1300.75.4.7 Organization Evaluation

Every contract involving a risk arrangement between aplan and an organization or a sub-delegating organization and an organizationshall:

(a)

Require the organization to comply with the Department of Managed Health Care's review and audit process, in determining the organization's satisfaction of the Grading Criteria; and

(b)

Permit the Department to perform any of the following activities in conjunction with the plan's oversight process: (1) Obtain and evaluate supplemental financial information pertaining to the organization when: (A) the organization fails to satisfactorily demonstrate its compliance with the Grading Criteria; (B) the organization experiences an event that materially alters its ability to remain compliant with the Grading Criteria; (C) the external party's review or audit process indicates that the organization may have insufficient financial capacity to continue to accept financial risk for the delivery of health care services consistent with the requirements of sections 1300.70(b)(2)(H)(1) of Title 28, California Code of Regulations; or (D) the Department receives information from complaints submitted to the HMO Help Center, health plan reporting, medical audits and surveys or any other source that indicates the organization may be delaying referrals or authorizations or failing to meet access standards for basic health care

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