

**DEPARTMENT OF HEALTH CARE SERVICES  
DRUG MEDI-CAL AUDIT APPEAL PROCESS**

The Department of Health Care Services (DHCS), Office of Legal Services, Administrative Hearing and Appeals Unit, supports an audit appeal process to appeal financial findings that involve Drug Medi-Cal (DMC) funds.

An appeal may be filed with DHCS if a county or a direct service provider disagrees with any financial audit finding.

If an appeal is filed with DHCS, an informal review will be scheduled by DHCS to resolve the facts and issues in dispute. The results of the informal review will be provided to the appealing party in the form of a written Report of Findings and will be considered as final unless a request for a formal hearing is filed with DHCS.

In formal hearings conducted by DHCS, a hearing auditor will consider all pertinent legal issues through oral and written testimony of the parties. Subsequently, a proposed decision by the hearing auditor will be issued for consideration and approval of the Director of DHCS.

The following process is required to initiate an appeal process:

1. A written request for appeal by a direct service provider or a county on behalf of its subrecipient/provider must be mailed within sixty (60) calendar days from receipt of the audit report to:

Department of Health Care Services  
DMC Audit Appeals Coordinator  
1700 K Street, 2<sup>nd</sup> Floor  
Sacramento, CA 95811

2. The request (referred to as a Statement of Disputed Issues) need not be formal, but it must be specific as to the issues in dispute, stating the specific grounds upon which objection to the specific item is based, and the estimated amount each issue involves.
3. The request may incorporate by reference or paraphrase written disputes submitted to the county by a subrecipient/provider audited by DHCS or formerly by the Department of Alcohol and Drug Programs (ADP). If incorporated by reference, a copy of the subrecipient/provider's written disputes should be attached.

4. The request must be signed by an individual with the authority to represent the county or direct service provider, and the mailing address of that individual must be identified.
5. The DMC Audit Appeals Coordinator will be responsible for further arrangements after receipt of the request.
6. A written Notice of Hearing of the time and place of the appeal proceedings will be mailed to the appealing party and, if applicable, to ADP, at least 30 calendar days prior to the date of these proceedings.