State of California—Health and Human Services Agency
Department of Health Care Services

JENNIFER KENT
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

DATE: September 12, 2016

MHSUDS INFORMATION NOTICE NO.: 16-045

TO: COUNTY BEHAVIORAL HEALTH PROGRAM DIRECTORS
COUNTY BEHAVIORAL HEALTH DIRECTOR'S ASSOCIATION
CALIFORNIA COUNCIL OF COMMUNITY BEHAVIORAL HEALTH AGENCIES
CALIFORNIA ALLIANCE OF CHILD AND FAMILY SERVICES

SUBJECT: ANNUAL REVIEW PROTOCOL FOR SPECIALTY MENTAL HEALTH SERVICES AND OTHER FUNDED SERVICES FOR FISCAL YEAR 2016/2017

SUPERSEDES: MHSUDS Information Notice No.: 15-042

REFERENCE: Retain Until Rescinded

Pursuant to the responsibilities of the Department of Health Care Services (DHCS), as outlined in Welfare and Institutions Code Section 5614, this Information Notice provides Mental Health Plans (MHPs) with information about oversight and monitoring activities for Fiscal Year (FY) 2016-2017, including the details about the triennial reviews of MHPs. Enclosed are the following documents:

- Enclosure 1 – Annual Review Protocol for Specialty Mental Health Services and Other Funded Services for FY 2016/2017
- Enclosure 2 – County Mental Health Plan Attestation for FY 2016/2017
- Enclosure 3 – Program Oversight and Compliance Review Schedule for FY 2016/2017
- Enclosure 4 – Reasons for Recoupment for FY 2016/2017

Annual Review Protocol for Specialty Mental Health Services and Other Funded Services for FY 2016/2017

In accordance with oversight authority contained in the California Code of Regulations, Title 9, Chapter 11, Section 1810.380, DHCS will review program and fiscal operations of each MHP to verify that medically necessary services are provided in compliance

with state and federal laws and regulations and/or the terms of the contract between DHCS and the MHP.
The MHP will receive an announcement letter approximately 60 days in advance of its scheduled system review or hospital review. The letter will provide instructions for the MHP to follow in preparation for the review. The MHP representative(s) involved in the onsite review shall provide sufficient evidence to demonstrate compliance with state and federal laws and regulations and/or contractual requirements.

County Mental Health Plan Attestation for FY 2016-2017

The purpose of the Attestation is for the MHP to certify compliance with specified Medi-Cal requirements. MHPs are required to submit the Attestation to DHCS 30 days prior to the start of the MHP's scheduled triennial system review. The MHP Director certifies that each of the 22 Attestation requirements complies with federal and state regulations and/or the terms of the contract between the MHP and DHCS. During the onsite triennial review, the corresponding documents and records supporting the Attestation should be made available to DHCS reviewers upon request.

If the MHP is unable to certify compliance with all 22 items contained in the Attestation, the MHP is to submit to DHCS (via an addendum to the Attestation) the identification of the item(s) deemed out of compliance, provide an explanation of the findings, and provide a POC to DHCS which addresses all out of compliance items. Upon completion of this POC, the MHP must submit an amended Attestation to DHCS.

The Attestation should be submitted to:

Autumn Boylan, MPH
Chief, Compliance Section
Program Oversight and Compliance Branch
Mental Health Services Division
Department of Health Care Services, MS 2703
P. O. Box 997413
Sacramento, CA 95899-7413

Program Oversight and Compliance Review Schedule for FY 2016-2017

The schedule identifies MHP system reviews and non-hospital chart reviews, which occur simultaneously, and Short-Doyle/Medi-Cal (SD/MC) hospital reviews.

Chart Review and Reasons for Recoupment

DHCS will review a random sample of beneficiary medical records. DHCS will review the medical necessity criteria and medical records documentation to determine appropriate Medi-Cal reimbursement of specialty mental health services. This review includes all medical records associated with the beneficiary's care during the review period.

- *Chart Review – Non-Hospital Services*

  Depending on the size of the county (small or large), DHCS will review 10 to 20 adult and child/youth beneficiary medical records. For Los Angeles County, which is considered an extra-large county, DHCS will review 80 adult and child/youth beneficiary medical records. A random sample will be drawn from the most recent 90-day period for which paid claims data are available or from a specified time period as determined by the Department. The MHP will be provided with the beneficiary names prior to the review or as determined by the Department.

- *Chart Review – SD/MC Hospital Services*

  DHCS will review a sample of adult and/or children's medical records. A random sample will be drawn from paid claims from the twelve-month period prior to the date of the review or from a specified time period as determined by the Department.

If DHCS determines the medical record documentation does not meet medical necessity criteria and/or documentation standards required pursuant to the MHP Contract, DHCS will disallow associated claims and recoup Federal Financial Participation dollars in accordance with Enclosure 4, Reasons for Recoupment.

Findings Reports, Appeals, and Plans of Correction

If during the review DHCS determines that an MHP is out of compliance, DHCS will provide a written Notice of Noncompliance (findings report), which will include a description of the finding(s) and any required corrective action(s).

The MHP will have an opportunity to review the report for accuracy and appeal any of the findings of non-compliance (for both System Review and Chart Review). The appeal must be submitted to DHCS in writing within 15 business days of receipt of the

findings report. DHCS will adjudicate any appeals and/or technical corrections (e.g., calculation errors, etc.) submitted by the MHP prior to issuing the final report.

A Plan of Correction (POC) is required for all items determined to be out of compliance. The MHP is required to submit a POC to DHCS within 60 days of receipt of the final report for all system and chart review items deemed out of compliance. The POC should include the following information:

- Description of corrective actions, including milestones;
- Timeline for implementation and/or completion of corrective actions; and
- Proposed (or actual) evidence of correction that will be submitted to DHCS.

Pursuant to the 1915(b) waiver Special Terms and Conditions, the final findings report and the MHP's POC will be posted on the DHCS website.

Enhanced Monitoring Activities

In response to continued non-compliance with regulatory and contractual requirements, as well as high disallowance rates, DHCS will be phasing in enhanced monitoring of all 56 MHPs pursuant to the 1915(b) Waiver. For FY 16/17, DHCS will implement enhanced monitoring activities for counties with greater than 30% non-compliance rate in the MHP's most recent triennial system review and/or greater than 50% disallowance rate in the MHP's most recent triennial chart review. SD/MC Hospitals with greater than 50% disallowance rates will also be subject to enhanced monitoring activities. Enhanced monitoring efforts may include any of the following activities for FY16/17:

- Triennial review
- POC validation review
- Statewide or regional technical assistance and training
- Submission of utilization review and chart audit reports
- Submission of evidence of quality improvement actions
- POC validation visit
- Targeted MHP specific training
- Focused desk reviews
- Focused onsite reviews

DHCS expects significant improvement in non-compliance rates as well as demonstrated improvement in specified areas of concern. Furthermore, DHCS is establishing a process to enact fines, sanctions and penalties, and corrective actions as

a way to ensure compliance. This process is currently under development by the Department.

Compliance Advisory Committee

This Annual Review Protocol was developed in collaboration with the Compliance Advisory Committee, which includes representatives from the County Behavioral Health Directors Association of California, the California Mental Health Planning Council, the California Hospital Association, the National Alliance on Mental Illness, Disability Rights California, consumer and family member representatives, and other stakeholders.

If you have any questions regarding this Information Notice, please contact Autumn Boylan, Chief, System Compliance Section, Program Oversight and Compliance Branch, Mental Health Services Division at (916) 319-0985 or Autumn.Boylan@dhcs.ca.gov.

Sincerely,

Original signed by

Karen Baylor, Ph.D., LMFT, Deputy Director
Mental Health & Substance Use Disorder Services

Enclosures