

DATE:

Behavioral Health Information Notice No: 23-XXX

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.

In addition, this BHIN reiterates oversight, compliance, and DHCS reporting requirements to help ensure that MOUs are regularly reviewed and updated as necessary. The MOU is intended to be an effective vehicle 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. The MOU is intended to improve transparency and accountability by setting forth the obligations of each party as it relates to service or care delivery and coordination so that each party is aware of what the other party may be 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 County and MCP and outlines the responsibilities and obligations of each party to coordinate and facilitate the provision of medically necessary services to members where members are served by multiple parties. The purpose of the MOU is to:

- Set forth contract requirements for both DMC State Plan Counties and MCPs;
- Clarify roles and responsibilities for the delivery of care and MCP and DMC State Plan County services of all members;
- Memorialize what data will be shared between DMC State Plan counties and MCPs and how data will be shared to support care coordination and enable monitoring;
- Provide public transparency into relationships and roles/responsibilities between the DMC State Plan counties and MCPs; and
- Provide mechanisms for the parties to resolve disputes and ensure overall oversight and accountability under the MOU.

**POLICY:**

DMC State Plan counties shall make a good faith effort to execute an MOU(s) with their respective MCP(s) by January 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.

- Services Covered by this MOU: The services that each party must coordinate for Members who receive the other party's services.

- **Party Obligations:** Each party's provision of services and oversight responsibilities (e.g., each party shall designate a liaison to coordinate with the other party and ensure compliance with the MOU requirements including compliance by subcontractors, downstream subcontractors, and network providers). The intent of this provision is to ensure each party is aware of what services the other party is required to provide or arrange under existing requirements. This provision also is intended to ensure that each party knows how and who to contact from the other party to support the MOU implementation. This provision also requires the MCP to impose certain MOU requirements on its Subcontractors and Network Providers.
- **Training and Education:** Requires each party to provide education to Members and Network Providers about accessing Medically Necessary Services and train Network Providers, and as applicable, Subcontractors and Downstream Subcontractors on the MOU requirements and services provided by each party. This provision is intended to ensure both parties provide their Subcontractors and Network 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; <sup>1</sup> 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 so that the parties develop written policies to refer members to one another and include what information may need to accompany each referral in their written policies and procedures.
- **Care Coordination and Collaboration:** Requirements for coordinating member access to care including the policies and procedures the parties will use to coordinate care between the parties, addressing barriers to care coordination, and ensuring the ongoing monitoring and improving of such care coordination. 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.

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<sup>1</sup> In accordance with [APL 21-014](#).

- 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 its website 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 MCP 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-ODS-MCP MOU template and in accordance with 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 the minimum necessary information that must be shared to facilitate referrals and for the MCP to 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 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 do not conflict with the required minimum provisions. The proposed language is not exhaustive.

### **MOU COMPLIANCE AND OVERSIGHT REQUIREMENTS**

The DMC State Plan 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 contact person shall ensure that deficiencies in the 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 ensure the responsible person(s) 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/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-ODS-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, downstream subcontractors, and network providers, as applicable, comply with any applicable provisions of the MOUs (see Subcontractor and Network Providers section below for further details); 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-MCP Liaison"). The 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-ODS-MCP 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-MCP 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 plan-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 SUD director in counties with separate mental health and SUD departments.

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.

Until the dispute is resolved, the following must apply:

1. The parties may agree to an arrangement satisfactory to both parties regarding how the services under dispute will be provided; or
2. When the dispute concerns an MCP's contention that the DMC State Plan County is required to deliver SUD services to a member and the DMC State Plan County has determined the member's diagnosis to be a

diagnosis not covered by DMC State Plan County services, the MCP must manage the care of the Member under the terms of its contract with the state until the dispute is resolved.

The Request for Resolution shall be submitted via secure email to [countysupport@dhcs.ca.gov](mailto: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 Network Providers**

DMC State Plan counties are required to ensure subcontractors, downstream subcontractors, and network providers, as applicable, comply with any applicable provisions of the MOU.

### **Training**

DMC State Plan counties shall provide training and orientation on MOU requirements to subcontractors, downstream subcontractors, and network providers, as applicable 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](mailto: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. DMC State Plan counties that are unable to execute their MOUs by July 1, 2024, shall submit quarterly progress reports and documentation to DHCS via email at [MCBHOMDMonitoring@dhcs.ca.gov](mailto:MCBHOMDMonitoring@dhcs.ca.gov) demonstrating evidence of their good faith effort to execute the MOU.

### **Quarterly Submission Timeline**

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

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**

DMC State Plan County shall send a fully executed MOU and an attestation to DHCS via email to at [MCBHOMDMonitoring@dhcs.ca.gov](mailto: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. 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 further responsible for ensuring that their subcontractors and network 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 all subcontractors and network 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. 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,

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

Enclosure