



State of California—Health and Human Services Agency  
Department of Health Care Services



EDMUND G. BROWN JR.  
GOVERNOR

DATE: APL XXX-14

TO: ALL MEDI-CAL MANAGED CARE HEALTH PLANS

SUBJECT: DELIVERY SYSTEM DISPUTE RESOLUTION PROCESS

**PURPOSE:**

The purpose of this All Plan Letter (APL) is to provide guidance to Medi-Cal Managed Care Plans (MCPs) on submission of a service delivery dispute that cannot be resolved at the local level to the Department of Health Care Services (DHCS). This guidance was developed by DHCS' Medi-Cal Managed Care Division (MMCD) and the Mental Health and Substance Use Disorders Services (MHSUDS).

MMCD is issuing this APL to remind MCPs of existing regulatory requirements that govern the dispute resolution process and to provide instructions regarding submission of a dispute between MCPs and Mental Health Plans (MHPs). MHSUDS will provide parallel guidance in the form of an Information Notice to MHPs. MCPs are hereby advised that if a MHP submits a dispute resolution request to DHCS, DHCS will request information, including a position statement, from the impacted MCP.

**BACKGROUND:**

Title 9 of the California Code of Regulations (CCR) , commencing with Section 1850.505, governs the dispute resolution between MHPs and MCPs and has been in effect since the onset of the Medi-Cal specialty mental health services program.

Effective July 1, 2012, the state administrative functions for the operation of Medi-Cal specialty mental health services and applicable functions related to federal Medicaid requirements transferred from the State Department of Mental Health (DMH) to DHCS. The current regulatory scheme found in 9 CCR Section 1850.505 *et seq.* was promulgated prior to the state administrative functions transfer from DMH to DHCS. In light of the transfer of these functions, DHCS will administer the dispute resolution process. DHCS will continue to substantively follow the dispute resolution process set forth in 9 CCR Section 1850.505 *et seq.*

**POLICY:**

Pursuant to 9 CCR Section 1810.370, the MCP is required to enter into a memorandum of understanding (MOU) with the MHP in each of the counties which the MCP serves.

Whether or not the MCP and MHP have an executed MOU, the parties are required to document attempts to resolve the disputed issue(s).

If a MCP is unable to resolve a dispute with a MHP, the MCP may submit a written request for resolution, signed by the MCP's Chief Executive Officer (CEO), to DHCS ("Request for Resolution"). If the MCP has a MOU with the MHP, the Request for Resolution must be submitted within 15 calendar days of the completion of the MOU's dispute resolution process. If there is no MOU, a Request for Resolution must be submitted within 30 calendar days after the event giving rise to the dispute.

A Request for Resolution should be submitted to the address below:

Department of Health Care Services  
Medi-Cal Managed Care Division  
Program Monitoring & Medical Policy Branch  
Attn: Sarah Brooks  
1501 Capitol Ave., MS 4400  
Sacramento, CA 95814  
(916) 552-9373

**SCOPE OF REVIEW:**

DHCS will review the following types of disputes:

1. The obligations of the MCP or the MHP under their contract(s) with DHCS;
2. State Medi-Cal laws and regulations; and/or
3. The MCP - MHP MOU as described in 9 CCR Section 1810.370.

**REQUEST FOR RESOLUTION SUBMISSION REQUIREMENTS:**

A Request for Resolution submitted to DHCS must contain all of the following:

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 by either party;
2. History of attempts to resolve the issue with the MHP<sup>1</sup>;

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<sup>1</sup> Pursuant to 9 CCR section 1850.505(d)(2), whether or not the MCP and MHP have an executed MOU, the parties are required to document attempts to resolve the issue in the request for resolution.

3. Justification for the MCP's desired remedy; and
4. If applicable, any additional documentation that the MCP deems relevant to resolve the disputed issue(s).

**DHCS DISPUTE RESOLUTION PROCESS:**

Within seven calendars days after DHCS' receipt of a Request for Resolution from a MCP, a copy of the Request for Resolution will be forwarded to the Director of the impacted MHP via secure email ("Notification"). The MHP will have 21 calendar days to submit a response to the Request for Resolution and any relevant documents to support its position ("MHP Documentation").<sup>2</sup> If the MHP fails to respond, DHCS will decide on the disputed issue(s) based solely on the documentation submitted by the MCP.

At its discretion, DHCS may allow both MCP and MHP representatives the opportunity to present oral argument(s).

MMCD and MHSUDS will make a joint recommendation to the DHCS Director, or his or her designee, based on their review of the submitted documentation, applicable statutory, regulatory, and contractual obligations of the MCP and the MHP, and any oral arguments presented.

Within 30 calendar days from the earlier of the (1) DHCS' receipt of the MHP Documentation, or (2) 21 calendar days after the Notification date, the final decision will be communicated via secure email to the MCP CEO and MHP Director. The DHCS decision will include a statement of the reasons for the decision, the determination of rates of payment (if the rates of payment were disputed), and any actions the MCP and the MHP are required to take to implement the decision.<sup>3</sup>

If DHCS' dispute resolution determination includes a finding that the unsuccessful party has a financial liability to the other party for services rendered by the successful party, the MCP is required to follow the financial liability criteria set forth in 9 CCR Section 1850.530, which specifies the provisions regarding financial liability rates and proof of reimbursement. If necessary, DHCS shall enforce the decision, including withholding funds to meet any financial liability established pursuant to 9 CCR Section 1850.530.<sup>4</sup>

Finally, MCPs must comply with 9 CCR Section 1850.525 regarding the provision of medically necessary services pending resolution of a dispute.

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<sup>2</sup> Cal. Code Regs. Tit. 9, §§1850.505(e) &1850.505(f).

<sup>3</sup> Cal. Code Regs. Tit. 9,§1850.520(b).

<sup>4</sup> Cal. Code Regs. Tit. 9, §1850.520.

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Questions regarding this APL may be directed to Sarah Brooks at the contact address above.