CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES
Michelle Baass | Director

August 4, 2026

Jane MacAdam, Director of Compliance *Via E-mail*
Deborah Murr, Chief Compliance and Fraud Prevention Officer
Kern Family Health Care
2900 Buck Owens Boulevard
Bakersfield, CA 93308

RE: Department of Health Care Services Focused Medical Audit

Dear Ms. MacAdam and Ms. Murr:

The Department of Health Care Services (DHCS), Audits and Investigations Division conducted a Focused Audit of Kern Family Health Care, a Managed Care Plan (MCP), from November 27, 2023 through December 8, 2023. The focused audit covered the period from November 1, 2022, through October 31, 2023.

DHCS is closing this CAP based on the corrective actions submitted and accepted. As standard practice, DHCS will reassess these areas during subsequent audit cycles to ensure sustained compliance and evaluate implementation over time.

DHCS acknowledges the Plan's continued efforts to implement the corrective actions from identified non-compliance in the audit. As DHCS issues updated policy guidance, the Plan must ensure all activities remain aligned with current requirements, including forthcoming updates to Transportation policy and the Behavioral Health Data Exchange expectations outlined in APL 26-004.

The enclosed documents will serve as DHCS' final response to the MCP's CAP. Closure of this CAP does not halt any other processes in place between DHCS and the MCP regarding the deficiencies in the audit report or elsewhere, nor does it preclude the DHCS from taking additional actions it deems necessary regarding these deficiencies.

Please be advised that in accordance with Health & Safety Code Section 1380(h) and the Public Records Act, the final focused audit report and final CAP remediation document (final Attachment A) will be made available on the DHCS website and to the public upon request.

If you have any questions, please reach out to CAP Compliance personnel.

Sincerely,

[Signature on file]
Dennis Hsieh, Chief
DHCS - Managed Care Quality and Monitoring Division (MCQMD)

Enclosures: Attachment A (CAP Response Form)
Attachment B
Final Audit Report

cc: Kelli Mendenhall, Branch Chief *Via E-mail*
Managed Care Monitoring Branch
DHCS - Managed Care Quality and Monitoring Division (MCQMD)

Grace McGeough, Section Chief *Via E-mail*
Process Compliance Section
Managed Care Monitoring Branch
DHCS - Managed Care Quality and Monitoring Division (MCQMD)

Lyubov Poonka, Unit Chief *Via E-mail*
Audit Monitoring Unit
Process Compliance Section
DHCS - Managed Care Quality and Monitoring Division (MCQMD)

Maria Angel, Lead Analyst *Via E-mail*
Audit Monitoring Unit
Process Compliance Section
DHCS - Managed Care Quality and Monitoring Division (MCQMD)

Jessica Delgado, Unit Chief *Via E-mail*
Managed Care Contract Oversight Branch
DHCS – Managed Care Operations Division (MCOD)

Kimberly Lamountry, Contract Manager *Via E-mail*
Managed Care Contract Oversight Branch
DHCS – Managed Care Operations Division (MCOD)

ATTACHMENT A

Corrective Action Plan Response Form

Plan: Kern Health Systems

Review Period: 11/01/2022 – 10/31/2023

Audit: Focused Audit of Behavioral Health and Transportation Services

On-site Review: 11/27/2023 – 12/08/2023

MCPs are required to provide a Corrective Action Plan (CAP) and respond to all documented deficiencies included in the medical audit report within 30 calendar days unless an alternative timeframe is indicated in the CAP Request letter. This document, Attachment A, serves as the published summary of the MCP's final response to each audit finding and represents the MCP's remediation efforts and corrective actions taken to address the CAP.

2. Case Management and Coordination of Care

Finding Number and Summary	Action Taken	Supporting Documentation	Implementation Date * (*Short-Term, Long-Term)	DHCS Comments
2.1 Care Management and Care Coordination The Plan did not ensure the provision of coordination of care to deliver mental health care services to members.	Policy and process documents attached. On 1/29/24, BH went live in the EMS. On 2/6/24, Providers were granted access to submit referrals to BH via provider portal. Behavioral Health (BH) team met with Grievance team on 12/11/2023 to establish process to assign BH grievance to BH team to assist with resolution. Created Episode Reconciliation report to track care coordination efforts for BH services. This will show that there was care coordination in 2023 during audit period. Meetings with MHP to monitor SMHS Provider Bulletin created on 2/6/24 on how to submit referral for BH services.	2.1.1.1_ 21.02-P-CC & CM 2.1.1.2_2.1.1.2_DLP-BH Ref Proc 2.1.2.1_Grievance Track24 2.1.2.2_DLP-BH Grievce Ref 2.1.3.1_BH-MH Recon 2.1.3.2_Monthly Reports 2.1.4_Meeting Minutes 2.1.5_Bulletin BH process	1/1/2024 12/11/2023 1/01/2024 Ongoing 02/06/2024	The following documentation supports the MCP's efforts to correct this finding: **POLICIES AND PROCEDURES** » Policy 21.02-P Care Coordination and Care Management **TRAINING** » Grievance Track and BH Grievance DLP demonstrate the MCP has trained its grievance team on process to assign BH grievance to BH team to assist with resolution. (2.1.2.1_Grievance Track24, 2.1.2.2_DLP-BH Grievce Ref) **MONITORING** » BH Department went live in the Electronic Management System to track all care coordination and care management activities and interactions. There was no way for Providers to submit referrals. On February 6, 2024, providers were granted access to submit referrals February 6, 2024, and providers were granted access to submit referral for BH in Provider Portal. » The BH Grievance Process DLP and Reconciliation Report show that the MCP has established a process for assigning BH-related grievances to the BH team. (2.1.2.1_Grievance Track24, 2.1.2.2_DLP-BH Grievce Ref)

Finding Number and Summary	Action Taken	Supporting Documentation	Implementation Date * (*Short-Term, Long-Term)	DHCS Comments
				» BH Reconciliation Report demonstrates the MCP has a process in place to track care coordination for BH services. (2.1.3.1_BH-MH Recon, 2.1.3.2_Monthly Reports) » Minutes from ongoing meeting between the MCP and the MHP demonstrate the MCP is discussing care coordination issues with the MHP on a regular basis. (2.1.4_MCP-MHP Minutes 03-20-24, 2.1.4_MCP-MHP Minutes 06-19-24, 2.1.4_MCP-MHP Minutes 09-18-24-DRAFT) » Behavioral Health Referral Process Provider Bulletin 2/6/24 demonstrates the MCP has educated its providers on how to refer members to BH services. (2.1.5_Bulletin BH process) **The corrective action for finding 2.1 is accepted.**
2.2 Coordination of Non-Specialty Mental Health Services and Specialty Mental Health Services The Plan did not coordinate with the county MHP to facilitate care transitions and guide	BH Referral Process DLP was implemented on 1.30.24 Established/Updated Monthly Tracking and Monitoring: Created Episode Reconciliation report to track care coordination efforts for BH services. This will show that there was care coordination in 2023 during audit period.	2.2.1_DLP - BH Ref Proc 2.2.2.1_BH MH Ep Rec 2.2.2.1_Monthly Outcomes 2.2.2.2_BH Mnth Outcomes 2.2.2.3_BH Dup Rpt	01/30/2024 01/30/2024 2022 01/30/2024 01/30/2024 01/30/2024 04/2023	The following documentation supports the MCP's efforts to correct this finding: **MONITORING** » The BH Grievance Process DLP and Reconciliation Report show that the MCP has established a process for assigning BH-related grievances to the BH team. (2.2.1_DLP - BH Ref Proc) » MCP to MHP Monthly tracking examples demonstrate the MCP tracks from referral to close out. » BH Referral Aging Report was created by the MCP to track referrals

Finding Number and Summary	Action Taken	Supporting Documentation	Implementation Date * (*Short-Term, Long-Term)	DHCS Comments
referrals for members receiving NSMHS to transition to an SMHS provider and vice versa.	The Monthly Outcome reports have the referral data and referral close date. The BH Duplication report does not have the referral dates or referral close date as this alerts us of potential duplication of services. When we see this we then do further review of records. Transitioned manual tracking to creating a Timeliness of Access Report to track Referrals in September 2024. KHS started working with MHP in April 2023, to create workflow for TOCs to be sent to MCP. MHP did not have capacity at CCU to support all SMH providers sending TOC to CCU resulting in Providers sending all TOCs to one NSMH provider resulting in long backlog of referrals. KHS asked the SMH providers to send them to MCP versus bypassing MCP. MCP knows network and will assist with linkage to all NSMH provider to	2.2.2.4_BH Referral Aging24 2.2.3.1_TOC Tracking24 2.2.3.2_TOC email		» TOC Email Workflow and TOC Tracker demonstrates the MCP has a process in place for TOCs to be sent to the MCP so that the MCP can assist with linkage to NSMH providers. (2.2.3.1_TOC Tracking24, 2.2.3.2_TOC_Email) **The corrective action for finding 2.2 is accepted.**

Finding Number and Summary	Action Taken	Supporting Documentation	Implementation Date * (*Short-Term, Long-Term)	DHCS Comments
	avoid inundating one with all referrals for step downs. This addressed "reported delays" by MHP.			
2.3 Confirmation of Referred Treatments for Substance Use Disorder The Plan did not make good faith efforts to confirm whether members received referred SUD treatments and document when and where the services were received, as well as any next steps following treatment.	2.3.1 Effective May 2023, KHS implemented Policy 21.03-P. Members requesting SUD services, KHS will assist when members call in, KHS will outreach when referral is received to member and complete the warm hand off to the SUD Access Line for initial brief ASAM Screening. For members without a Release of Information, KHS will contact member to confirm whether treatment was received and track when and where. Revisions made to address follow up. When KHS is notified, that member is not successfully linked to SUD services, KHS will follow up with member to provide resource information, support to identify and address barriers to accessing SUD services. KHS will work with member to adjust referral as needed.	2.3.1.1_21.03-P Alc Tx Svc RL 2.3.1.2 BH WF-SUD 2.3.1.3_BH-SUD Recon23	5/1/2023	The following documentation supports the MCP's efforts to correct this finding: **POLICIES AND PROCEDURES** » Policy 21.03-P "Alcohol Substance Use Disorder Treatment Services" and "SUD Workflow" was updated to state that the MCP will contact member to confirm whether treatment was received and track when and where. When the MCP is notified, that member is not successfully linked to SUD services, KHS will follow up with member to provide resource information, support to identify and address barriers to accessing SUD services. (2.3.1.1_21.03-P Alc Tx Svc RL, 2.3.1.2 BH WF-SUD) **MONITORING** » BH Episode Reconciliation Report demonstrates the MCP has a process in place to verify SUD referral status. (2.3.1.3_BH-SUD Recon23) **The corrective action plan for finding 2.3 is accepted.**

Finding Number and Summary	Action Taken	Supporting Documentation	Implementation Date * (*Short-Term, Long-Term)	DHCS Comments
2. 4 Follow Up for Referred Substance Use Disorder Treatments The Plan did not have a process in place to follow up with members who did not receive referred SUD treatment to understand barriers and make subsequent adjustments to referrals.	Revisions to policy 21.03-P to address follow up. When KHS is notified, that member is not successfully linked to SUD services, KHS will follow up with member to provide resource information, support to identify and address barriers to accessing SUD services. KHS will work with member to adjust referral as needed.	2.4.1.1_21.03-P Alc Tx Svc RL 2.4.1.2_BH WF-SUD	5/1/2023	The following documentation supports the MCP's efforts to correct this finding: **POLICIES AND PROCEDURES** » Policy 21.03-P Alcohol Substance Use Disorder Treatment Services and SUD Workflow was updated to state that the MCP will contact member to confirm whether treatment was received and track when and where. When the MCP is notified, that member is not successfully linked to SUD services, KHS will follow up with member to provide resource information, support to identify and address barriers to accessing SUD services. (2.3.1.1_21.03-P Alc Tx Svc RL, 2.3.1.2 BH WF-SUD) **MONITORING** » BH Episode Reconciliation Report demonstrates the MCP has a process in place to verify SUD referral status. (2.3.1.3_BH-SUD Recon23) **The corrective action plan for finding 2.4 is accepted.**

3. Access and Availability of Care

Finding Number and Summary	Action Taken	Supporting Documentation	Implementation Date * (*Short-Term, Long-Term)	DHCS Comments
3.1 Monitoring Level of Service Modifications The Plan did not adequately monitor and oversee its transportation broker to ensure compliance with the requirement that the transportation broker is not modifying the level of transportation service outlined in the PCS form.	Policy did not require updates but has been included for review. Additional processes have been developed as outlined below. Create a monitoring report from invoices received from broker against PCS data and randomly audit 30 trips per month, where modality was lower than what is indicated on members' PCS form. Audit template for oversight and monitoring of lower modality. Includes tab for tracking deficiencies. Will present results of first audit report to KHS Quarterly Delegation Entity Oversight Committee on October 29, 2024. Delegation Oversight Committee is an existing Committee in which the transportation monitoring will be presented moving forward.	3.1.1_KHS Policy 5.15-I 3.1.2_Lower Mod Rep Req 3.1.3_Lower Mod Rep Temp 3.1.3.2_Lower Mod DLP 3.1.4 Meeting Minutes will be provided in subsequent submission 3.1.5.1_DelOvCom 3.1.5.2_Trans WG 9.3.24 Min	10/21/2024 10/21/2024 10/29/2024 10/29/2024 09/03/2024	The following documentation supports the MCP's efforts to correct this finding: **POLICIES AND PROCEDURES** » Plan policy "KHS Policy 5.15-I" includes language that states the Plan's transportation broker will not modify the level of transportation service provided on the PCS form. (3. Monitoring and Oversight, b., page 14) **MONITORING AND OVERSIGHT** » Plan procedure "Lower Mod DLP" demonstrates the monitoring process the Plan has implemented. The process includes a monthly internal report that is received from the transportation broker that identifies all trips taken by members who have an active PCS form on file. Thirty random trips are selected & cold calls are performed. If deficiencies are identified, they will be discussed with the transportation brokers & findings will be presented at the Plan's Quarterly Delegation Entity Oversight Committee. (Audit Process Monthly Lower Modality Call Review, page 2, 1-7) » Plan report "Lower Mod Rep Temp" demonstrates the report received from the transportation broker to the Plan that is utilized for monthly monitoring & oversight. The report shows all trips taken

Finding Number and Summary	Action Taken	Supporting Documentation	Implementation Date * (*Short-Term, Long-Term)	DHCS Comments
	Transportation Workgroup created designed to discuss transportation on an ongoing basis.			in that month, including a tab for deficiencies identified. (See 3.1.3.1_Lower Mod Rep Temp) » Meeting materials "Trans WG 9.3.24 Min" demonstrates the Plan's monitoring & oversight by presenting transportation data & deficiencies identified to its Transportation Improvement Committee. (See 3.1.5.2__Trans WG 9.3.24 Min) **The corrective action plan for finding 3.1 is accepted.**
3.2 Monitoring of Door-to-Door Assistance The Plan did not adequately monitor and oversee its transportation broker to ensure compliance with the requirement that the NEMT provider is providing door-to-door assistance for members receiving NEMT services.	Policy did not require updates but has been included for review. Additional processes have been developed as outlined below. The Plan will monitor this requirement as follows: At the end of each quarter, a report of members who have received door-to-door services will be utilized to pull a sample size of members to be surveyed to confirm whether the member received door-to-door assistance. Audit template for oversight and monitoring of door-to-door services. Includes tab for tracking deficiencies.	3.2.1_KHS Policy 5.15-I 3.2.2_2D Report Request 3.2.2.2_D2D Survey DLP 3.2.3.2_D2D Report Template 3.2.4 Meeting Minutes will be provided in subsequent submission 3.2.5.1_DelOvCom	10/21/2024 10/21/2024 10/29/2024 10/29/2024 01/01/2024 09/03/2024	The following documentation supports the MCP's efforts to correct this finding: **POLICIES AND PROCEDURES** » Plan policy "KHS Policy 5.15-I" includes language that outlines the Plan is monitoring & overseeing, no less than quarterly, that the transportation broker is verifying compliance of NEMT providers providing door-to-door assistance for members receiving NEMT services. (3. Monitoring and Oversight, c., page 14) **MONITORING AND OVERSIGHT** » Plan procedure "D2D Survey DLP" demonstrates the monitoring process the Plan has implemented to monitor door-to-door services taking place. The process includes a monthly internal report that is received from the transportation broker that identifies all trips where members requested door-to-door assistance. Thirty random trips are selected & cold calls are performed. If deficiencies are identified,

Finding Number and Summary	Action Taken	Supporting Documentation	Implementation Date * (*Short-Term, Long-Term)	DHCS Comments
	Will present results of first audit report to KHS Quarterly Delegation Entity Oversight Committee on October 29, 2024. Delegation Oversight Committee is an existing Committee in which the transportation monitoring will be presented moving forward. Transportation Workgroup created designed to discuss transportation on an ongoing basis.	3.2.5.2_Trans WG 9.3.24 Min		they will be discussed with the transportation broker & findings will be presented at the Plan's Quarterly Delegation Entity Oversight Committee. (Audit Process – Monthly Door-to-Door Calls, 1-8, page 1) » Plan report "D2D Report Template" demonstrates the report received from the transportation broker to the Plan that is utilized for monthly monitoring & oversight. The report shows all trips taken in that month, including trips where door-to-door assistance was requested & a tab for deficiencies identified. (See 3.2.3.1_D2D Report Template) » Meeting materials provided demonstrates the Plan's monitoring & oversight by presenting transportation data & deficiencies identified to its various committees. (See 3.2.5.2_Trans WG 9.3.24 Min, D2D 3rd QTR 2024 Report & Del Entity Mtng Sumry) **TRAINING** » Plan attestation "NEMT NMT Attest" demonstrates the form sent to transportation providers reminding them of the requirement that all NEMT trips require door-to-door assistance by the driver. Providers were required to review & sign the attestation as evidence of understanding of these requirements. (See 3.2.3.2_NEMT NMT Attest) **The corrective action plan for finding 3.2 is accepted.**

Finding Number and Summary	Action Taken	Supporting Documentation	Implementation Date * (*Short-Term, Long-Term)	DHCS Comments
3.3 Monitoring of No-Show Rates The Plan did not adequately monitor and oversee its transportation broker to ensure compliance with the requirement to verify the no-show rates for NEMT and NMT providers.	Policy did not require updates but has been included for review. Additional processes have been developed as outlined below. The Plan will receive a report of "killed trips" that are classified as "driver fault" from the Plan's transportation broker. At least quarterly, the Plan will conduct an analysis of the report to identify potential provider trends. The Plan is in process of developing a trending report to identify the following: Vendor Name Name of driver assigned to trip Pick-up/Drop off Address of trip Plan would then run report against transportation invoice to see if member was able to get ride to appointment. Report out % of members who did not make it to appointment with a subsequent ride	3.1.1_KHS Policy 5.15-I N/A -In process: Working with transportation broker to receive report. N/A -In process: Working with transportation broker to receive report and create internal report. 3.3.4 Meeting Minutes will be provided in subsequent submission 3.3.5.1_DelOvCom 3.3.5.2_Trans WG 9.3.24 Min	10/20/2024 10/29/2024 10/29/2024 01/01/2024 09/03/2024	The following documentation supports the MCP's efforts to correct this finding: **POLICIES AND PROCEDURES** » Plan policy "KHS Policy 5.15-I" includes language that outlines the Plan is monitoring & overseeing no show rates for NEMT and NMT providers, occurring no less than quarterly. (3. Monitoring and Oversight, e., page 14) **MONITORING AND OVERSIGHT** » Plan procedure "NoShowMonDLP" demonstrates the monitoring process the Plan has implemented to monitor & oversee the transportation broker's compliance with the requirement to verify the no-show rates for NEMT & NMT providers. The transportation broker provides the Plan with a monthly "Provider No Show" report, which is then analyzed internally to identify potential provider trends. These results & any deficiencies identified are presented to the Plan's Quarterly Delegation Oversight Committee & its Monthly Transportation Improvement Committee. Consequences or corrective actions are imposed for deficiencies that have been identified. (3.3_NoShowMonDLP, 1. – 6., page 1) » Sample report "NoShowRpt_Q42024" demonstrates the report that is created from the data captured for no-show rates. The sample report is what is presented to the Plan's committees monthly/quarterly. (See 3.3_NoShowRpt_Q42024)

Finding Number and Summary	Action Taken	Supporting Documentation	Implementation Date * (*Short-Term, Long-Term)	DHCS Comments
	% of members who did make it to appointment with subsequent ride Trend vendors/drivers who are repeat offenders Will present results of first audit report to KHS Quarterly Delegation Entity Oversight Committee on October 29, 2024. Transportation Workgroup created designed to discuss transportation on an ongoing basis.			» Plan document "ALPSA 1.1.25_P.21" demonstrates the new monthly monitoring implemented reporting on the component of NEMT & NMT Provider No-Show rates. The document includes that if a delegate fails to meet a requirement, corrective action procedures will be implemented. (See 3.3_ALPSA 1.1.25_P.21) » Meeting materials provided demonstrates the Plan's monitoring & oversight by presenting transportation data & deficiencies identified to its various committees. (See 3.3.5.2_Trans WG 9.3.24 Min, 3.3_TICMin12.16.24 & 3.3.5.1_DelOvCom) **The corrective action plan for finding 3.3 is accepted.**

*Attachment A must be signed by the MCP's compliance officer and the executive officer(s) responsible for the area(s) subject to the CAP.

Submitted by: [Signature On File] **Date:** 10/07/2024

Signed by: [Signature On File] **Date:** 10/07/2024