

6.2 REGULATORY UPDATE

- DMHC Financial Audit is scheduled to begin in April 2026
 - Purpose - to evaluate and report on a plan's compliance with the financial and administrative requirements of the Knox-Keene Act.
- Each examination assesses a plan's fiscal soundness, operational controls, and adherence to statutory obligations.
 - Areas of review typically include claims processing and timeliness, provider dispute resolution practices, financial account management, oversight of delegated arrangements, premium and encounter data reporting, and compliance with required financial ratios and reserve levels.
- Recent financial examination reports issued for other health plans have highlighted several recurring areas of concern:
 - Deficiencies in claims accuracy and timeliness, inadequate documentation or monitoring of delegated entities, inconsistent or incomplete financial reconciliations, weaknesses in internal controls over accounting processes, and gaps in regulatory reporting or required disclosures.
 - Staffing levels, leadership turnover, and insufficient segregation of duties in financial operations.
- Given these trends, CCHP anticipates that DMHC's review of CCHP will emphasize claims, financial controls, reserve adequacy, administrative cost reporting, and the effectiveness of oversight structures.
- CCHP is preparing accordingly and remains committed to full transparency and proactive engagement throughout the examination process.

- Three enforcement matters remain under Department of Managed Health Care (DMHC) review.
 - Enforcement Matter 22-710
 - Administrative penalty paid to DMHC in October 2025
 - Enforcement Matter 23-348
 - Awaiting response from DMHC regarding CCHP's submitted Corrective Action Plan
 - Enforcement Matter 24-143
 - Awaiting response from DMHC

Public Comments

JCC Comments