



State of Louisiana
Department of Health and Hospitals
Bureau of Health Services Financing
Bayou Health

Via E-mail and Certified Mail

May 16, 2013

Ms. Rebecca Engelman
Executive Director
LaCare
P.O. Box 83580
Baton Rouge, LA 70884

RE: Notice of Monetary Penalty

Dear Ms. Engelman:

We are writing to notify you that a monetary penalty is being assessed against LaCare for non-compliance with a requirement of our contract dated September 30, 2011. This non-compliance is relative to LaCare's failure to meet pharmacy encounter claims submission requirements as outlined in Section 17.6.2.1 of Exhibit E of the contract.

In an email to Kathy Stone dated February 8, 2013, DHH notified LaCare of its failure to meet the original submission deadline and granted an extension of the deadline to February 14, 2013, noting that this deadline was absolute.

In a letter to you dated February 26, 2013, DHH notified LaCare of its failure to meet the February 14, 2013 deadline and stated its intent to assess monetary penalties. DHH is assessing this monetary penalty in accordance with Section 20.2.3 of Exhibit E of the contract.

"The CCN may be subject to a sanction of \$10,000 per calendar day for each day the information is late; or incomplete, deficient and/or inaccurate until the information have been submitted and accepted by DHH as complete, accurate and has no deficiencies."

LaCare remained noncompliant with the above referenced requirement through March 3, 2013. Accordingly, DHH will assess a monetary penalty of \$170,000, equal to \$10,000 per day for seventeen (17) calendar days.

DHH will withhold this amount from LaCare's next monthly payment on June 18, 2013, as authorized by Section 5.11.1 of Exhibit E of the contract.

"The CCN agrees that all amounts owed to DHH, as identified through routine or investigative reviews of records or audits conducted by DHH or other state or federal agency, are due no later than 30 calendar days following notification to the CCN by DHH unless otherwise authorized in writing by DHH. DHH, at its discretion, reserves the right to collect amounts due by withholding and applying all balances due to DHH to future payments. DHH reserves the right to collect interest on unpaid balances beginning thirty (30) calendar days from the date of initial notification."

Should you have any questions, please contact Jen Steele at 337-233-9627 or Jen.Steele@la.gov.

Sincerely,



Madeline W. McAndrew
Bayou Health Director

MM/js

c: Ruth Kennedy
Mary Johnson
Jen Steele