



C A L I F O R N I A D E P A R T M E N T O F

Mental Health

December 10, 2004

DMH INFORMATION NOTICE NO.: 04-08

TO: LOCAL MENTAL HEALTH DIRECTORS
LOCAL MENTAL HEALTH ADMINISTRATORS
LOCAL MENTAL HEALTH PROGRAM CHIEFS
COUNTY ADMINISTRATIVE OFFICERS
CHAIRPERSONS, LOCAL MENTAL HEALTH BOARDS

SUBJECT: EARLY AND PERIODIC SCREENING, DIAGNOSIS AND
TREATMENT (EPSDT) CHART AUDITS IN FY 2004-2005

EXPIRES: Retain until rescinded

Effective January 2005, the Department of Mental Health (DMH) will commence chart audits of Early and Periodic Screening, Diagnosis and Treatment (EPSDT) services of selected legal entities. Audits conducted from January-June 2005 will utilize the April-June 2004 audit period. The DMH will provide instructions for audits performed in fiscal year (FY) 05-06 at a later date.

Per California Code of Regulations (CCR), Title 9, Section 1840.100, a legal entity is defined as follows: *“Legal entity” means each MHP and each of the corporations, partnerships, agencies, or individuals providing specialty mental health services under contract with the MHP, except that legal entity does not include individual or group providers, Fee-For-Service/Medi-Cal hospitals or psychiatric nursing facilities.*

The EPSDT audits will be conducted by a DMH contractor, Behavioral Health Concepts (BHC), Inc. This contractor will audit a statistically valid sample of DMH approved claims made by the selected legal entities during the audit period utilizing the enclosed EPSDT Reasons for Recoupment FY 04-05. The charts associated with these claims will be audited utilizing the enclosed Section J--Non-Hospital Chart Review FY 04-05 and, when applicable, the enclosed Section I--Therapeutic Behavioral Services FY 04-05.

Unlike current DMH chart audits of adult charts when only the Federal Financial Participation (FFP) is recouped for disallowed claims, the DMH will also be recouping the State General Fund (SGF) portion as well. In addition, the recoupment percentage, by service function, will be extrapolated to all EPSDT claims made by the legal entity during the April-June 2004 audit period. A legal entity serving more than one Mental Health Plan (MHP) will have audit samples and, if applicable, recoupment percentages unique to each of the MHPs served by that legal entity.

While the DMH will be targeting legal entities with high total-dollar claims and legal entities with high per beneficiary claim amounts, all legal entities are subject to being audited. The DMH will not be publishing the names of the legal entities being reviewed in FY 04-05. Each legal entity being reviewed will be notified of its audit two weeks in advance by way of an e-mail from the DMH contractor to the legal entity with a copy to the MHP director or designee of each MHP served by that legal entity. The e-mail will provide information for contacting the DMH contractor to obtain the list of beneficiary names to be audited and to arrange the specifics of the onsite audit.

The charts being reviewed must be present at the commencement of the audit. A chart not present at the commencement of the audit will have its claim(s) subject to recoupment. If a beneficiary has more than one chart, it would be prudent to have the additional chart(s) present as the information in the other charts may be needed to establish medical necessity or to confirm the presence of a client plan that covers the audit period.

Should the DMH contractor be unable to find required documentation to support a claim, the legal entity and MHP staff will be given the opportunity that day to locate the documentation in the chart while the contractor is onsite. However, charts cannot leave the audit room and nothing can be added to the charts once the audit begins.

The DMH contractor will have multiple teams auditing about 100 legal entities in FY 04-05. Reviews will commence the week of January 3, 2005 with e-mails announcing these visits going out to affected MHP Directors or designees on December 20, 2004. Except for extenuating circumstances as determined by the DMH, once announced, an audit will not be postponed. However, for good cause and prior to announcement, the DMH will consider an MHP's or legal entity's request to not be audited during a particular week.

The DMH will issue audit report findings to the MHPs with a copy to the legal entities about 60 days following each review. As applicable, the reports will include a Plan of Correction for all items found to be out of compliance and the list of recouped claims to be extrapolated along with information on the extrapolation process. MHPs have appeal rights as delineated in CCR, Title 9, Section 1810.380(d).

The DMH will be issuing additional information related to the EPSDT chart audits in the near future. A DMH Information Notice on the Disallowed Claims System will provide information on how the claims identified for repayment by the MHP can be removed from

the EPSDT chart audit sample. DMH also plans to issue a DMH Letter that will provide general policies and procedures for recoupment of overpayments of Medi-Cal funds (FFP and SGF) identified by the DMH and for repayment by the MHP of overpayments identified by the MHP.

If you have questions, please contact Tom Burke, LCSW, Interim Chief, Medi-Cal Oversight at (562) 868-2275 or (916) 654-3607.

Sincerely,

STEPHEN W. MAYBERG, Ph.D.

Director

Enclosures

cc: California Mental Health Planning Council
Executive Director, CMHDA
Compliance Advisory Committee
Chiefs, County Operations