



DATE: May 6, 2024

Behavioral Health Information Notice No: 24-016

TO: California Alliance of Child and Family Services
California Association for Alcohol/Drug Educators
California Association of Alcohol & Drug Program Executives, Inc.
California Association of DUI Treatment Programs
California Association of Social Rehabilitation Agencies
California Consortium of Addiction Programs and Professionals
California Council of Community Behavioral Health Agencies
California Hospital Association
California Opioid Maintenance Providers
California State Association of Counties
Coalition of Alcohol and Drug Associations
County Behavioral Health Directors
County Behavioral Health Directors Association of California
County Drug & Alcohol Administrators

SUBJECT: Memorandum of Understanding Requirements for Medi-Cal Managed Care Plans and Drug Medi-Cal State Plan Counties

PURPOSE: The purpose of this Behavioral Health Information Notice (BHIN) is to clarify the Memorandum of Understanding (MOU) required to be entered into by the Drug Medi-Cal (DMC) State Plan Counties and Medi-Cal Managed Care Plans (MCPs) under the MCP Contract with the Department of Health Care Services (DHCS). This BHIN includes a required DMC State Plan-MCP MOU template.

This BHIN also outlines oversight, compliance, and DHCS reporting requirements to ensure that MOUs are regularly reviewed and updated as necessary by both Parties. The MOU is intended to clarify roles and responsibilities between DMC State Plan Counties and MCPs, support local engagement and the exchange of information necessary to improve care coordination, and improve referral processes between parties. Further, the MOU is intended to improve transparency and accountability by setting forth the obligations for DMC State Plan Counties and MCPs, as they relate to service delivery and coordination, so each party is aware of what the other party is required to do.

REFERENCE: DMC State Plan Contract, MCP Boilerplate Contract

BACKGROUND:

The MOU is a binding, enforceable contractual agreement between the DMC State Plan County¹ and MCP that outlines the responsibilities and obligations of the DMC State Plan County and MCP to coordinate and facilitate the provision of medically necessary services to Medi-Cal members. The purpose of the MOU is to:

- Set forth contract requirements for DMC State Plan Counties and MCPs;
- Clarify roles and responsibilities for the delivery of care and MCP and DMC State Plan County services to all members;
- Outline the data that DMC State Plan Counties and MCPs will share and include a plan on data sharing between the MCPs and DMC State Plan Counties that supports care coordination and enables monitoring;
- Provide public transparency into relationships and roles/responsibilities between the DMC State Plan County and MCP; and
- Provide mechanisms for the DMC State Plan County and MCP to resolve disputes and ensure overall oversight and accountability under the MOU.

POLICY:

DMC State Plan Counties shall make good faith efforts to collaborate with MCPs to execute MOU(s) with their respective MCP(s) by July 1, 2024. DMC State Plan Counties are required to use the attached DMC State Plan County-MCP MOU template. Parties may agree to negotiate and include additional provisions, provided they do not conflict with the required minimum provisions. The proposed language in the template is not exhaustive.

PROVISIONS REQUIRED TO BE INCLUDED IN MOUS

DMC State Plan Counties are responsible for providing medically necessary covered Medi-Cal substance use disorder (SUD) services, as set forth in the DMC State Plan Contract and California State Plan. The MOU between DMC State Plan Counties and MCPs shall include the roles and responsibilities of the DMC State Plan Counties and MCPs for coordinating care, exchanging information, and conducting administrative activities to deliver care to enrolled members.

The DMC State Plan County-MCP MOUs shall include the following provisions, as specified in **Attachment 1**, the DMC State Plan County-MCP MOU Template.

¹ Drug Medi-Cal State Plan Counties are those Counties that contract with the Department of Health Care Services for Drug Med-Cal Services pursuant to Welfare & Institutions Code Section 14124.20 and have not opted into the Drug Medi-Cal Organized Delivery System.

- Services Covered by this MOU: The services that each party must coordinate for Members who receive the other party's services.²
- Party Obligations: DMC State Plan County and MCP provision of services and oversight responsibilities (e.g., each party shall designate a responsible person to coordinate with the other party and ensure compliance with the MOU requirements including compliance by subcontractors, MCP downstream subcontractors, MCP network providers, and DMC Providers). The DMC State Plan county's oversight responsibilities include all enrolled and certified DMC Providers who provide covered services in the DMC State Plan County and enter into agreements with the county for reimbursement. The intent of this provision is to ensure each party is aware of what services the other party is required to provide or arrange. This provision also is intended to ensure that each party knows who to contact from the other party and how to support the MOU implementation. This provision also requires the MCP to impose certain MOU requirements on its Subcontractors and MCP Network Providers.
- Training and Education: Requires each party to provide education to Members, MCP Network Providers, and DMC Providers about accessing Medically Necessary Services, and to train MCP Network Providers and DMC Providers, and as applicable, MCP Downstream Subcontractors, on the MOU requirements and services provided by each party. This provision is intended to ensure the MCPs provide their Subcontractors and Network Providers and DMC State plan Counties provide their providers with information necessary for them to make referrals to or receive referrals from the other party.
- Screening, Assessment, and Referrals: Requires both parties to develop policies and procedures for providing comprehensive screening services, including administering Alcohol and Drug Screening, Assessment, Brief Interventions, and Referral to Treatment ("SABIRT") to Members aged eleven (11) and older;³ and requirements for referrals to the other party as appropriate, including each party's referral pathways to ensure both parties understand and are able to refer to or assist members with obtaining services from the other party. The intent of this provision is that the parties develop written policies to refer members to one another and describe the information that may need to accompany each referral in their written policies and procedures.
- Care Coordination and Collaboration: Requirements to develop processes for coordinating member access to care including the policies and procedures the parties will use to coordinate care between the parties, address barriers to care coordination, and ensure ongoing monitoring and improvement of such care

² As described in [APL 23-029](#) and the DMC State Plan contract

³ In accordance with [APL 21-014](#).

coordination. Includes requirements for parties to coordinate provision of medically necessary services, treatment planning, clinical consultation, Enhanced Care Management (ECM), Community Supports, and prescription drugs. This provision is for the parties to agree in writing how the parties will coordinate care, monitor whether those processes are working and improve the processes, as necessary.

- Disaster and Emergency Preparedness: Policies and procedures to ensure continued referral and delivery of DMC State Plan County services and MCP covered services in the event of an emergency.
- Quality Improvement: Quality improvement (QI) policies to ensure each party's ongoing oversight and improvement of the MOU requirements. These QI policies and activities are separate and apart from an MCP's other QI requirements. The intent of this provision is for the parties to agree in writing how they will assess whether the MOU is improving care coordination and whole-person care and to develop their own metrics to evaluate whether the MOU is effective in achieving its goals.
- Quarterly Meetings: Requires the parties to meet at least quarterly to address care coordination, QI activities and systemic and case-specific concerns, and to communicate with others within their organizations about such activities. After each quarterly meeting, both parties shall post on their websites the date and time the quarterly meeting occurred in order to demonstrate transparency that the meetings are taking place. The intent of this provision is to ensure that the parties have a set time to meet to assess whether the MOU is effective in supporting care coordination and whole-person care, as well as to address specific issues that may have arisen in the prior quarter. These meetings are not intended to be open to the public.
- Document Retention: Requires DMC State Plan County to retain all documents related to the MOU requirements for at least ten years.
- Data Sharing and Confidentiality: The minimum data and information that the Parties must share to ensure the MOU requirements are met and describes the data and information the parties may share to improve care coordination and referral processes and requirements for parties to share information about members as set forth in the DMC State Plan-MCP MOU template and in accordance with all federal and State privacy laws, including but not limited to the Health Insurance Portability and Accountability Act (HIPAA) and 42 CFR Part 2. This provision is intended for the parties to agree in writing on the minimum necessary information that must be shared to facilitate referrals and coordinate care, how to share that information, and whether member consent is required. The data sharing requirements set forth in the MOUs are not intended to supersede any federal or State laws or regulations governing the MCP or DMC State Plan County's ability to exchange information.

- Dispute Resolution: The policies and procedures for resolving disputes between the parties and the process for bringing the disputes to DHCS when the parties are unable to resolve disputes between themselves. The intent of this provision is for the parties to agree in writing on a resolution process to resolve conflicts with regard to each parties' responsibilities under the MOU.
- General: Any additional general contract requirements, such as an MCP requirement to post the executed MOU, annually review the MOU, and that the MOU cannot be delegated, except as permitted under the MCP contract.

Parties may not deviate from the minimum requirements listed above; however, parties may agree to negotiate and include additional provisions provided that any additional provision does not conflict with the required minimum provisions. The proposed language is not exhaustive.

MOU COMPLIANCE AND OVERSIGHT REQUIREMENTS

The DMC State Plan County Responsible Person is responsible for compliance with this MOU and compliance with the MOU shall be part of the county's compliance program. The DMC State Plan County Responsible Person shall ensure that deficiencies in MOU compliance are addressed in accordance with the county's compliance program policies.

Responsible Person(s)

The DMC State Plan County shall designate a responsible person(s) for overseeing the county's compliance with its MOU(s). For example, the DMC State Plan County Responsible Person may consider designating staff within their Contract Management or Community Relations functional areas. The DMC State Plan County Responsible Person shall understand the terms of the MOU, have developed relationships with the MCP, and are authorized to ensure the DMC State Plan County complies with the MOU requirements. The DMC State Plan County Responsible Person shall notify DHCS of a change in the responsible person or DMC State Plan County Liaison as soon as practicable, but no later than five (5) working days of the change.

As outlined in the DMC State Plan County-MCP MOU template under "DMC State Plan County Obligations: Oversight Responsibility," the responsible person shall:

1. Conduct regular meetings, on at least a quarterly basis, to address policy and practical concerns that may arise between MOU parties (See *Quarterly Meetings* section of the DMC State Plan County-MCP MOU template);
2. Ensure an appropriate level of leadership (e.g., persons with decision-making authority) are involved in implementation and oversight of the MOU engagements and ensure the appropriate levels of leadership from Other Party are invited to participate in the MOU engagements, as appropriate;

3. Ensure there is sufficient staff to support compliance with and management of the relevant MOU and its provisions;
4. Ensure subcontractors and DMC Providers comply with any applicable provisions of the MOUs; and
5. Serve as or designate a person to serve, as the day-to-day liaison with the MCP or MCP programs (“DMC State Plan County Liaison”). The DMC State Plan County Liaison is to serve as the subject matter expert for the MCP to address day-to-day concerns for administering the MOU. For example, the DMC State Plan County Liaison would serve as the day-to-day contact for the MCP administrator to address immediate concerns related to substance use disorder (SUD) services for MCP members in a particular county. The DMC State Plan County shall notify the MCP of any changes to the DMC State Plan County Liaison in writing as soon as reasonably practical but no later than the date of change and shall notify DHCS within five (5) working days of the change.

Dispute Resolution

DMC State Plan Counties shall work collaboratively with MCPs to establish dispute resolution policies and procedures. This includes how the DMC State Plan County will work with the MCP to resolve issues related to coverage or payment of services conflicts regarding the parties’ respective roles for care management for specific members, or other issues. See the DMC State Plan County-MCP MOU template Dispute Resolution section for required language.

If there is a dispute, DMC State Plan Counties and MCPs shall complete the local-level dispute resolution process. If the parties are unable to resolve the dispute, one of the Parties must submit a written “Request for Resolution” to DHCS. If the DMC State Plan County submits the Request for Resolution, it shall be signed by the county behavioral health director or, in Counties with separate mental health and SUD departments, either the mental health or SUD director as applicable.

The Request for Resolution shall include:

1. A summary of the disputed issue(s) and a statement of the desired remedies, including any disputed services that have been or are expected to be delivered to the member;
2. A history of the attempts to resolve the issue(s) with the MCP;
3. Justification for the DMC State Plan County’s desired remedy; and
4. Any additional documentation that the DMC State Plan County deems relevant to resolve the disputed issue(s), if applicable.

The Request for Resolution shall be submitted via secure email to countysupport@dhcs.ca.gov.

DHCS will communicate the final decision to the DMC State Plan County and the MCP, including any actions the parties are required to take to implement the decision.

Subcontractors and DMC Providers

DMC State Plan Counties are required to ensure subcontractors and DMC Providers comply with any applicable provisions of the MOU.

Training

DMC State Plan Counties shall provide training and orientation on MOU requirements to DMC Providers on an annual basis, at minimum. The training shall include information on MOU requirements and the services that are provided or arranged for by each party and how those services can be accessed or coordinated for the member. DMC State Plan Counties shall provide training before any person or entity performs any MOU obligations and at least annually thereafter.

Signatories

As noted above, if an MCP delegates risk for an assigned portion of its membership to a Subcontractor health care service plan, the signatories of the MOU must include the MCP, the Subcontractor, as well as the DMC State Plan County. In addition, to minimize administrative burden on Counties, DHCS encourages multi-party MOUs, which may include more than one signatory entering into agreement with one county.

MONITORING AND REPORTING

Annual Reporting

DMC State Plan Counties shall continuously evaluate the effectiveness of the MOU processes and review and update their MOUs annually to incorporate requirements in contract amendments and policy guidance. DMC State Plan Counties shall submit an annual report to MCBHOMDMonitoring@dhcs.ca.gov that includes updates from quarterly meetings with the MCP and results of their annual MOU review. The updates from the quarterly meetings shall include the following elements:

- Attendees, including MCP responsible person(s), leadership, and county executives;
- Referral concerns discussed;
- Strengths, barriers, and plans to improve effective collaboration between the DMC State Plan County and the MCP;
- Disputes and resulting outcomes;
- Strategies to address duplication of services; and
- Member engagement challenges and successes.

The annual report submission to DHCS shall include evidence of the annual review as well as copies of any MOUs modified or renewed as a result. The evidence of the annual review described in the annual report shall include a summary of the review process and outcomes, and any resulting amendments to the MOU or existing policies and procedures. The annual reports shall be submitted to DHCS by the last business day of January.

Progress Quarterly Reporting

DMC State Plan Counties shall demonstrate a good faith effort to meet the requirements of the BHIN. The Medi-Cal Behavioral Health – Oversight and Monitoring Division will oversee and monitor DMC State Plan Counties’ compliance with this BHIN. DMC State Plan Counties that are unable to execute their MOUs and/or policies and procedures by July 1, 2024, shall submit quarterly progress reports and documentation to DHCS via email at MCBHOMDMonitoring@dhcs.ca.gov demonstrating evidence of their good faith effort to execute the MOU.

Quarterly Submission Timeline

Quarter Reporting	Submission to DHCS
Quarter 1: July 1-September 30	Last business day of October
Quarter 2: October 1-December 31	Last business day of January
Quarter 3: January 1-March 31	Last business day of April
Quarter 4: April 1-June 30	Last business day of July

These quarterly updates will be required until the MOU is executed, and all policies and procedures required by the MOU are established and submitted to DHCS.

Executed MOU Submission

Each DMC State Plan County shall send a fully executed MOU and an attestation to DHCS via email to at MCBHOMDMonitoring@dhcs.ca.gov. The attestation shall state that the county did not modify any of the provisions of the template, and that provisions the parties added do not conflict with or reduce either party’s obligation under the templates, DMC State Plan Contract, or MCP Contract. If the parties modify any of the provisions of the template, the DMC State Plan County shall submit a redlined version of the MOU for execution to DHCS for review and approval. The DMC State Plan County shall send any written policies and procedures that result from the terms of the MOU to DHCS when they are completed or updated.

Policies and Procedures

Parties must establish, implement, and comply with policies and procedures to fulfill all the duties and obligations of this MOU. Parties must agree to the terms of joint policies and procedures to fulfill all joint obligations and duties of this MOU. Parties must also implement and comply with those joint policies and procedures.

Website Posting

Each DMC State Plan County shall publish its MOU(s) on its website within 30 calendar days of the MOU being fully executed. Additionally, the annual report shall be published within 30 calendar days from the due date of the annual report submission to DHCS.

Subcontractor Compliance

DMC State Plan Counties are responsible for ensuring that subcontractors and DMC Providers comply with all applicable State and federal laws and regulations, contract requirements, and other DHCS guidance, including BHINs and Policy Letters. These requirements shall be communicated by each DMC State Plan County to subcontractors and DMC Providers.

Corrective Action and Sanctions for Non-Compliance

DHCS may impose Corrective Action Plans (CAP), as well as administrative and/or monetary sanctions for non-compliance with the terms of this BHIN.⁴ Any failure to meet the requirements of this BHIN may result in a CAP and subsequent sanctions.

If you have any questions regarding this BHIN, please contact your County Liaison.

Sincerely,

Original signed by

Ivan Bhardwaj, Chief
Medi-Cal Behavioral Health – Policy Division

Enclosure

⁴ As described in the DMC State Plan Contract.