

DHCS AUDITS AND INVESTIGATIONS
CONTRACT AND ENROLLMENT REVIEW DIVISION
SUBSTANCE USE DISORDER REVIEW SECTION

**REPORT ON THE SUBSTANCE USE DISORDER
(SUD) AUDIT OF KINGS COUNTY BEHAVIORAL
HEALTH
FISCAL YEAR 2025-26**

Contract Number: 23-30093

Contract Type: Drug Medi-Cal (DMC)

Audit Period: July 1, 2024 — June 30, 2025

Dates of Audit: December 2, 2025 — December 12, 2025

Report Issued: May 29, 2026

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I. INTRODUCTION

Kings County Behavioral Health (Plan) is governed by a Board of Supervisors and contracts with the Department of Health Care Services (DHCS) for the purpose of providing substance use disorder services to county residents.

Kings County is located in the Central Valley, also known as San Joaquin Valley of California. The Plan provides services within the unincorporated county and in four cities: Avenal, Corcoran, Hanford, and Lemoore.

As of September 23, 2025, the Plan had a total of 301 members receiving services and a total of nine active providers.

II. EXECUTIVE SUMMARY

This report presents the audit findings of the DHCS audit for the period of July 1, 2024, through June 30, 2025. The audit was conducted from December 2, 2025, through December 12, 2025. The audit consisted of documentation review and interviews with the Plan's representatives.

An Exit Conference with the Plan was held on May 13, 2026. The Plan was allowed 15 calendar days from the date of the Exit Conference to provide supplemental information addressing the draft audit findings. On May 22, 2026, the Plan submitted a response after the Exit Conference. The evaluation results of the Plan's response are reflected in this report.

The audit evaluated three categories of performance: Quality Assurance and Performance Improvement, Member Rights and Protection, and Program Integrity.

The prior DHCS compliance report, covering the review period from July 1, 2023, through June 30, 2024, identified deficiencies incorporated in the Corrective Action Plan (CAP). The prior year CAP was not completely closed at the time of the audit. Therefore, this audit included a review of documents to determine the implementation and effectiveness of the Plan's corrective actions.

The summary of the findings by category follows:

Category 3 – Quality Assurance and Performance Improvement

The Plan is required to ensure that subcontracts require that providers comply with regulations and guidelines including, but not limited to, California Code of Regulations (CCR), Title 22, section 51341.1, which details requirements for Drug Medi-Cal Substance Use Disorder Services. Finding 3.1.1: The Plan did not demonstrate that it ensured subcontracts require that providers comply with CCR, Title 22, section 51341.1, which details requirements for Drug Medi-Cal Substance Use Disorder Services.

Category 6 – Member Rights and Protection

There were no findings noted for this category during the audit period.

Category 7 – Program Integrity

There were no findings noted for this category during the audit period.

III. SCOPE/AUDIT PROCEDURES

SCOPE

The DHCS, Contract and Enrollment Review Division conducted the audit to ascertain that medically necessary services provided to Plan members comply with federal and state laws, Medi-Cal regulations and guidelines, and the State's DMC Contract.

PROCEDURE

DHCS conducted an audit of the Plan from December 2, 2025, through December 12, 2025, for the audit period of July 1, 2024, through June 30, 2025. The audit included a review of the Plan's policies for providing services, procedures to implement these policies, and the process to determine whether these policies were effective. Documents were reviewed and interviews were conducted with the Plan's representatives.

No verification studies were conducted for this audit.

COMPLIANCE AUDIT FINDINGS

Category 3 – Quality Assurance and Performance Improvement

3.1 Monitoring

3.1.1 Required Subcontract Provisions

The Plan shall require all the subcontracted providers of covered services to be licensed, registered, DMC enrolled, and/or approved in accordance with applicable laws and regulations. The Plan's subcontracts shall require that providers comply with regulations and guidelines including, but not limited to, CCR, Title 22, section 51341.1, which details requirements for Drug Medi-Cal Substance Use Disorder Services (*Contract, Exhibit A, Attachment I, Part I, Section 4 Drug Medi-Cal Certification and Provider Credentialing, A, 4, c)*

Finding: The Plan did not demonstrate that it ensured subcontracts require that providers comply with CCR, Title 22, section 51341.1, which details requirements for Drug Medi-Cal Substance Use Disorder Services.

A review of two contracts from subcontracted providers lacked the required provision to comply with CCR, Title 22, section 51341.1.

The Plan did not provide requested policies and procedures for required subcontract elements detailing criteria for Drug Medi-Cal Substance Use Disorder Services.

In an interview, the Plan stated that it does not monitor provider subcontracts to ensure templates contain all required DMC-related elements as part of its credentialing process.

When the Plan's subcontracts do not require that providers comply with regulations and guidelines, it can lead to members not receiving the medically necessary services.

Recommendation: Develop and implement policies and procedures to ensure that subcontracts contain all required elements detailing criteria for Drug Medi-Cal Substance Use Disorder Services as specified in CCR, Title 22, section 51341.1.