

FILED ALAMEDA COUNTY

JUN 2 3 2015

By Sal Sandy

# SUPERIOR COURT OF THE STATE OF CALIFORNIA COUNTY OF ALAMEDA

KOREAN COMMUNITY CENTER OF THE EAST BAY; KOREAN RESOURCE CENTER,

Case No. RG14748387

Petitioners,

VS.

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JENNIFER KENT, in her capacity as Director, California Department of Health Care Services, CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES, AND DOES 1 through 10,

Respondents.

ORDER DENYING RESPONDENTS'
MOTION TO RECONSIDER AND REVOKE
ORDER GRANTING PRELIMINARY
INJUNCTION

The Motion of Respondents Jennifer Kent, in her official capacity as the Director of the California Department of Health Care Services, and the California Department of Health Care Services, (collectively "Respondents") to Reconsider and Revoke Order Granting Preliminary Injunction, came on regularly for hearing on April 23, 2015, in Department 14 of the above-entitled court, the Honorable

Evelio Grillo presiding. Petitioners Korean Community Center of the East Bay and Korean Resource Center ("Petitioners") appeared by counsel Cori Racela, Helen Tran and Mona Tawato. Respondents appeared by counsel Hadara Stanton and Anna Molander.

Following the hearing on the matter, the court took the matter under submission. The court has considered all of the papers filed in connection with the motion, and the arguments at the hearings and, good cause appearing, hereby rules as follows:

#### I. BACKGROUND

This petition for writ of mandate is brought pursuant to Code of Civil Procedure section 1085 challenging California Department of Health Care Services' 2014 Medi-Cal eligibility redetermination process. Petitioners allege in their petition that the Department has failed to perform its duty to: (1) translate the 2014 redetermination forms into the Medi-Cal threshold languages, (2) include in the Notice Of Action ("NOA") terminating a beneficiary's Medi-Cal benefits the legally required information about the 90-day cure period, and (3) fully implement the ex parte review process required by law so that Medi-Cal beneficiaries who are eligible for benefits based on non-MAGI eligibility will not be terminated based on failure to return the RFTHI that is not applicable to such beneficiaries.

Petitioners filed a motion for preliminary injunction, which this court granted in part on February 19, 2015, finding that the Department is enjoined from issuing any NOA terminating a beneficiary's Medi-Cal benefits without including language advising the beneficiary of the 90-day cure period. The court denied the remainder of Petitioners' motion for preliminary injunction, and directed Petitioners to submit a proposed preliminary injunction, after submission to the Department for review, by March 13, 2015.

On March 2, 2015, Respondents filed this motion for reconsideration seeking to revoke the court's portion of the order granting Petitioners' motion for preliminary injunction. The Department claims that there are new facts that warrant reconsideration that were not available at the time of the

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motion. Specifically, the order enjoining the Department from issuing NOA terminating Medi-Cal benefits without including notice of the 90-day cure period is moot because as of January 15, 2015, while the motion for preliminary injunction was under submission, the Department confirmed that all fifty eight counties in California have included language regarding the 90-day cure period in the NOA. According to the Department, there are three consortia that issue the NOA on behalf of all the counties in California: (1) CalWIN, (2) C-IV, and (3) LEADER. CalWIN implemented the ninety day cure period language by August 28, 2014, C-IV by January 15, 2015, and LEADER by December 2014. The Department attaches copies of the NOA issued by CalWIN, C-IV and LEADER, to establish that they now include the 90-day cure period language. (See CWDA Decl., Exhs. A-C.)

#### II. ANALYSIS

#### A. WHETHER ORDER GRANTING PRELIMINARY INJUNCTION IS MOOT

The court's February 19, 2015 order granted Petitioners' preliminary injunction as to this issue on the ground that due process requires that beneficiaries be notified of this 90-day cure period in the NOA. The court's finding was based on Welfare and Institutions Code section 14005.37, which states in pertinent part:

- (i) If within 90 days of termination of a Medi-Cal beneficiary's eligibility or a change in eligibility status pursuant to this section, the beneficiary submits to the county a signed and completed form or otherwise provides the needed information to the county, eligibility shall be redetermined by the county and if the beneficiary is found eligible, or the beneficiary's eligibility status has not changed, whichever applies, the termination shall be rescinded as though the form were submitted in a timely manner.
- (j) If the information available to the county pursuant to the redetermination procedures of this section does not indicate a basis of eligibility, Medi-Cal benefits may be terminated so long as due process requirements have otherwise been met.

(Welf. & Inst. Code § 14005.37(i), (j).) Further, California Code of Regulations ("CCR"), title 22, section 50179(c)(7) requires a NOA to include "[a] statement, when appropriate, regarding the information or action necessary to reestablish eligibility or determine a correct share of cost." Thus, the

court found a likelihood that the Department has such a duty to notify beneficiaries of this right to provide a completed form or any missing information within 90 days of the NOA, so that their Medi-Cal benefits may continue uninterrupted and they will not have to re-apply for benefits. This court explained:

The Department contends that it is only required to notify beneficiaries of the right to a fair hearing, which already is included in the NOA. Once issued though, the NOA effectively provides a date for termination of a beneficiary's right to Medi-Cal benefits and notifies the beneficiary of the right to request a fair hearing within 90 days after the county gave or mailed the notice. The Department stated at the hearing that during the time a beneficiary is waiting for a fair hearing, a beneficiary still receives Medi-Cal benefits. In addition, the 90-day cure period applies after benefits have already been terminated and allows a beneficiary to provide any missing or additional information that may allow a beneficiary to continue receiving benefits. Thus, it is a way of reestablishing benefits without having to proceed through the process of a fair hearing, which can be intimidating and overwhelming especially for LEP beneficiaries. Beneficiaries therefore have a significant private interest in being notified about this 90-day cure period that would potentially allow them to continue receiving benefits. The risk of deprivation of such interest, if not notified, is enormous as it fails to allow beneficiaries to seek continued benefits when all that may be needed is missing or additional information. There is clearly a dignitary interest in informing these beneficiaries of the nature, grounds and consequences of the action as allowing them the opportunity to provide this missing or additional information may provide continued Medi-Cal benefits rather than allowing these benefits to terminate.

As to the governmental interest, the court finds that notifying beneficiaries in the NOA of this 90-day cure period would seem to alleviate the fiscal and administrative burdens that may otherwise result from having these beneficiaries request a fair hearing, which would seem to require more time and resources for the Department. To the extent thought that the Department contends that notifying beneficiaries of this 90-day cure period would still strain the Department's already limited resources because it would be flooded with inquiries about providing missing information necessary to continue receiving benefits, the court finds that in balancing the harm of beneficiaries losing their Medi-Cal benefits because they are not advised of their 90-day right to cure compared to the potential strain on the Department's resources, the balance weighs in favor of notifying beneficiaries of this right. (See *Goldberg v. Kelly* (1970) 397 U.S. 254, 266, holding that such governmental interests are not overriding in the welfare context as the state has weapons to minimize increased costs, and interest of welfare recipients in uninterrupted receipt of public assistance outweighed the state's concern about fiscal and administrative burdens.)

(See court's February 19, 2015 order, pp.21-22.)

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<sup>&</sup>lt;sup>1</sup> This information appears to be included in the NOA based on the sample NOAs provided to the court, which state that if a hearing is asked for before an action on Medi-Cal takes place, then Medi-Cal will stay the same while the beneficiary is waiting for a hearing. (See Oparowski Decl., Exh. A; Gable Decl., Exh. F.)

Although the Department contends that such 90-day cure language has now been included in all of the NOA issued by the three consortiums, the Department's motion tasks this court with determining whether the notice comports with the due process that the court already found is required with respect to notice of this 90-day cure period. The 90-day cure language is different in each of the NOA issued by the three consortiums.

# 1. CalWIN NOA

The CalWIN NOA provides the most notice, as it not only advises the beneficiary of the ninety days to provide the information needed to complete the redetermination, but it also states that "If you wish to complete the redetermination process and continue your Medi-Cal without interruption, please contact your worker before the discontinuance date. You have 90 days from the date of discontinuance to contact us to provide the information needed to complete your Medi-Cal Redetermination." (See CWDA Decl., Exh. A.) Although it alerts beneficiaries that benefits may continue uninterrupted, it appears to be in reference to before the discontinuance date. Thus, the NOA is somewhat confusing as it advises a beneficiary to contact a worker before the discontinuance date but then goes on to state that a beneficiary has 90 days from the date of discontinuance to provide the information needed. It is not clear from the NOA that Medi-Cal benefits may continue without interruption if the missing information is provided within 90 days from the date of discontinuance. It also does not state what information is missing but puts the burden on the beneficiary to contact the Medi-Cal worker.<sup>2</sup>

#### 2. <u>C-IV NOA</u>

The C-IV NOA does not state that benefits will continue if the missing information is provided. (See CWDA Decl., Exh. B.) It states "You have 90 days from the date you are discontinued to send the

<sup>&</sup>lt;sup>2</sup> The court notes that the language in this sample NOA by CalWIN was also provided to the court for consideration regarding Petitioners' motion for preliminary injunction. (See Oparowski Decl., Exh. A; Gable Decl., Exh. F.) The order granting preliminary injunction acknowledged that the Department presented evidence to show that the 90-day cure period was included in these NOA issued by CalWIN. Upon further review however, the court finds that the language regarding the 90-day cure period does not provide meaningful notice that complies with due process requirements.

information. If we do not get the information by June 29, 2015 you must re-apply for Medi-Cal." (Id.) This NOA also does not state what information is missing, but states only "You did not complete the reevaluation/redetermination process." (Id.) This sample NOA though, does provide the specific date that Medi-Cal will discontinue, e.g. effective 1/31/15. (Id.)

#### 3. <u>LEADER NOA</u>

The LEADER NOA also does not state that benefits will continue uninterrupted if the missing information is provided within ninety days. (See CWDA Decl., Exh. C.) Instead, it states that the reason for the beneficiary's discontinuance is: "We are unable to redetermine your eligibility because you did not complete and return to us the Statement of Facts (Medi-Cal) that we mailed to you." (*Id.*) It further states "You have 90 days from the date you are discontinued to provide the information so we can re-determine your eligibility. If we do not get the information by 04/30/2015, you must re-apply for Medi-Cal." (*Id.*) Thus, the LEADER notice, like the CalWIN notice, fails to clearly and expressly state that benefits will continue uninterrupted if such information is provided within 90 days of the date of termination. Moreover, the NOA references a "Statement of Facts," but no Statement of Facts is included with the NOA. Petitioners submit declarations from beneficiaries explaining that they received this NOA and were confused because about what missing information needed to be provided and what the "Statement of Facts" was. (See Hawawasamge Decl.; Botero Decl.; Tan Decl.; Ginther Decl.)

According to the Department, the "Statement of Facts" is in reference to the annual renewal form that is prepopulated with information obtained by the county and identifying any additional information needed. (See Welf. and Inst. Code § 14005.37(f).<sup>3</sup>)

<sup>&</sup>lt;sup>3</sup> Welfare and Inst. Code section 14005.37(f) states:

<sup>(</sup>f)(1) In the case of an annual eligibility redetermination, if the county is unable to determine continued eligibility based on the information obtained pursuant to paragraph (1) of subdivision (e), the beneficiary shall be so informed and shall be provided with an annual renewal form, at least 60 days before the beneficiary's annual redetermination date, that is prepopulated with information that the county has obtained and that identifies any additional information needed by the county to determine eligibility. The form shall include all of the following:

#### 4. THE NOAs DO NOT COMPLY WITH THE COURT'S ORDER

"[D]ue process safeguards required for protection of an individual's statutory interests must be analyzed in the context of the principle that freedom from arbitrary adjudicative procedures is a substantive element of one's liberty." (*People v. Ramirez* (1979) 25 Cal.3d 260, 268.) When an individual is subjected to deprivatory governmental action, the individual always has a due process liberty interest both in fair and unprejudiced decision-making and in being treated with respect and

- (A) The requirement that he or she provide any necessary information to the county within 60 days of the date that the form is sent to the beneficiary.
- (B) That the beneficiary may respond to the county via the Internet, by mail, by telephone, in person, or through other commonly available electronic means if those means are available in that county.
- (C) That if the beneficiary chooses to return the form to the county in person or via mail, the beneficiary shall sign the form in order for it to be considered complete.
- (D) The telephone number to call in order to obtain more information.
- (2) The county shall attempt to contact the beneficiary via the Internet, by telephone, or through other commonly available electronic means, if those means are available in that county, during the 60-day period after the prepopulated form is mailed to the beneficiary to collect the necessary information if the beneficiary has not responded to the request for additional information or has provided an incomplete response.
- (3) If the beneficiary has not provided any response to the written request for information sent pursuant to paragraph (1) within 60 days from the date the form is sent, the county shall terminate his or her eligibility for Medi-Cal benefits following the provision of timely notice.
- (4) If the beneficiary responds to the written request for information during the 60-day period pursuant to paragraph (1) but the information provided is not complete, the county shall follow the procedures set forth in paragraph (3) of subdivision (g) to work with the beneficiary to complete the information.
- (5)(A) The form required by this subdivision shall be developed by the department in consultation with the counties and representatives of eligibility workers and consumers.
- (B) For beneficiaries whose eligibility is not determined using MAGI-based financial methods, the county may use existing renewal forms until the state develops prepopulated renewal forms to provide to beneficiaries. The department shall develop prepopulated renewal forms for use with beneficiaries whose eligibility is not determined using MAGI-based financial methods by January 1, 2015.

dignity. (*Id.*) In making the determination as to what due process safeguards apply, "due process is flexible and calls for such procedural protections as the particular situation demands." (*Id.*, citing *Morrissey v. Brewer* (1972) 408 U.S. 471, 481.)

"An elementary and fundamental requirement of due process in any proceeding which is to be accorded finality is notice reasonably calculated, under all the circumstances, to apprise interested parties of the pendency of the action and afford them an opportunity to present their objections."

(Mullane v. Cent. Hanover Bank & Trust Co. (1950) 339 U.S. 306, 314-15; see also Rosenblit v.

Superior Court (1991) 231 Cal.App.3d 1434, 1445 [Notice sufficient to enable a meaningful response is an indispensable element of due process.].) Such notice must be of such a nature as to reasonably convey the required information, and it must afford a reasonable time for those interested to make their appearance. (Mullane, supra at 315.) However, "process which is a mere gesture is not due process."

(Id.) The means of providing such process must be one desirous of actually informing the absentee might reasonably adopt to accomplish it. (Id.)

The NOAs issued by the three consortia fail to comply with this due process requirement of providing meaningful notice to recipients. Meaningful notice in this case requires notice to beneficiaries of: (1) what missing information is needed, AND (2) that their Medi-Cal benefits may continue uninterrupted and will not be terminated, if they provide this missing information within 90 days from the date of termination stated in the NOA. None of the NOAs provide meaningful notice as to what information is missing and is needed for the beneficiary to continue their Medi-Cal benefits uninterrupted. Directing the beneficiary to contact a Medi-Cal worker to provide information needed without telling the beneficiary what information is needed, and referencing a "Statement of Facts" form that is not included with the NOA, is not notice "of such a nature as to reasonably convey the required information...." (See *Mullane, supra* at 315.) In other words, a beneficiary receiving the NOA cannot

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determine from the NOA what information a beneficiary needs to provide in order to keep his or her benefits.

Further, the NOAs fail to clearly state that a beneficiary's Medi-Cal benefits may continue and thus will not be terminated if this missing information is provided within 90 days from the date of termination. The statute provides that eligibility shall be redetermined by the county when the missing information is provided and that if the beneficiary is found eligible or the beneficiary's status has not changed, the termination shall be rescinded as though the form were submitted in a timely manner.

(Welf. & Inst. Code § 14005.37(i).) Simply advising the beneficiary that he or she has 90 days to provide the information so that his or her eligibility may be re-determined, fails to also notify the beneficiary of the other important detail that the termination shall be rescinded as though the form were submitted in a timely manner if a beneficiary is eligible, i.e. no termination will occur and the beneficiary's Medi-Cal benefits will continue uninterrupted if the missing information is provided and establishes eligibility. Such notice may cause a beneficiary to provide such missing information since it provides for a way to continue benefits without requesting a fair hearing or having to re-apply for Medi-Cal benefits following receipt of the NOA.

Additionally, it does not appear that requiring such notice would put any significant fiscal and administrative burden on the Department or counties. 4 Clear and express language in the NOA that

<sup>&</sup>lt;sup>4</sup> As stated in the court's preliminary injunction order finding that due process requires notice of the 90-day cure period in the NOA, the dictates of due process generally requires consideration of "(1) the private interest that will be affected by the official action, (2) the risk of an erroneous deprivation of such interest through the procedures used, and the probable value, if any, of additional or substitute procedural safeguards, (3) the dignitary interest in informing individuals of the nature, grounds and consequences of the action and in enabling them to present their side of the story before a responsible governmental official, and (4) the governmental interest, including the function involved and the fiscal and administrative burdens that the additional or substitute procedural requirement would entail. (*People v Ramirez* (1979) 25 Cal.3d 260, 269, citing *Civil Service Assn. v. City and County of San Francisco* (1978) 22 Cal.3d 552, 561)

Medi-Cal benefits will continue uninterrupted if the missing information is provided within 90 days, would simply need to be programmed into the NOA. Further, specifying the missing information also should not put a heavy burden on the Department or counties. Since the annual renewal form has already been prepopulated and sent to the beneficiary before, it seems that this same form could simply be provided once again with the NOA and thus it would notify a beneficiary specifically what information is missing and needed. Absent such safeguards, it seems likely that many beneficiaries may lose their Medi-Cal benefits because they will not be aware of the 90-day cure period and/or will not know what to do to keep their Medi-Cal benefits if they receive a NOA.

The Department has not provided any evidence that it would be infeasible to include this information in the NOA. As discussed above, due process is a flexible concept and calls for procedural protections as the particular situation demands. (See *Ramirez, supra*, 25 Cal.3d at 268.) In this instance, based on the lack of any evidence to the contrary, the court finds that it is reasonable to require the Department to include in the NOA (1) what missing information is needed, AND (2) to provide notice to a beneficiary that his or her Medi-Cal benefits may continue uninterrupted and will not be terminated, if the beneficiary provide this missing information within 90 days from the date of termination stated in the NOA. Thus, the court finds that the NOAs are inadequate to provide the meaningful notice that due process requires given the high stakes here involving whether or not beneficiaries receive medical care that may be needed to sustain their lives,.

The Department's motion is DENIED because the court's order granting Petitioners' preliminary injunction is not moot.

#### B. TRANSLATION OF THE NOA FOR KNOWN LEP BENEFICIARIES

As to Petitioners' argument that issuing English NOAs to known limited-English proficient beneficiaries is inconsistent with the court's order, this argument is not properly before the court on the

Department's motion for reconsideration, and therefore the court declines to rule on this issue at this time.

#### C. THE DEPARTMENT'S EVIDENTIARY OBJECTIONS

The Department filed objections to Petitioners' evidence, which are ruled on as follows:

- (1) The Department's general objection to all of the evidence submitted by Petitioners as lacking relevance is OVERRULED.
- (2) The Department's objection to the declaration of Corilee Racela and attached exhibit based on lack of foundation and lack of personal knowledge is OVERRULED in light of the Supplemental Declaration of Corilee Racela filed on April 22, 2015.
- (3) The Department's objection to the declaration of Dr. G. Huntly-Fenner and attached Exhibits as irrelevant is OVERRULED. The Department's objections to paragraphs 8-22 based on lack of foundation and lack of personal knowledge are also OVERRULED.
- (4) The Department's objection to the declarations and exhibits of A. Hewawsamge, N. Botero, K.Tan, J. Ginther and J. Kim as irrelevant, is OVERRULED.
- (5) The Department's objection to Petitioners' request for judicial notice as irrelevant, is OVERRULED.

IT IS SO ORDERED.

DATED: June 23, 2015

Evelio M. Grillo

JUDGE OF THE SUPERIOR COURT

### SUPERIOR COURT OF CALIFORNIA COUNTY OF ALAMEDA

Case Number: RG14748387

Case Name: Korean Community Center of the East Bay vs. Kent

1) Order Denying Respondents' Motion to Reconsider and Revoke Order Granting Preliminary Injunction

#### DECLARATION OF SERVICE BY MAIL

I certify that I am not a party to this cause and that a true and correct copy of the foregoing document was mailed first class, postage prepaid, in a sealed envelope, addressed as shown below by placing it for collection, stamping or metering with prepaid postage, and mailing on the date stated below, in the United States mail at Alameda County, California, following standard court practices.

I declare under penalty of perjury that the foregoing is true and correct. Executed on

June 25, 2015

Executive Officer/Clerk of the Superior Court

By M. Scott Sanchez, Deputy Clerk

Racela, Corilee
Neighborhood Legal Services of Los Angeles County
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Long Beach, CA 90802\_\_\_\_

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FILED ALAMEDA COUNTY

JUN 2 3 2015

By Sut Sarly

# SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF ALAMEDA

KOREAN COMMUNITY CENTER OF THE
EAST BAY; KOREAN RESOURCE CENTER,

Petitioners,

Vs.

TOBY DOUGLAS, in his capacity as Director,
California Department of Health Care Services,
CALIFORNIA DEPARTMENT OF HEALTH
CARE SERVICES, AND DOES 1 through 10,

On February 19, 2015, this court granted the Motion of Petitioners Korean Community Center of the East Bay and Korean Resource Center ("Petitioners") for Preliminary Injunction in part, and directed Petitioners to submit a proposed form of preliminary injunction.

Respondents.

After considering Petitioners' proposed preliminary injunction and the objections filed by Respondents Jennifer Kent, Director, California Department of Health Care Services, and the California Department of Health Care Services ("Respondents"), the court HEREBY ORDERS as follows:

Pending judgment in, or a dismissal of this matter, Respondents, together with their agents, employees, representatives, and all persons acting in concert or participating with them, are hereby prohibited and preliminarily enjoined from issuing any Notice of Action ("NOA") terminating a beneficiary's Medi-Cal benefits for failure to provide redetermination information where the NOA does not contain language advising the beneficiary that he or she has a "90-day cure period" from the date of termination in which to provide missing information necessary to have their benefits reinstated and explaining what information is missing, as required by Welfare and Institutions Code section 14005.37(i) and 22 C.C.R. section 50179(c)(7).

The preliminary injunction shall issue without bond.

IT IS SO ORDERED.

DATED:

Evelio M. Grillo

JUDGE OF THE SUPERIOR COURT

# SUPERIOR COURT OF CALIFORNIA COUNTY OF ALAMEDA

Case Number: RG14748387

Case Name: Korean Community Center of the East Bay vs. Kent

1) Preliminary Injunction

#### DECLARATION OF SERVICE BY MAIL

I certify that I am not a party to this cause and that a true and correct copy of the foregoing document was mailed first class, postage prepaid, in a sealed envelope, addressed as shown below by placing it for collection, stamping or metering with prepaid postage, and mailing on the date stated below, in the United States mail at Alameda County, California, following standard court practices.

I declare under penalty of perjury that the foregoing is true and correct. Executed on

June 25, 2015.

Executive Officer/Clerk of the Superior Court By M. Scott Sanchez, Deputy Clerk

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