

DATE: July 5, 2023

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 Between Medi-Cal  
Managed Care Plans and Medi-Cal Mental Health Plans

PURPOSE: The purpose of this Behavioral Health Information Notice (BHIN) is to clarify the responsibilities of Medi-Cal mental health plans (MHPs) when entering into a Memorandum of Understanding (MOU) with Medi-Cal managed care plans (MCPs) and to issue the MOU template required for use in MOUs between Mental Health Plans (MHPs) and MCPs.

In addition, this BHIN reiterates oversight and compliance requirements, as well as reporting requirements to the Department of Health Care Services (DHCS) to help ensure that MOUs are regularly reviewed and updated. Ultimately, the MOUs are intended to be effective vehicles to clarify roles and responsibilities between MHPs and MCPs, and support local engagement, care coordination, information exchange, mutual accountability, and transparency.

REFERENCE: 2022-2027 Mental Health Plan Contract, Medi-Cal Managed Care Boilerplate Contract

**BACKGROUND:**

The MHP contracts with DHCS<sup>1</sup> require MHPs to enter into an MOU with any Medi-Cal MCP that services its beneficiaries,<sup>2</sup> to ensure beneficiary care is coordinated.

The MOU is a binding, enforceable contractual agreement between the MHP and MCP and outlines the responsibilities and obligations of each party<sup>3</sup> to coordinate and facilitate the provision of medically necessary services to beneficiaries where beneficiaries are served by multiple parties. The purpose of the MOU is to:

- Establish minimum MOU components as established in the MHP contract;
- Clarify roles and responsibilities for coordination of the delivery of care and services of all beneficiaries;
- Establish formal processes for how MHPs and MCPs will collaborate and coordinate on population health;
- Establish data sharing requirements between MHPs and MCPs to support care coordination and enable monitoring;
- Provide public transparency into relationships and roles/responsibilities between MHPs and MCPs; and
- Provide mechanisms for the parties to resolve disputes and ensure overall oversight and accountability.

**POLICY:**

MHPs must execute MOUs with MCPs by January 1, 2024.

**PROVISIONS REQUIRED TO BE INCLUDED IN MOUS**

MHPs are responsible for providing medically necessary covered Specialty Mental Health Services to beneficiaries set forth in the State Plan, including the coordination of a beneficiary's care. The MOU between the MHP and MCP shall serve as the primary vehicle for ensuring coordination of medically necessary services, including health-related social service needs, when beneficiaries are accessing services from both systems. The MOU shall outline the roles and responsibilities of the MHP and MCP for coordinating care, exchanging information, and conducting administrative activities to deliver care to enrolled beneficiaries.

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<sup>1</sup> [Mental Health Plan Contract](#).

<sup>2</sup> "Beneficiary" refers to any individual receiving services from the MHP, beneficiaries are considered "members" in MOU template.

<sup>3</sup> "Parties" are defined as the parties to the MHP-MCP MOU.

The MHP MOU with MCP must include the following provisions, as specified in **Attachment 1** the MHP-MCP MOU template, as required in the MHP Contract:

- Services Covered by this MOU: Describes the services that each party must coordinate for beneficiaries.<sup>4</sup>
- Party Obligations: Describes each party's provision of services and oversight responsibilities (e.g., each party must designate a day-to-day liaison to coordinate with the other party and ensure compliance with the MOU requirements including compliance by subcontractors, downstream subcontractors, and network providers).
- Training and Education: Requires each party to provide educational materials to beneficiaries 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.
- Screening, Assessment, and Referrals: Describes required policies and procedures covering beneficiary screening and assessment, including administering the applicable Screening and Transition of Care Tools for Medi-Cal Mental Health Services. The MOU requires each party to refer beneficiaries to the other party as appropriate and describes each party's referral process.<sup>5</sup> This section also addresses closed loop referrals policies and procedures the parties must implement as of January 1, 2025.
- Care Coordination and Collaboration: Describes the requirements for coordinating beneficiary access to care and describes the policies and procedures for coordinating care between the parties, addressing barriers to care coordination, and ensuring the ongoing monitoring and improving of such care coordination. Includes requirements for parties to coordinate provision of medically necessary services, treatment planning, clinical consultation, Enhanced Care Management (ECM), Community Supports, and eating disorder services.
- Disaster Emergency Preparedness: Requires parties to have policies and procedures to ensure the continued care coordination for services in the event of a disaster or emergency.
- Quality Improvement: Describes the parties' quality improvement (QI) activities to ensure oversight and improvement of the MOU requirements.
- Document Retention: Requires MHP to retain all documents related to the MOU requirements for at least ten years.

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<sup>4</sup> As described in APL 22-006, APL 22-003, APL 22-005, BHIN 21-073.

<sup>5</sup> As set forth in APL 22-028 and BHIN 22-065.

- Data Sharing and Confidentiality: Describes 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 beneficiaries as set forth in the MHP-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.<sup>6</sup>
- Dispute Resolution: Describes 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.
- General: Describes additional general contract requirements, such as that the parties must publicly post, and annually review the MOU and that the MOU cannot be delegated, except as permitted under the MHP and MCP Contracts, respectively.

Parties may not deviate from the minimum requirements listed above; however, parties may also agree to additional provisions, including, without limitation, the optional provisions included in the template, provided they do not conflict with the required minimum provisions. The template includes language that the parties may want to add to their MOU to increase collaboration and communications; the proposed language is not exhaustive.

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

The MHP Contract outlines the requirement that the MHP must enter into and implement an MOU with the MCP.

Ultimately, the MHP compliance officer is responsible for the MHP's compliance with the MOU, including but not limited to oversight reports addressing deficiencies in accordance with compliance program policies.

### **Responsible Person(s)**

The MHP compliance officer must designate a responsible person(s) for overseeing MHP's compliance with the MOU. For example, the MHP compliance officer may consider designating staff within their Contract Management or Community Relations functional areas. The MHP compliance officer must ensure the responsible person(s) understand the terms of the MOU, have developed relationships with the MCP, and are empowered to meet compliance with the MOU. The MHP compliance officer must notify DHCS of a change in the responsible person/liaison as soon as practicable, but no later

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<sup>6</sup> Pursuant to 42 C.F.R. § 438.242(b) and 42 C.F.R. § 438.10(h).

than five (5) working days of the change. As outlined in the MHP-MCP MOU template under “MHP 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 MHP MOU Template);
2. Ensure executive participation in MOU quarterly meetings from both parties;
3. Report on the party’s compliance with the MOU to the Compliance Officer no less frequently than quarterly;
4. Ensure there is sufficient staff at the MHP to support compliance with and management of the relevant MOU and its provisions;
5. 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
6. Serve as or designate a person at the MHP to serve, as the day-to-day liaison with the MCP or MCP programs (“MHP-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 MHP-MCP Liaison would serve as the day-to-day contact for the MCP administrator to address immediate concerns related to specialty mental health services for MCP members in a particular county. The MHP compliance officer must notify the MCP of any changes to the MHP-MCP Liaison 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**

MHPs must work collaboratively with MCPs to establish dispute resolution processes and timeframes within the MOU. This includes how the MHP will work with the MCP to resolve issues related to coverage or payment of services under conflicts regarding respective roles for care management for specific beneficiaries, or other concerns related to the administered services to beneficiaries. See the MHP-MCP MOU template Dispute Resolution section for required language.

MHPs and MCPs must complete the plan-level dispute resolution process. If the parties fail to resolve the dispute, either party must submit a written “Request for Resolution” to DHCS. If the MHP submits the Request for Resolution, it must be signed by the county behavioral health director.

The Request for Resolution must 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 beneficiary;

2. A history of the attempts to resolve the issue(s) with the MCP;
3. Justification for the MHP's desired remedy; and
4. Any additional documentation that the MHP deems relevant to resolve the disputed issue(s), if applicable.

The Request for Resolution must be submitted via secure email to [countysupport@dhcs.ca.gov](mailto:countysupport@dhcs.ca.gov).

DHCS will communicate the final decision to the MHP and the MCP, including any actions the parties are required to take to implement the decision.

### **Subcontractors and Network Providers**

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

### **Training**

MHPs must provide training and orientation of MOU requirements with subcontractors, downstream subcontractors, and network providers, as applicable, on an annual basis, at a minimum. The training must 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 beneficiary. MHPs must provide training prior to the performance of the MOU obligations and at least annually thereafter.

### **Signatories**

As noted above, if an MHP has a delegated subcontractor, the signatories of the MOU must include the MHP, the subcontractor, as well as the MCP. In addition, to minimize administrative burden on counties, DHCS encourages multi-party MOUs, which may include more than one signatory entering into agreement with the MHP.

## **MONITORING AND REPORTING**

Starting January 1, 2025, MHPs must submit an annual report that includes updates from the quarterly meetings with the MCP and the results of their annual MOU review to their DHCS County Liaison. The updates from the quarterly meetings must include the following elements:

- Attendees, including MCP responsible person(s), leadership, and county executives;
- Care coordination and referral concerns;

- Strengths, barriers, and plans to improve effective collaboration between the MHP and the MCP;
- Disputes and resulting outcome;
- Strategies to address duplication of services; and
- Beneficiary engagement challenges and successes.

To continuously evaluate the effectiveness of the MOU processes, MHPs must review their MOUs annually to determine if any amendments are needed, including incorporating any applicable contractual requirements and policy guidance to their MOUs. The annual report submission to the DHCS County Liaison must 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 must include a summary of the review process and outcomes, and any resulting amendments to the MOU or existing policies and procedures.

If DHCS requests a review of any existing MOU, MHP must submit the requested MOU within ten working days of receipt of the request.

### **Quarterly Reporting**

MHPs must submit an executed MOU to the DHCS county liaison by January 1, 2024. MHPs that are unable to execute their MOUs by April 1, 2024, must submit quarterly progress reports and documentation to DHCS demonstrating evidence of their good faith effort to execute the MOU.

### **Submission and Posting**

The fully executed MOU must be sent to your DHCS County Liaison.

MHPs 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 must be communicated by each MHP to all subcontractors and network providers. DHCS may impose Corrective Action Plans (CAP), as well as administrative and/or monetary sanctions for non-compliance with the terms of this BHIN. For additional information regarding administrative and monetary sanctions, see this BHIN, and any subsequent iterations on this topic. 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

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