applicable state or federal laws, regulations, or requirements related to providing, or arranging to provide for, health care services or benefits
- Any other information the applicant feels would be relevant in considering the application that may not be included in the other required exhibits.
- Include the name and telephone number of the Applicant's contact, knowledgeable about the details of the filing, if other than the person identified in A.3. above.

☐ E-2: Summary Description of Start Up[3]

- Milestone dates for contracting with CMS, including any final date by which the Applicant must be licensed by the State of California.
- Assuming Applicant is given a contract by CMS, first possible date Applicant can begin accepting enrollment.
- Name of Applicant's CMS contact and their contact information, including phone and email.
- Further explanation of exhibits which need background to be clearly understood (e.g. administrative services agreements in Exhibit N).
- A summary of all exhibits filed, with a short description of each (unless the previous bullet is applicable).
- Services to be offered, benefit plans to be offered, general service area (need not be detailed).

Exhibit F: Organization and Affiliated Persons

[3] Check that all page numbers referenced correspond to the printed page numbers in each exhibit as filed.

- ☐ F-1-a-i : Articles of Incorporation
- ☐ F-1-a-ii : Corporate By-laws
- ☐ F-1-a-iii : Corporation Information Form

  - ➢ For item 6, including, but not limited to, the following: Chief Executive Officer, President, Chief Financial Officer, and Chief Medical Officer.

- ☐ F-1-f : Individual Information Sheet

  - ➢ Anyone named in F-1-a-iii must have a corresponding Individual Information Sheet.

- ☐ F-2-a: Contracts with Affiliated Persons, Principal Creditors and Providers of Administrative Services

- ☐ F-2-b: Contracts identified in F-2-a, including Surplus Notes and Subordination Agreements

- ☐ F-3: Other Controlling Persons

- ☐ F-4: Criminal, Civil & Administrative Proceedings

- ☐ F-5: Employment of Barred Persons

Exhibit G: Miscellaneous

- ☐ G-1: §1300.51.2 Consent to Service of Process Form

- ☐ G-2: Authorization of Disclosure of Financial Information Form

☐ Exhibit L: Organization Chart

- ➢ At a minimum, the Applicant's organization chart depicting the licensee's Board of Directors (names required), key management and officers. The chart must include the CEO, President, CFO, COO, Medical Director/Chief Medical Officer and Head of Claims.
- ➢ Show committees and committee membership.
- ➢ Include a separate organization chart showing all the Applicant's affiliates, with their respective Boards of Directors and key management and officers.

Exhibit M: Narrative Information

☐ M-1: Narrative explanation of the organization chart. Include the following information:

- Number of Applicant's employees.
- Indicate the identity of the employer of the following: CEO, President, CFO, COO, CMO, and Head of Claims.
- If any of the positions in the above bullet have not been filled, please provide the anticipated hiring date for the vacant position.
- Physical location (street address, city, state and country) of the headquarters of CFO and Accounting and Claims Departments.
- Physical location (street address, city, state and country) of claims processing and employees who oversee claims processing.
- Legal name of entity, if any, performing claims processing functions on behalf of the Applicant.
- Include in the information whether claims are processed electronically
- Identify entity which employs claims processors.
- Explain how pharmacy claims are processed, including whether claims are processed electronically.

☐ M-2: For each individual named in Exhibit L, a narrative of their responsibilities, the percentage of time devoted to each function, if they have responsibilities with affiliates, and if so, the percentage of time they will work for the Applicant

☐ M-4: Unredacted Resumes (Confidential) – for those named in Exhibit L (Applicant's organizational chart only)

☐ M-5: Redacted Resumes (Public) - for those named in Exhibit L (Applicant's organizational chart only)

Exhibit N: Contracts for Administrative Services

☐ N-1: Contracts

- Include contracts with pharmacy benefit managers or pharmacies, if applicable.
- Include a copy of the entire contract or agreement.
- If the contract is for solicitation services only, see Exhibit BB below.
- Applicant may request confidential treatment of payment and compensation amounts by filing a complete copy of the contract and a copy with the payment and compensation amounts redacted. The

redacted copy should be filed as a public document. The unredacted copy should be marked "Confidential Treatment Requested" and identified in the "Request for Confidentiality Checklist" . See 28 Cal. Code of Regs., § 1007.

☐ N-2: Applicant's administrative arrangements to monitor performance

☐ Exhibit O: Separation of medical services from fiscal and administrative management (a narrative)

Exhibit BB: Solicitation Contracts.

☐ BB-1: List of solicitors. If applicant does not use solicitors in California, file Exhibit BB-1 with that statement.

☐ BB-2: Solicitor Contracts

- If applicant uses solicitors in California, file templates of each contract, including the compensation for each contract. Request confidential treatment of compensation.

Exhibit DD: Individual Contract Enrollment Projections. NOTE: All Medicare Part D Prescription Drug Plan contracts are treated as individual contracts even when offered to groups. 28 Cal. Code of Regs., § 1300.51(d) CC.1

☐ DD-1: Projections

- For item DD.1.e. state "n/a."

☐ DD-2: Substantiation of Projections

Exhibit EE: Summary Enrollment Projections

Exhibit FF: Prepaid and Periodic Charges

☐ FF-1: Determination of Prepaid Charge

- Applicant may submit bid accepted by CMS.

☐ FF-2-b: Schedule of Prepaid Charges

Exhibit GG: Current Financial Viability, including TNE

☐ GG-1-a: Most recent audited financial statements

☐ GG-1-b: Most recent unaudited financial statements

☐ GG-2: Tangible Net Equity. See Title 28, Cal. Code of Regs., 1300.51.GG.2 for explanation.

Exhibit HH: Projected Financial Viability

HH-1: Projected Financial Statements to commencement of operation

- If the plan is already operational, these exhibits need not be filed.

☐ HH-1-a: Projected balance sheet

☐ HH-1-b: Projected statement of income and expenses

☐ HH-1-c: Projected tangible net

HH-2: Projected Financial Statements, initial period of operation. The "initial period of operation" is

- the period from commencement of operations under the California license until the applicant's projections demonstrate it has reached the break-even point or for one year whichever is longer (statements to be prepared on a monthly basis) and
- for an additional period of one year (statements to be prepared on a quarterly basis).

☐ HH-2-a: Projected balance sheet

☐ HH-2-b: Projected statement of income and expense

☐ HH-2-c: Projected cash-flow statement

☐ HH-2-d: Calculation of tangible net equity

HH-3 Substantiation of Projections in 1. and 2.

☐ HH-3-a: Feasibility studies

☐ HH-3-e: Time lag assumptions.

☐ HH-3-f-i: Maintenance of TNE prior to break-even point in operations.

☐ HH-3-f-ii: Non-bank funding

HH-4 Reimbursements, monthly and quarterly

☐ HH-4-a- (i): Reimburse non-contracting providers

☐ HH-4-a- (ii): Reimburse enrollees for covered health care services furnished by non-contracting providers (see Section 1377(a))

☐ HH-4-a- (iii): Total reimbursements for services by non-contracting providers (1) plus (2) (see Section 1377(a))

☐ HH-4-a- (iv): Fee-for-service payments to reimburse contracting providers for covered health care services

☐ HH-4-a- (v): Total reimbursements (3) plus (4)

☐ HH-4-a- (vi): Total expenditures by applicant for covered health care services

☐ HH-4-a- (vii): The ratio of total reimbursements to total health care expenditures (5) divided by (6)

☐ HH-4-a- (viii) :The ratio of reimbursements for services by non-contracting providers to total expenditures (3) divided by (6)

☐ HH-4-b: Substantiation of Projections

☐ HH-4-c: Total reimbursements/Total Expenditures > 10 %, non-contracting providers

☐ HH-4-d: total reimbursements/total expenditures in Item 4-a(vii) exceeds 10%

☐ HH-5: Administrative Costs

☐ HH-6: Provision for Extraordinary Losses

☐ HH-6-A: Malpractice Insurance

☐ HH-6-b: Tort Claims

☐ HH-6-c: Loss of Facilities

- ☐ HH-6-d: Fidelity Bond Coverage
- ☐ HH-6-e: Worker's Compensation Insurance

Exhibit II: Fiscal Arrangements

II-1 Maintenance of Financial Viability

- ☐ II-1-a: Compliance with § 1375.1(b)
- ☐ II-2 Capitation Payments to Providers, if applicable
- ☐ II-3: Risk of Insolvency.
  - ☐ II-3-a: The continuance of benefits to enrollees for the duration of the contract period for which payment has been made
  - ☐ II-3-c. Payments to non-contracting providers for services rendered
- ☐ II-4: Provider Claims
- ☐ II-5: Other Business

This Checklist is provided for guidance and reference purposes only and you are required to review and comply with the Knox-Keene Act and Title 28 Regulations and other applicable laws.