

Department of Health Care Services

Drug Medi-Cal Action Steps

The Department of Health Care Services has taken significant steps to address fraud in the Drug Medi-Cal program. These actions are not a quick fix. We are taking far-reaching, sustainable steps toward resolving systemic problems affecting Drug Medi-Cal. There are many good Drug Medi-Cal providers who help vulnerable Californians in need of these important services. DHCS' ongoing work will protect individuals in need and support honest providers.

- **Statewide Sweep of Providers:** Since launching a statewide enforcement sweep in July, DHCS has suspended payments to 58 providers operating 174 facilities, and lodged 51 Credible Allegations of Fraud with the California Department of Justice for potential prosecution.
- **Actions Against Unscrupulous Medical Directors:** DHCS is reaching out to the appropriate state Medical Boards as part of an effort to stop unethical Drug Medi-Cal medical directors from exploiting their medical licenses to defraud the state. A medical license should not be a key to unlock millions in profits for unscrupulous doctors and the scam artists who employ them.
- **County Monitoring of Providers:** DHCS is actively working with counties to improve coordination and fully support their roles as the first line of defense against Drug Medi-Cal fraud. Efforts are underway to find methods that ensure counties and the state have the ability to expeditiously terminate the contracts of bad providers when needed.
- **State Commitment to Investigate all Concerns:** DHCS Director Toby Douglas sent a letter to all employees in the Drug Medi-Cal unit and a letter to all county officials responsible for Drug Medi-Cal. It strongly reinforces the state's commitment to fully evaluate and take appropriate action regarding *every* complaint of wrongdoing and suspected fraud. (Letter attached)
- **State Staff:** Criminal activity within state ranks hampered state oversight of Drug Medi-Cal. DHCS has taken personnel action to ensure the integrity of oversight processes and will continue to closely monitor for any wrongdoing that impacts this important program.
- **State Certification of Providers:** DHCS is demanding that every facility in the state recertify. The process includes an on-site inspection of each provider by DHCS staff and an update on the leadership hierarchy at each facility. This will ensure that the individuals owning, directing and operating these programs are accountable and are not excluded by law from participation.
- **Increased Resources:** DHCS has increased the resources available to fight Drug Medi-Cal fraud. Additional investigative staff, including trained financial auditors, nurse evaluators and peace officers have been dedicated to fight the problem as its scope becomes more clear.

- **Single Department Oversight of Drug Medi-Cal:** Perhaps most importantly, as of July of this year, full state responsibility for Drug Medi-Cal has been consolidated within DHCS, rather than with multiple departments. DHCS is attacking the fraud problem with a singular focus and with all of the significant and effective fraud fighting resources at its disposal.