Technical Assistance Guide for Medical Audits

Category 6: Plan Organization and Administration

June 2026

DHCS
CALIFORNIA DEPARTMENT OF
HEALTH CARE SERVICES

TABLE OF CONTENTS

INTRODUCTION

In accordance with California Welfare and Institutions Code Section 14456, the Department of Health Care Services (DHCS) conducts medical audits of Medi-Cal Managed Care Plans (MCPs) on an annual basis. Medical audits evaluate MCPs' compliance with the DHCS contractual requirements and applicable laws and regulations. The Contract and Enrollment Review Division (CERD) of DHCS' Audits and Investigations (A&I) is responsible for performing the mandated audits. The audit scope encompasses the following six categories of review:

- Category 1 – Utilization Management
- Category 2 – Population Health Management and Coordination of Care
- Category 3 – Network and Access to Care
- Category 4 – Grievances, Appeals, and Member's Rights
- Category 5 – Quality Improvement and Health Equity Transformation Program
- Category 6 – Plan Organization and Administration

USING THE TECHNICAL ASSISTANCE GUIDE (TAG)

The TAGs are designed to identify key elements commonly evaluated by A&I's audit process to promote transparency. The TAG is grouped by subcategories and includes the following components, as applicable:

Requirement: This column identifies "key" statutory, regulatory, and contractual requirements related to core managed care organization systems and processes that may be included in scope and additional areas identified based on risk. While this narrows the audit scope, the audit team may investigate the MCP's compliance with other requirements.

- MCPs are ultimately responsible for ensuring compliance with all provisions of the DHCS contract as well as any applicable All Plan Letters (APLs), Plan Letters (PLs) and Dual Policy Letters.
- The contract requirements can be supplemented with applicable laws, regulations, APLs, etc.
- This TAG cites language from the DHCS Boilerplate Contract and related Federal and State laws and regulations.
- "Contractor" means "MCP" or "Plan" in this document.

Documentation Reviewed: The items in this column reflect a hierarchy of documents.

- Initially listed items (√) indicated will most likely confirm contractual compliance or not.
- Lower listed alternate/optional documents (△) may contain information that will help determine the status of the MCP's compliance with a particular requirement.
- Documents are not only reviewed for individual compliance, but as reference in the review of all other evidence and interviews to determine actual implementation in practice, effectiveness and MCP actions taken.
- The Documents include, but are not limited to:
  - Policies and Procedures
  - Organizational Charts
  - Committee Meeting Minutes
  - Monitoring Reports
  - Data Logs
- Verification Studies (▲) are listed in this section where applicable.

Examples of Best Practices: This column details strategies implemented by some MCPs to either demonstrate compliance with a contract requirement or correct an identified deficiency. MCPs and individual audits can present distinct characteristics, and best practices may not transfer seamlessly. The audit team does not audit to best practices but may use them to evaluate compliance. It remains the responsibility of the MCP to demonstrate that it is meeting its contractual obligations.

CATEGORY 6: PLAN ORGANIZATION AND ADMINISTRATION OVERVIEW

Introduction/Overview

The Plan Organizational and Administrative responsibilities of Medi-Cal Managed Care Plans (MCPs) ensure that MCPs can deliver high-quality, accessible, and equitable care to Medi-Cal members, with an organizational structure that has the administrative capacity to deliver services and ensure compliance with state and federal requirements. This includes appointing a Compliance Officer, maintaining written policies and procedures, conducting regular audits, training staff, and ensuring timely reporting of overpayments and suspected fraud to DHCS. An effective administration and organization ensures a MCP proactively prevents, detects, and corrects fraud, waste, and abuse through strong leadership, clear policies, staff training, internal monitoring, and timely reporting to regulatory authorities.

The Category 6 Audit Program includes the following subcategories:

From Contract Section 1:1:

- 6.1: Legal Capacity
- 6.2: Key Personnel Disclosure Form
- 6.3: Conflict of Interest – Current and Former State Employees
- 6.4: Contract Performance
- 6.5: Medical Decisions
- 6.6: Medical Director
- 6.7: Chief Health Equity Officer
- 6.8: Key Personnel Changes
- 6.9: Administrative Duties / Responsibilities
- 6.10: Member Representation
- 6.11: Diversity, Equity, and Inclusion Training

From Contract Section 1.3 (Program Integrity and Compliance Program):

- 6.12: Compliance Program
- 6.13: Fraud Prevention Program
- 6.14: Provider Screening, Enrolling, and Credentialing/Recredentialing
- 6.15: Contractor's Obligations Regarding Suspended, Excluded, and Ineligible Providers
- 6.16: Disclosures
- 6.17: Treatment of Overpayment Recoveries
- 6.18: Federal False Claims Act Compliance and Support

CATEGORY 6.1: LEGAL CAPACITY

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.1.1 **Legal Capacity** Contractor must maintain the legal capacity to contract with Department of Health Care Services (DHCS) and, if required, maintain appropriate licensure as a health care service plan in accordance with the Knox-Keene Health Care Service Plan Act of 1975 (KKA) as amended (Health and Safety Code (H&S) section 1340 et seq.). If Contractor is not currently licensed to operate in an awarded Service Area, within 30 Working Days of award of Contract, it must submit a material modification to its license to the Department of Managed Health Care (DMHC) requesting authorization to operate in the Service Area. Contractor must submit proof of its material modification submission to DHCS concurrently. Operations Period will not begin until the material modification is approved by DMHC. Within three Working Days of approval, Contractor must submit a copy of its approved and amended Knox-Keene license to DHCS.	✓ Policies & Procedures ✓ Knox-Keene License ✓ DMHC Service Area Approval ✓ Modification to Service Area Request, if applicable ✓ Legally recognized entity, good standing, no legal restriction or disqualification preventing full execution of contract.	MCP maintains legal authority to contract with DHCS and, when applicable, maintain appropriate licensure as a health care service plan.

CATEGORY 6.2: KEY PERSONNEL DISCLOSURE FORM

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.1.2 **Key Personnel Disclosure Form** A. Contractor must file an annual statement with DHCS disclosing any purchases or leases of services, equipment, supplies, or real property from an entity in which any of the following persons have a substantial financial interest: 1. Any person or corporation having five percent or more ownership or controlling interest in Contractor; 2. Any director, officer, partner, trustee, or employee of Contractor; and 3. Any member of the immediate family of any person designated in 1) or 2) above. B. Comply with 42 Code of Federal Regulations (CFR) sections 455.104 (Disclosure by Medicaid providers and fiscal agents: Information on ownership and control), 455.105 (Disclosure by providers: Information related to business transactions), 455.106 (Disclosure by providers: Information on persons convicted of crimes), and 438.610 (Prohibited affiliations).	✓ Policies & Procedures ○ Financial Interest ○ Personnel Disclosures ○ Onboarding/Hiring ✓ Annual Disclosure Form/Statement/Filings ✓ Disclosure Tracking or Monitoring ✓ Record of Purchases or Leases of Equipment, Supplies, or Real Property △ Organizational Structure, Key Personnel, Ownership/Interest	MCP files annual statement disclosing any substantial financial interest and comply with 42 CFR sections 455.104, 455.105, 455.106 and 438.610. As part of CMS issued "Medicaid Program Integrity Toolkits", MCPs are required to collect and review their Subcontractors' ownership and control disclosures as set forth in 42 CFR 455.104, and identify potential conflicts of interest. MCPs must alert their Managed Care Operations Division (MCOD) Contract Manager within ten working days upon discovery that a Subcontractor is noncompliant with these requirements, and/or if a disclosure reveals any potential violations of the ownership and control requirements. MCPs should review to identify potential conflicts of interest and make Subcontractors' ownership and control disclosures available upon request, as the information is subject to audit by DHCS. MCPs should alert their Managed Care Operations Division (MCOD) Contract Manager within ten Working Days upon discovery that a Subcontractor is noncompliant with these requirements,

Requirement	Documentation to Review	Examples of Best Practices
		and/or if a disclosure reveals any potential violations of the ownership and control requirements.

CATEGORY 6.3: CONFLICT OF INTEREST – CURRENT AND FORMER STATE EMPLOYEES

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.1.3 **Conflict of Interest – Current and Former State Employees** A. This Contract will be governed by the conflict of interest provisions of 42 CFR sections 438.3(f)(2) and 438.58 and 22 California Code of Regulations (CCR) sections 53874 and 53600. B. In the performance of this Contract, Contractor will not utilize any State officer, employee in State civil service, other appointed State official, or intermittent State employee, or contracting consultant for DHCS, unless the employment, activity, or enterprise is required as a condition of the officer's or employee's regular State employment.	✓ Policies & Procedures ○ Conflict of Interest ○ Hiring and Onboarding ✓ Conflict of Interest Forms ✓ Certifications or Attestations ✓ Conflict of Interest Disclosure Logs or Reports △ Job Descriptions, Qualifications, Resumes	MCP demonstrates compliance with contract, 42 CFR sections 438.3(F)(2) and 438.58 and 22 CCR, sections 53874 and 53600. Conflict of Interest provisions are included in written policies and procedures, job hiring and onboarding practices, and attestations and agreements from employees.

CATEGORY 6.4: CONTRACT PERFORMANCE

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.1.4 **Contract Performance** Contractor must maintain the necessary organization and level of staffing to implement and operate this Contract in accordance with 28 CCR section 1300.67.3 and 22 CCR sections 53800, 53851, and 53857. Contractor must ensure the following: A. Contractor has an accountable Governing Board; B. Compliance with this Contract is a high priority and that Contractor is committed to supplying any necessary resources to assure full performance of the Contract; C. If Contractor is a subsidiary organization, its parent organization provides an attestation confirming that this Contract will be a high priority to the parent organization and committing to supply any necessary resources to assure full performance of the Contract; D. Adequate staffing in medical and other health services, fiscal and administrative capacity sufficient to effectively conduct Contractor's business; and E. Written procedures are developed and maintained for conducting Contractor's business, including the provision of health care services, in compliance with federal and State Medicaid law.	✓ Policies & Procedures ✓ Organizational Chart ✓ Governing Board ○ Description, Charter, Manuals ○ Roster ○ Agendas ○ Meeting Minutes ○ Board Packets ○ Annual Calendar of Board Activities ✓ Board Member Agreements or Acknowledgements ✓ Staffing Records or Reports ✓ Attestations △ All Committee Meeting Minutes will provide insight into performance	MCP implements and maintains policies and procedures to operate and meet contract requirements. MCP should have a system for board members, officers, senior management, and employees to receive training on policies and procedures related to compliance for specific job functions. MCP is able to provide evidence of compliance training completion for officers, senior management and employees. MCP ensures adequate staffing, fiscal, and administrative capacity sufficient to effectively carry out contract requirements. Written policies and procedures are developed and maintained for conducting Contractor's business, including health care services and to ensure compliance with federal and state law.

CATEGORY 6.5: MEDICAL DECISIONS

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.1.5 **Medical Decisions** Contractor must ensure that medical decisions, including those by Subcontractors, Downstream Subcontractors, Network Providers, and other Providers, are not unduly influenced by fiscal and administrative management.	✓ Policies & Procedures ✓ Hiring/Onboarding Documentation ✓ Provider Training ✓ Provider Manuals ✓ Attestations ✓ Contractor, Subcontractor, Network Provider Agreements	MCP ensures that medical decisions are not influenced by fiscal and administrative management.

CATEGORY 6.6: MEDICAL DIRECTOR

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.1.6 **Medical Director** Contractor must appoint a physician as medical director pursuant to 22 CCR section 53857 whose responsibilities must include, but should not be limited to, the following: A. Ensuring that medical and other health services decisions are: 1. Rendered by qualified medical personnel; and 2. Not influenced by fiscal or administrative management considerations. B. Ensuring that the medical and other health care provided meets acceptable standards of care; C. Ensuring that Contractor's medical personnel follow medical protocols and rules of conduct; D. Developing and implementing medical policy consistent with applicable standards of care; E. Resolving Grievances related to Quality of Care; F. Participating directly in the implementation of Quality Improvement and Health Equity activities; G. Participating directly in the design and implementation of the Population Health Management Strategy and initiatives, including Population Needs Assessment design, planning, and implementation to inform Strategy;	✓ Policies & Procedures ✓ Medical Director CV, Job Description, Duties, and Responsibilities ✓ Organizational Chart ✓ Board Meeting, Committee Meeting, Meeting Minutes: ○ Utilization Management ○ Quality Improvement ○ Grievance and Appeal, Peer Review ○ Oversight ✓ Population Needs Assessment ✓ Medical Director Contact on Provider Portal Website ***Note:*** *The Medical Director section is covered more extensively in Section 1.1. of Audit Program Category 1: Utilization Management Program*	There is evidence of the Medical Director carrying out their role and responsibilities pursuant to 22 CCR section 53857.

Requirement	Documentation to Review	Examples of Best Practices
H. Participating actively in the execution of Grievance and Appeal procedures; I. Ensuring that Contractor engages with local health departments; and J. Posting medical director contact information in an easily accessible location on their provider portal website.		

CATEGORY 6.7: CHIEF HEALTH EQUITY OFFICER

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.1.7 **Chief Health Equity Officer** Contractor must maintain a full-time Chief Health Equity Officer who has the necessary qualifications or training at the time of hire or within one year of hire to meet the requirements of the position. The Chief Health Equity Officer responsibilities must include, but should not be limited to, the following: A. Provide leadership in the design and implementation of Contractor's strategies and programs to ensure Health Equity is prioritized and addressed; B. Ensure all Contractor policy and procedures consider Health Inequities and are designed to promote Health Equity where possible, including but not limited to: 1. Marketing strategy; 2. Medical and other health services policies; 3. 3. Member and provider outreach; 4. Community Advisory Committee; 5. Quality Improvement activities, including delivery system reforms; 6. Grievance and Appeals; and 7. Utilization Management. C. Develop and implement policies and procedures aimed at improving Health Equity and reducing Health Disparities;	✓ Policies & Procedures ✓ Chief Health Equity Officer CV ✓ Chief Health Equity Officer Role and Responsibilities ✓ Organizational Chart ✓ Health Equity Committee Charters or Reports ✓ Health Equity Monitoring Reports ✓ Targeted Interventions, MCP, Report, and Results △ Health Equity Strategic MCP, Reports, and Metrics △ Quality Improvement Reports △ Community Engagements △ Population Needs Assessment (PNA) △ Member and Provider Outreach, Surveys, etc.	The MCP ensures the Chief Health Equity Officer is a qualified individual who receives necessary training and fulfills their role and responsibilities. The MCP maintains a full-time Chief Health Equity Officer, separate from the Chief Medical Officer/ Medical Director role, who has: 1. the necessary qualifications or training that meet the requirements of the position, and 2. the authority to design and implement policies that ensure Health Equity is prioritized and addressed. The MCP provides an organizational chart/governance demonstrating a full-time Chief Health Equity Officer with the authority to design and implement Health Equity programs. Community Advisory Committee: The CAC reflects membership of the population served, including from historically marginalized groups whose participation shapes health equity policies; where equity lens is applied to evaluate proposed policies.

Requirement	Documentation to Review	Examples of Best Practices
D. Engage and collaborate with Contractor staff, Subcontractors, Downstream Subcontractors, Network Providers, and entities including, but not limited to local community-based organizations, local health departments, Behavioral Health and social services, Child welfare systems and Members in Health Equity efforts and initiatives; E. Implement strategies designed to identify and address root causes of Health Inequities, which includes but is not limited to systemic racism, Social Drivers of Health, and infrastructure barriers; F. Develop targeted interventions designed to eliminate Health Inequities; G. Develop quantifiable metrics that can track and evaluate the results of the targeted interventions designed to eliminate Health Inequities; H. Ensure all Contractor, Subcontractor, Downstream Subcontractor, and Network Provider staff receive mandatory diversity, equity and inclusion training (sensitivity, diversity, communication skills, and cultural competency/humility training) as specified in Exhibit A, Attachment III, Subsection 5.2.11.C. (Cultural and Linguistic Programs and Committees) annually. This includes, but is not limited to: 1. Reviewing training materials to ensure the materials are up to date with current standards of practice; and 2. Maintaining records of training completion.	△ Website △ Health Equity Monitoring Reports △ Provider Trainings, Records and Reports	Reference: APL 25-009 summarizes CAC requirements, including the role of the Chief Health Equity Officer. Quality Improvement activities: The QIHETP identifies areas for improvement through continuous monitoring activities, methodology, improvement standards, documentation and communication of project and focus areas activities to address health disparities. Stratifying quality metric data by race/ethnicity and implementing quality improvement initiatives to improve identified disparities. Grievance and Appeals: Stratifying grievance and appeals data by race/ ethnicity and initiatives to address identified disparities. Policies and procedures that embed health equity goals, leverage data to identify and address disparities, and incorporate stakeholder feedback.

Requirement	Documentation to Review	Examples of Best Practices
Note: This Section is Covered in Audit Program Category 5: Quality Improvement and Health Equity Transformation Program		

CATEGORY 6.8: KEY PERSONNEL CHANGES

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.1.8 **Key Personnel Changes** Contractor must report to DHCS Contract Manager any changes in the status of the executive-level personnel including, but not limited to the chief executive officer, chief financial officer, chief operations officer, the chief medical director, the chief Health Equity officer, the compliance officer, and government relations persons within ten calendar days. Contractor must also report to DHCS Contract Manager any changes in the status of the executive-level personnel for Fully Delegated Subcontractors, Partially Delegated Subcontractors, Downstream Fully Delegated Subcontractors, and Downstream Partially Delegated Subcontractors including, but not limited to the chief executive officer, chief financial officer, chief operations officer, the medical director, the chief Health Equity officer, the compliance officer, and government relations persons within 20 calendar days.	✓ Policies & Procedures ✓ Organizational Chart ✓ Executive Roster ✓ Offer Letters, Resignation Letters, or Termination Notices ✓ Compliance Reporting Record ✓ Governing Board Meeting Minutes ✓ Evidence of Communication to DHCS Contract Manager, if applicable	MCP reports on any changes in the status of the executive-level personnel within 20 calendar days (for delegates) MCP reports to the DHCS Contract Manager any changes in the status of the executive-level personnel, including but not limited to the chief executive officer, chief financial officer, chief operations officer, the chief medical director, the chief Health Equity officer, the Compliance Officer, and government relations persons, within ten (10) calendar days. The MCP should have policies and procedures related to the reporting of executive-level personnel changes.

CATEGORY 6.9: ADMINISTRATIVE DUTIES / RESPONSIBILITIES

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.1.9 **Administrative Duties / Responsibilities** Contractor must maintain the organizational and administrative capabilities to carry out Contractor's duties and responsibilities under the Contract. At a minimum, Contractors' responsibilities must include the following: A. Comply with all requirements and deliverables as described in Exhibit A, Attachment II, Article 1.0 (Operational Readiness Deliverables and Requirements); B. Maintain financial records and books of account on an accrual basis, in accordance with Generally Accepted Accounting Principles (GAAP), which fully disclose the disposition of all Medi-Cal program funds received, as specified in Exhibit A, Attachment III, Section 1.2 (Financial Information); C. Maintain a Member and Enrollment reporting systems as specified in Exhibit A, Attachment III, Section 2.1 (Management Information System), Section 4.6 (Member Grievance and Appeal System), and Section 5.1 (Member Services); D. Maintain data reporting capabilities sufficient to provide necessary and timely reports to DHCS, as required by Exhibit A, Attachment III, Section 2.1 (Management Information System);	Policies & Procedures ✓ Board of Director, or Governing Board, Executive Committee, including subcommittees: ○ Oversight Committee ○ Compliance Committee ○ Community Advisory Committee ○ Quality Improvement PLAN ○ Grievance and Appeal ○ Utilization Management Committee ✓ Utilization Management Program ✓ Operational Readiness Written Authorization ✓ Evidence of Data and Information Exchange Capabilities Sufficient	Review the MCP health delivery system to ensure MCP maintains organizational and administrative capabilities to carry out duties and responsibilities under the Contract.

Requirement	Documentation to Review	Examples of Best Practices
E. Maintain data and information exchange capabilities as needed to meet Contractor's obligation under the Contract and to support DHCS administration of the Medi-Cal program through data sharing with other trading partners. This includes, but is not limited to, Encounter Data, Medical Record information, Network Provider and Provider information, Member demographics, and case notes; F. Maintain Quality Improvement activities and Population Health Management activities. Comply with all National Committee for Quality Assurance (NCQA) and accreditation requirements by calendar year 2026 as described in Exhibit A, Attachment III, Section 2.2 (Quality Improvement and Health Equity Transformation Program (QIHETP)); G. Maintain a Utilization Management (UM) program, as described in Exhibit A, Attachment III, Section 2.3 (Utilization Management Program); H. Maintain Network adequacy as described in Exhibit A, Attachment III, Section 5.2 (Network and Access to Care); I. Comply with requirements, as described in Exhibit A, Attachment III, Section 3.2 (Provider Relations); J. Maintain claims processing capabilities as described in Exhibit A, Attachment III, Section 3.3 (Provider Compensation Arrangements); K. Maintain adequate access and availability of Primary Care Providers (PCP) and Specialists for all Medically Necessary Covered Services for Members, as	to Provide Timely Reports to DHCS ✓ Network Adequacy ✓ Contracts & MOUs ✓ Evidence of Claims Processing System ✓ Evidence of Provider Network and Access to Care ✓ Evidence of Care Coordination	

Requirement	Documentation to Review	Examples of Best Practices
described in Exhibit A, Attachment III, Section 5.2 (Network and Access to Care); L. Form a Community Advisory Committee (CAC) and meet expectations, as described in Exhibit A, Attachment III, Section 5.2 (Network and Access to Care), including CAC's active participation in addressing Quality of Care, Health Equity, Health Disparities, Population Health Management, Children services, and other ongoing Contractor functions; M. Provide or arrange for all Medically Necessary Covered Services for Members, as described in Exhibit A, Attachment III, Section 5.3 (Scope of Services), Exhibit A, Attachment III, Section 5.4 (Community Based Adult Services), and Exhibit A, Attachment III, Section 5.5 (Mental Health and Substance Use Disorder Benefits); N. Provide Care Coordination, including but not limited to all Medically Necessary services delivered both within and outside Contractor's Network, as described in Exhibit A, Attachment III, Section 4.3 (Population Health Management and Coordination of Care); O. Negotiate in good faith and execute Network Provider Agreements, Subcontractor Agreements, or Memorandums of Understanding (MOUs), as appropriate, with third party entities, including county programs, and local health jurisdictions covered by this Contract, as described in Exhibit A, Attachment III, Section 5.6 (MOUs with Local Government Agencies, County Programs, and Third		

Requirement	Documentation to Review	Examples of Best Practices
Parties) and Exhibit A, Attachment III, Subsection 3.1.9 (Network Provider Agreements, Subcontractor Agreements, and Downstream Subcontractor Agreements with Local Health Departments); P. Comply with the requirements described in Exhibit A, Attachment III, Section 5.1 (Member Services); Q. Maintain Member Grievance procedures, as specified in Exhibit A, Attachment III, Section 4.6 (Member Grievance and Appeal System); R. Develop training and certification for Marketing activity, if Contractor conducts Marketing, as described in Exhibit A, Attachment III, Section 4.1 (Marketing); S. Cooperate with the DHCS Enrollment program, as described in Exhibit A, Attachment III, Section 4.2 (Enrollments and Disenrollments); and T. Comply with all requirements and deliverables, as described in Exhibit A, Attachment III, Article 7.0 (Operations Deliverables and Requirements).		

CATEGORY 6.10: MEMBER REPRESENTATION

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.1.10 **Member Representation** Contractor must ensure that Medi-Cal Members, including Seniors and Persons with Disabilities (SPD), persons with chronic conditions (such as asthma, diabetes, congestive heart failure), Limited English Proficient (LEP) Members, and Members from diverse cultural and ethnic backgrounds or their representatives are included and invited to participate in establishing public policy within Contractor's advisory committee and CAC, as specified in Exhibit A, Attachment III, Subsection 5.2.11.E. (Cultural and Linguistic Programs and Committees), or other similar committees or groups. **The above section is covered more extensively in the Category 4 Audit Program: Grievances, Appeals and Member's Rights.*	✓ Policies & Procedures ✓ Community Advisory Committee Charter, Roster, and Minutes ✓ Medi-Cal Member Outreach	MCP ensures member representation and participation in public policy within the advisory committee and CAC.

CATEGORY 6.11: DIVERSITY, EQUITY, AND INCLUSION TRAINING

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.1.11 **Diversity, Equity, and Inclusion Training** Contractor must ensure that all staff who interact with, or may potentially interact with, Members and any other staff deemed appropriate by Contractor or DHCS, receive annual sensitivity, diversity, communication skills, and cultural competency/ humility training as specified in Exhibit A, Attachment III, Subsection 5.2.11.C. (Cultural and Linguistic Programs and Committees). **Contract Exhibit A, Attachment III, Section 5.2.11 (C)** **Diversity, Equity, and Inclusion Training** Contractor must provide annual sensitivity, diversity, cultural competency/humility and Health Equity training for its employees and contracted staff as detailed in APL 23-025. Training must consider structural and institutional racism and Health Inequities and their impact on Members, staff, Network Providers, Subcontractors, and Downstream Subcontractors. Contractor must ensure Network Providers and Allied Health Personnel receive pertinent information regarding the PNA findings and the identified targeted strategies. Contractor must use the most appropriate communication method(s) to assure the information can be accessed and understood. The training must include the following requirements:	✓ Policies & Procedures ✓ Sensitivity, Diversity, Communication, and Cultural Competency/Humility Training Materials ✓ Training Completion Attestations, Logs, Tracking, and Reports	MCP demonstrates that staff who interact with, or may potentially interact with, members receive annual sensitivity, diversity, communication skills, and cultural competency / humility training.

Requirement	Documentation to Review	Examples of Best Practices
1) Promote access and delivery of services in a culturally competent manner to all Members and Potential Members, regardless of sex, race, color, religion, ancestry, national origin, creed, ethnic group identification, age, mental disability, physical disability, medical condition, genetic information, health status, marital status, gender, gender identity, sexual orientation, or identification with any other persons or groups defined in Penal Code section 422.56; and 2) Information about the Health Inequities and identified cultural groups in Contractor's Service Area which includes but is not limited to: the groups' beliefs about illness and health; need for gender affirming care; methods of interacting with Providers and the health care structure; traditional home remedies that may impact what the Provider recommends to treat the patient; and language and literacy needs.		

CATEGORY 6.12: COMPLIANCE PROGRAM

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.3 **Program Integrity and Compliance Program (General Overview)** Contractor must establish administrative and management policies and procedures which are designed to prevent and detect Fraud, Waste, and Abuse. In furtherance of this goal, Contractor must establish a Compliance program, a Fraud, Waste, and Abuse prevention program, and other program integrity processes, as set forth in this Exhibit A, Attachment III, Section 1.3 (Program Integrity and Compliance Program). In establishing these policies, procedures, and programs, Contractor must meet the requirements of 42 Code of Federal Regulations (CFR) section 438.608. While Contractor may contract with entities to support Contractor on compliance activities (such as training and auditing), Contractor may not delegate program integrity and compliance program functions to Subcontractors or Downstream Subcontractors. Contractors must ensure that all Subcontractors and Downstream Subcontractors also have a robust program integrity and compliance program in place. This requirement may be fulfilled by Contractor maintaining all program integrity and compliance program functions on behalf of Subcontractor or Downstream Subcontractor.	See Categories 6.9-6.11 and below for more detailed information ✓ Policies & Procedures ✓ Compliance Plan ✓ MCP Website △ Standard of Conduct or Code of Conduct △ Compliance Committee Roster and Minutes △ Compliance Reporting Structure △ Completed and Signed Acknowledgement of the Standard of Conduct/Code of Conduct	See Categories 6.9-6.11 and below for more detailed information

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.3.1 **General Requirements** Contractor must have a compliance program that includes, at a minimum, the following elements: A. A compliance plan which: 1. Outlines the key elements of the compliance program; 2. Includes reference to the standards of conduct or code of conduct; 3. Allows the compliance program to act independently of operational and program areas without fear of repercussions for uncovering deficiencies or noncompliance; 4. Details how it will implement and maintain elements of the compliance program; 5. Includes the compliance reporting structure and positions of key personnel involved in ensuring compliance, including the compliance officer; 6. References the delegation reporting and compliance plan; 7. References policies and procedures operationalizing the compliance program; 8. Is reviewed and approved by the board of director's compliance and oversight committee routinely, but not less than annually; and 9. Is publicly posted on Contractor's website.		

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.3.1 **Standard of Conduct** B. Standard of conduct or code of conduct must clearly articulate Contractor's commitment to comply with all applicable requirements and standards under this Contract, and all applicable federal and State requirements. It must describe the organizational expectations that all employees, officers, board of directors, Network Providers, Subcontractors, and Downstream Contractors act ethically and have a responsibility in ensuring compliance. Standard of conduct must be approved by Contractor's full board of directors annually.	Standard of Conduct or Code of Conduct Template	MCP establishes a standard of conduct that articulates the commitment to comply with requirements and standards under the Contract.

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.3.1 **Policies and Procedures** Contractor must have a compliance program that includes, at a minimum, the following elements: C. Written policies and procedures which address the following: 1. Detail how elements of the compliance program are operationalized, including the titles of persons responsible for specific activities; 2. Describe how Contractor will oversee all Network Providers, Subcontractors, Downstream Subcontractors, and third-party entities compliance with all applicable terms and conditions of the Contract. See also, Exhibit A, Attachment III, Subsection 3.1.4 (Contractor's Duty to Ensure Subcontractor, Downstream Subcontractor, and Network Provider Compliance); and 3. Outline Contractor's process to ensure policies and procedures are reviewed at least annually and how changes are disseminated to impacted operational areas. Contractor must update the policies and procedures to incorporate changes in applicable laws, regulations, and requirements.	✓ Policies & Procedures ✓ Compliance Program ✓ Provider Oversight ✓ Routine P&P Review	MCP routinely reviews policies and procedures to ensure compliance with current applicable laws, regulations, and requirements. MCP written policies and procedures should outline the MCP's process to ensure policies and procedures are reviewed at least annually and how changes are disseminated to impacted operational areas.

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.3.1 **Delegation Reporting and Compliance Plan** Contractor must have a compliance program that includes, at a minimum, the following elements: D. A delegation reporting and compliance plan as described in Exhibit A, Attachment III, Subsection 3.1.3 (Contractor's Duty to Disclose All Delegated Relationships and to Submit Delegation Reporting and Compliance Plan) and Exhibit J (Delegation Reporting and Compliance Plan). *Note: Delegation is covered more extensively in Section 5.5 of Audit Category 5: Quality Improvement and Health Equity Transformation Program*	✓ Compliance Program and Plan ✓ Delegation Oversight and Reporting	MCP includes delegation reporting element in their Compliance Program.

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.3.1 **Compliance Officer** Contractor must have a compliance program that includes, at a minimum, the following elements: E. The designation of a compliance officer who is responsible for developing, implementing, and ensuring compliance with the requirements and standards under the Contract and who reports directly to the chief executive officer and the board of directors. Contractor's policies and procedures must include the criteria for selecting a compliance officer and a job description, including responsibilities and the authority of this position. The compliance officer must be a full-time employee and must be independent, which means they must not serve in both a compliance and operational role, for example, when the compliance officer is the chief operating officer, finance officer or general counsel.	✓ Compliance Program ✓ Organizational Reporting Structure ✓ Compliance Officer CV ✓ Compliance Officer Job Description and Responsibilities ✓ Compliance Committee Roster and Meeting Minutes	MCP has a designated full-time, compliance officer responsible for developing, implementing, and ensuring compliance. The compliance officer does not serve any other roles in the MCP other than compliance officer. MCP policies and procedures ensure criteria for selecting a Compliance Officer or a job description outlining the responsibilities and authority of the position.

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.3.1 **Regulatory Compliance and Oversight Committee** Contractor must have a compliance program that includes, at a minimum, the following elements: F. The establishment of a regulatory compliance and oversight committee of the board of directors and at the senior management level charged with overseeing Contractor's compliance program and compliance with the requirements under this Contract. Contractor's policies and procedures must include the criteria for selecting members to the committee. The committee must review the compliance plan on an annual basis. The committee must meet at least quarterly to oversee the compliance program, including, reviewing areas of non-compliance and implementation and monitoring of corrective actions.	✓ Policies & Procedures ○ Compliance Plan and Program ○ Compliance Committee ○ Non-compliance, Implementation, and Monitoring of Corrective Action ✓ Compliance Program and Plan ✓ Regulatory Compliance or Oversight Committee Agenda, Meeting Minutes ✓ Non-compliance Audits, Monitoring Reports, and Corrective Action Plan	MCP established a regulatory compliance and oversight committee at the board and senior management levels to oversee compliance with the contract's requirements. The compliance and oversight committee meets at least quarterly to oversee the compliance program.

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.3.1 **Training and Education: Standards/Contract Requirements** Contractor must have a compliance program that includes, at a minimum, the following elements: G. A system for training and educating the compliance officer, senior management, and employees on federal and State standards and requirements of this Contract. Trainings must address Contractor's standards of conduct, compliance plan, and compliance policies and procedures compliance training completion must be verified such as through a certification or attestation upon training completion and review of the standard of conduct, compliance program, and compliance policies and procedures. Contractor must ensure that training for the compliance officer, senior management, and employees on the compliance program is completed within 90 days of employment and annually thereafter.	✓ Compliance Program and Plan ✓ Compliance Training Curriculum and Plan ✓ Compliance Training Tracking Mechanism (Log, Attestations, Record, etc.)	MCP demonstrates a training and education system to ensure that the compliance officer, senior management, and employees receive training on federal and state standards and requirements of the Contract. The MCP conducts initial and ongoing training for its Compliance Officer and all appropriate staff addressing fraud, waste and abuse reporting requirements and how and what to report. The MCP provides documented evidence of training (e.g. sign-in sheets, dates of training, training schedule, etc.) as well as training materials (e.g. desktop procedures, PowerPoint presentations, etc.) which are consistent with contractual requirements, etc.

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.3.1 **Training and Education: P&Ps for Specific Job Functions** Contractor must have a compliance program that includes, at a minimum, the following elements: H. A system for board members, officers, senior management, and employees to receive training on policies and procedures related to compliance for specific job functions including but not limited to: 1. Compliance officer, senior management, and employees training and education on the overall compliance program, Fraud, Waste, and Abuse, and code of conduct in accordance with Exhibit A, Attachment III, Section 1.3 (*Program Integrity and Compliance Plan*); 2. Network Providers completion of required initial and ongoing Network Provider training within the established timeframes in accordance with Exhibit A, Attachment III, Subsection 3.2.5 (Network Provider Training), Members' rights as required under Exhibit A, Attachment III, Section 3.2 (Provider Relations), and Advanced Directives in accordance with 42 CFR sections 422.128 and 438.3(j) set forth in Exhibit A, Attachment III, Subsection 5.1.1 (Members Rights and Responsibilities); 3. Member Services staff completion of required training as set forth in Exhibit A, Attachment III, Subsection 5.1.2 (Member Services Staff) and	✓ Compliance Program and Plan ✓ Board, Senior Management, and Employees' Trainings and Completion Records ✓ Network Provider Training and Record of Completion ✓ Member Service Training and Record of Completion *Note: Provider Training is covered more extensively in Section 5.13 in Audit Category 5: Quality Improvement and Health Equity Transformation Program*	MCPs compliance program includes training and education.

Requirement	Documentation to Review	Examples of Best Practices
include diversity, equity and inclusion training in accordance with Exhibit A, Attachment III, Subsection 5.2.11.C. (Cultural and Linguistic Programs and Committees); and 4. For staff carrying out obligations under MOUs, the training required under Exhibit A, Attachment III, Section 5.6 (MOUs with Local Government Agencies, County Programs, and Third Parties).		

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.3.1 **Effective Lines of Communication** Contractor must have a compliance program that includes, at a minimum, the following elements: I. Effective lines of communication between the compliance officer and employees. For example, Contractor must establish a consistent process for distributing and communicating new regulations, regulatory changes, or changes relevant to this Contract. Contractor will communicate this process to all Subcontractors, Downstream Subcontractors, and Network Providers, as applicable. Lines of communication must be accessible to all employees, and include a mechanism to enable anonymous and confidential good faith reporting of potential compliance issues by any employee, Member, Network Provider, Subcontractor, or other person or entity, as they are identified.	✓ Compliance Program ✓ Evidence of Reporting Channels ✓ Distribution and Communication of New Regulations, Regulatory Changes, or Changes to the Contract: ○ Provider Fax-blasts ○ Newsletters ○ Trainings ✓ Mechanism to Report Potential Compliance Issues Anonymously. △ Compliance training materials, meeting agendas, and notes for staff △ Provider Manual △ Website	MCP compliance program includes effective lines of communication between the compliance officer and employees. MCP has established communication channels available to report compliance issues, i.e., an anonymous reporting hotline.

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.3.1 **Routine Monitoring and Auditing/Compliance Risks** Contractor must have a compliance program that includes, at a minimum, the following elements: K. Contractor must develop and maintain effective systems for routine monitoring and auditing, and identification of compliance risks including but not limited to: 1. Dedicated staff for routine internal monitoring and auditing of compliance risks; 2. Methods and tools for assessing whether Contractor activities required under this Contract comply with State and federal law and this Contract f. This includes having methods and tools to evaluate and trend an activity over time to assess noncompliance; 3. Routine and periodic reporting of internal monitoring and auditing activities and results to compliance and oversight committee of the board; and 4. Unannounced audits of Subcontractors and Downstream Subcontractors to assess the compliance with requirements set forth in this Contract as relevant to delegated functions. L. Contractor must develop and maintain effective systems for prompt response to compliance issues as they are raised, investigation of potential compliance problems as identified in the course of self-evaluation and audits, correction of such problems	✓ Policies & Procedures ✓ Compliance Program ✓ Compliance Monitoring and Auditing Tools ✓ Compliance Monitoring and Auditing Reports and Results ✓ Compliance Staff Roster ✓ Compliance and Oversight Committee Meeting Minutes ✓ Subcontractors and Downstream Subcontractors Audits ✓ Corrective Action PLANs	The MCP's compliance program maintains an effective system for routine monitoring, auditing, and identification of compliance risks and to address compliance concerns, and implement effective corrective action. The MCP analyzes data to monitor, detect, and prevent potential fraud, waste, and/or abuse. P&P delineate the MCP's responsibility to provide routine internal monitoring and auditing of compliance risk, prompt response to compliance issues, investigation of suspected criminal acts, and coordination with law enforcement. The MCP's Subcontractor and Downstream Subcontractor Agreements clearly specify all delegated functions and the responsibilities of both the MCP and the delegated entity. The MCP's Subcontractor and Downstream Subcontractor Agreements clearly specify oversight and monitoring activities, including reporting requirements by the delegate at set frequencies (e.g. monthly, quarterly and annually, etc.). The MCP's Subcontractor and Downstream Subcontractor Agreements clearly specify actions the MCP will take if the delegate does not fulfill its obligations (e.g.

Requirement	Documentation to Review	Examples of Best Practices
promptly and thoroughly (or coordination of suspected criminal acts with law enforcement agencies) to reduce the potential for recurrence, and ongoing compliance with the requirements under this Contract (42 CFR section 438.608(a)). 1. This includes policies and procedures for constructing and implementing effective Corrective Action Plans, including root cause analysis and tailoring Corrective Action Plans to address specific compliance concerns; 2. Corrective action plans must be reviewed and signed by the compliance officer and the executive officer responsible for the area subject to the Corrective Action Plan. To demonstrate effective systems to address compliance concerns and implement effective corrective action, Contractor must maintain and publicly post records of Corrective Action PLANs and the rectifying actions to close out the findings, including but not limited to, committee meeting minutes detailing discussion of corrective action plans and description of outcomes; and 3. Contractor must ensure contractual provisions are in place through Subcontractor Agreements and Downstream Subcontractor Agreements, as relevant, to enforce compliance with Corrective Action Plans when they are not met, such as financial sanctions, payment withholds, or liquidated damages.		implementation of CAPs, de-delegation, increased reporting/auditing, etc.). The MCP provides evidence that a pre-delegation assessment of the Subcontractor Agreements and Downstream Subcontractor Agreements' ability to perform all delegated responsibilities was conducted prior to delegation. Documentation supports that all outstanding concerns/questions have been resolved prior to delegation. The MCP provides evidence that the Subcontractor and Downstream Subcontractor Agreements submits all reports at the specified frequencies indicated in the delegation agreement. The MCP is readily able to produce all reports. The MCP is able to provide documentation through the Delegation Oversight Committee meeting minutes showing reports submitted by the Subcontractor and Downstream Subcontractor Agreements are regularly reviewed, analyzed, and discussed. The MCP conducts unannounced audits of the Subcontractor and Downstream Subcontractor Agreements at set intervals as indicated by the Agreements and there is documented discussion of audit results in the Delegation Oversight Committee

Requirement	Documentation to Review	Examples of Best Practices
		meeting minutes. When audit results demonstrate non-compliance, the MCP takes effective action and these efforts are clearly documented. The MCP conducts remeasurement activities as necessary to monitor progress.

CATEGORY 6.13: FRAUD PREVENTION PROGRAM

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.3.2 **Fraud Prevention Officer** Contractor must have a Fraud prevention program that at a minimum sets forth policies and procedures for the elements identified in this Exhibit A, Attachment III, Subsection 1.3.2 (*Fraud Prevention Program*). A. Contractor must designate a Fraud prevention officer who is responsible for developing, implementing, and ensuring compliance with Contractor's Fraud prevention program and who reports directly to the chief executive officer and the board of directors. The Fraud prevention officer must attend and participate in DHCS' quarterly program integrity meetings, as scheduled. The same individual may serve as both the compliance officer and the Fraud prevention officer.	✓ Policies & Procedures ✓ Fraud Prevention Program ✓ Fraud Prevention Officer Job Description, Role and Responsibilities ✓ Organization Reporting Structure	MCP has a designated Fraud Prevention Officer with the role and responsibilities to meet Contract requirements. The Fraud Prevention Officer attends and participates in DHCS' quarterly program integrity meetings.

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.3.2 **Notification of Changes in Member's Circumstances** B. Contractor must promptly notify DHCS when Contractor receives information about changes in a Member's circumstances that may affect the Member's eligibility including changes in the Member's residence, income, insurance status, and death (42 CFR section 438.608(a)(3)). This notification will be in a form and manner specified by DHCS through All PLan Letters (APLs), or other similar instructions.	✓ Policies & Procedures regarding changes in a member's eligibility ✓ Notification to DHCS regarding changes in member's residence, income, insurance status, and death ✓ Monitoring Records regarding beneficiary eligibility requirements	MCP has a system to validate member eligibility and promptly notify DHCS if any changes are discovered. MCP establishes procedures that provide prompt notification to DHCS when MCP receives information about changes in member circumstances that may affect the member's eligibility, including changes in the member's residence, income, and death.
Contract Exhibit A, Attachment III, Section 1.3.2 **Method to Verify Services Received** C. Contractor must have a regular method to verify, by sampling or other methods, confirming that services that have been represented to have been delivered by Network Providers were received by Members (42 CFR section 438.608(a)(5)). Contractor must provide proof of compliance with this requirement when requested by DHCS, in a form and manner specified by DHCS through APLs, or other similar instruction.	✓ Policies & Procedures ✓ Evidence of Service Verification and Sampling Activities ✓ Service Verification Tracking Mechanism/Log with Outcomes ✓ Tools for verifying services were delivered	MCP has a method for verifying and sampling to confirm that services were provided and received by members.

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.3.2 **Contractor's Reporting Obligations** D. In accordance with 42 CFR section 438.608(a)(7), Contractor must refer, investigate, and report all Fraud, Waste, and Abuse activities that Contractor identifies to DHCS' Program Integrity Unit (PIU), in a manner prescribed by PIU, as follows: **1. Preliminary Fraud, Waste, and Abuse Reports** Contractor must file a preliminary report with DHCS' PIU detailing any suspected Fraud, Waste, or Abuse identified by or reported to Contractor, its Subcontractors, its Downstream Subcontractors, and/or its Network Providers within ten Working Days of Contractor's discovery or notice of such Fraud, Waste, or Abuse. Contractor must submit a preliminary report in accordance with requirements set forth in APLs or other similar instructions. Subsequent to the filing of the preliminary report, Contractor must promptly conduct a complete investigation of all reported or suspected Fraud, Waste, and Abuse activities.	✓ Policies & Procedures ✓ FWA Log ✓ Preliminary Reports ✓ Investigation Reports within 10 Working Days ✓ Quarterly Fraud, Waste, Abuse Status Reports ✓ Provider Manual ✓ Member Services Guides/EOC ✓ Verification Study▲ ○ Sample 10 -15 cases from the PLAN's list of suspected fraud and or abuse in all categories ○ Test timeframes and appropriate reporting to the DHCS Program Integrity Unit.	The MCP's policies and procedures demonstrate alignment and consistency with the preliminary reporting and investigating requirements and clearly demonstrate compliance with the requirement to report all suspected fraud, waste and abuse cases to DHCS within ten working days from discovery or notice. MCP system demonstrates that all FWA are referred, investigated, and reported as required by 42 CFR section 438.608(a)(7) and in a timely manner. The Member Service Guide/EOC and Provider Manual clearly display the reporting requirement to report all suspected fraud, waste and abuse cases to DHCS within the required timeframe

Requirement	Documentation to Review	Examples of Best Practices
2. Completed Investigation Report Within ten Working Days of completing its Fraud, Waste, or Abuse investigation (including both Contractor-initiated and DHCS-initiated referrals), Contractor must submit a completed report to DHCS' PIU. This report must include Contractor's findings, actions taken, and include all documentation necessary to support any action taken by Contractor, and any additional documentation as requested by DHCS or other State and federal agencies. **3. Quarterly Fraud, Waste, Abuse Status Report** Contractor must submit a quarterly report to DHCS' PIU on all Fraud, Waste, and Abuse investigative activities ten Working Days after the close of every calendar quarter. The quarterly report must contain the status of all preliminary, active, and completed investigations and must include both Contractor-initiated and DHCS-initiated referrals. In addition to quarterly reports, Contractor must provide updates and available documentation as DHCS may request from time to time. **4. Manner of Report Submission** Contractor must electronically submit each Fraud, Waste, and Abuse report required under the Contract in a manner prescribed by DHCS' PIU. The required reports must include but not be limited to the preliminary Fraud report, the completed investigation report, and the quarterly status report, including all supporting documents, and any additional documents requested by	See above	The MCP ensures all suspected fraud, waste and abuse cases are reported on the required MC609 Form and includes all supporting documentation. The MCP establishes desktop procedures that will ensure the results of preliminary investigations are reported to DHCS within the required timeframe. The MCP conducts internal monitoring (e.g. workload reports, tracking logs that allow for daily, monthly monitoring of timeliness of the completion of preliminary investigations and ensure timely reporting). The MCP electronically submits FWA investigative activities reports on a quarterly basis to DHCS' PIU.

Requirement	Documentation to Review	Examples of Best Practices
DHCS, in a form and manner specified by DHCS through APLs, or other similar instructions.		

Requirement	Documentation to Review	Examples of Best Practices
5. Contractor's Obligation to Investigate State, federal, and other Medi-Cal managed care Plans' Referrals of Fraud, Waste, and Abuse DHCS may, from time to time, share with Contractor relevant Fraud, Waste, and Abuse referrals received from State and federal agencies and other Medi-Cal managed care Plans. Contractor may also receive Fraud, Waste, and Abuse referrals directly from other federal agencies, State agencies (other than DHCS), and Medi-Cal managed care Plans. Contractor must conduct a complete investigation of all Fraud, Waste, and Abuse referrals received from DHCS, other State and federal agencies, and other Medi-Cal managed care Plans, relating to Contractor's Subcontractors, Downstream Subcontractors, and Network Providers. Contractor must submit a completed investigation report and a quarterly status report, as set forth above in this Exhibit A, Attachment III, Subsection 1.3.2.D (Contractor's Reporting Obligations), in connection with all DHCS, State and federal agency, and Medi-Cal managed care Plan referrals of Fraud, Waste, and Abuse.	✓ Policies & Procedures ✓ FWA Referrals ✓ Complete Investigation ✓ Quarterly Status Report	The MCP shows evidence of a completed investigation report and a quarterly status report in connection with all DHCS, State and federal agency, and Medi-Cal managed care plan referrals of Fraud, Waste, and Abuse.

Requirement	Documentation to Review	Examples of Best Practices
6. Confidentiality Contractor acknowledges that information shared by DHCS, other State and federal agencies, and other Medi-Cal managed care Plans in connection with any Fraud, Waste, or Abuse referral must be considered confidential, until formal criminal proceedings are made public. Contractor further acknowledges that it is receiving this Confidential Information as a DHCS business associate in order to facilitate Contractor's contractual obligations to maintain a Fraud, Waste, and Abuse prevention program. Contractor must receive and maintain this Confidential Information in its capacity as a Medi-Cal managed care Plan and will use the Confidential Information only for conducting an investigation into any potential Fraud, Waste, or Abuse activities and in furtherance of any other program integrity activities. In the event Contractor is required to share this Confidential Information with a Subcontractor, Downstream Subcontractor, or Network Provider, Contractor must ensure that Subcontractor, Downstream Subcontractor and Network Provider acknowledge that such information must be kept confidential by Subcontractor, Downstream Subcontractor, and Network Provider, and a similar provision of confidentiality must be included in all Subcontractor Agreements, Downstream Subcontractor Agreements, and Network Provider Agreements.	✓ Policies & Procedures ✓ Confidentiality	MCP maintains policies and procedures to ensure that information shared by DHCS, other State and federal agencies, and other MCPs in connection with FWA is kept confidential. The MCP maintains confidentially with information shared by DHCS, other State and federal agencies, and other Medi-Cal managed care MCPs in connection with any Fraud, Waste, or Abuse referral.

CATEGORY 6.14: PROVIDER SCREENING, ENROLLING, AND CREDENTIALING/RECREDENTIALING

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.3.3 **A. Screening and Enrolling** All Network Providers must be screened and enrolled in accordance with this Contract, applicable State and federal law, including 42 CFR section 438.602(b), and APL 22-013. 1. If Contractor chooses not to utilize the State level Enrollment pathway, Contractor must notify DHCS and send to DHCS its policies and procedures for review and approval before conducting its own Enrollment process. 2. Contractor may allow Network Providers to participate in their Network for up to 120 calendar days if the Network Provider has a pending Enrollment application in review with DHCS or with Contractor in accordance with 42 CFR section 438.602(b)(2). 3. Contractor must terminate its contract with the provider no later than 15 calendar days of the provider receiving notification from DHCS that the provider has been denied Enrollment in the Medi-Cal program, or upon the expiration of the first 120-day period. Contractor cannot continue to contract with providers during the period in which the provider resubmits its Enrollment application to DHCS or	✓ Policies and Procedures ✓ Tracking and Monitoring Provider Enrollment ✓ Evidence of Enrollment ✓ Termination Log for Provider Denied Enrollment ✓ Monitoring Report ✓ Credentialing/Recredentialing Log *Note: Credentialing and Recredentialing are covered more extensively in Section 5.13 in Audit Category 5: Quality Improvement and Health Equity Transformation Program*	MCP ensures network providers are screened and enrolled through the chosen enrollment process. MCPs that develop and maintain their own enrollment process ensures they are equivalent to DHCS' provider enrollment process and standards.

Requirement	Documentation to Review	Examples of Best Practices
Contractor and can only re-initiate a contract upon the provider's successful enrollment. **B. Credentialing/Recredentialing** Contractor has an on-going obligation to credential and recredential Providers and Network Providers in accordance with this Contract (Exhibit A, Attachment III, Subsection 2.2.13 (Credentialing and Recredentialing)), applicable State and federal law, including 42 CFR section 438.602(b), and APL 22-013.		

CATEGORY 6.15: CONTRACTOR'S OBLIGATIONS REGARDING SUSPENDED, EXCLUDED, AND INELIGIBLE PROVIDERS

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.3.4 **A. Tracking Suspended, Excluded, and Ineligible Providers** Contractor has a continuing obligation to verify that Contractor's Network Providers are enrolled and remain enrolled in the Medi-Cal program. Contractor is responsible for knowledge of all ineligible Providers and individuals on these lists. Contractor must review the following exclusionary databases and lists no less frequently than monthly and take appropriate action in accordance with APL 15-026 and APL 21-003. 1. List of Suspended and Ineligible Providers located at https://www.medi-cal.ca.gov; 2. List of excluded individuals and entities maintained by the U.S. Department of Health and Human Services (U.S. DHHS), Office of Inspector General located at https://oig.hhs.gov; 3. The System of Award Management (SAM); 4. The Social Security Administration Death Master File (SSADMF); 5. To the extent applicable, National PLAN and Provider Enumeration System (NPPES); and	✓ Policies & Procedures ✓ Evidence of Monitoring of Network Provider Enrollment Status ✓ Disenrollment of Providers ✓ Notification to DHCS for Removing Providers ✓ DHCS notification records (if applicable) ✓ Monthly Exclusionary Database Logs ✓ Provider Enrollment Verification Records ✓ Evidence of Provider Termination/Suspension Actions ✓ Verification Study ▲ ○ Medi-Cal Exclusionary Database Compliance Audit Tool – Monthly Exclusionary Database Review	MCP demonstrates ongoing monitoring of network providers' status to ensure continuous eligibility to provide service in the Medi-Cal program. The MCP's policies and procedures demonstrate alignment and consistency with the requirements to track and notify DHCS of suspended, excluded, or ineligible providers. The MCP has processes in place that ensure that the MCP reports to DHCS within 10 business days the removal of a suspended, excluded, or ineligible provider from its network. As part of the MCP's monitoring and oversight responsibilities, the MCP reviews exclusionary databases on a regular basis (at least monthly) and takes appropriate action as set forth in APL 21-003 requirements. The MCP conducts initial and ongoing training for Compliance staff. The MCP provides documented evidence of training (e.g. sign-in sheets, dates of training,

Requirement	Documentation to Review	Examples of Best Practices
6. Restricted Provider Database: Contractor must notify DHCS' PIU within ten Working Days of removing a suspended, excluded, or ineligible Providers or individual from its Network and confirm that the ineligible Provider is no longer receiving payments, either directly or indirectly, in connection with the Medi-Cal program. A suspended, excluded, and ineligible Provider report must be sent to DHCS PIU in a manner prescribed by DHCS' PIU.	○ Test timeframes and appropriate reporting to the DHCS.	training schedule, etc.) as well as training materials (e.g. desktop procedures, PowerPoint presentation, etc.) which address the monitoring, tracking and reporting requirements.

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.3.4 **B. No Contracts with Excluded, Suspended, or Ineligible Providers** Contractor is prohibited from employing, paying, contracting, or maintaining a Medi-Cal contract with Providers that are excluded, suspended, or ineligible to participate, either directly or indirectly, in the Medicare or Medi-Cal programs (42 CFR section 438.610(a)-(c) and APL 21-003).	✓ Policies & Procedures ✓ Contracts & MOU ✓ Provider Network Monitoring	The MCP ensures it does not contract with providers that are excluded, suspended, or ineligible to participate in the Medicare or Medi-Cal program. The MCP has processes in place to ensure that providers suspended excluded, or ineligible no longer received payments in connection with the Medi-Cal program.
Contract Exhibit A, Attachment III, Section 1.3.4 **C. Notification and Termination of Contracts** Contractor must promptly notify DHCS when Contractor receives information about a change in a Network Provider's, Subcontractor's, or Downstream Subcontractor's circumstances that may affect the Network Provider's, Subcontractor's, or Downstream Subcontractor's eligibility to participate in the Medi-Cal managed care program, including the termination of their Network Provider Agreement, Subcontractor Agreement, or Downstream Subcontractor Agreement with Contractor in accordance with this Contract, State and federal law, including 42 CFR section 438.608(a)(4), and APL 21-003.	✓ Policies & Procedures ✓ DHCS Notifications ✓ Network Provider Agreement, Subcontractor Agreement or Downstream Subcontractor Agreement	The MCP notifies DHCS when it receives information about a change in a Network Provider's, Subcontractor's, or Downstream Subcontractor's circumstances that affect the eligibility to participate in the Medi-Cal managed care program, including the termination of their Network Provider Agreement.

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.3.4 **D. Actions to be taken where Credible Allegation of Fraud** If DHCS, Division of Medi-Cal Fraud and Elder Abuse (DMFEA), or United States Department of Justice (US DOJ), or any other authorized State or federal agency, determines there is a credible allegation of Fraud against Contractor's Subcontractor, Downstream Subcontractor, or Network Provider, Contractor must comply with this Contract, all applicable State and federal laws, APL 15-026, and APL 21-003. Contractor must have procedures in place to immediately suspend payments to Subcontractors, Downstream Subcontractors, and Network Providers for which a State or federal agency determines there is a credible allegation of Fraud (42 CFR section 438.608(a)(8)). In addition, Contractor may conduct additional monitoring, temporarily suspend, and/or terminate the Network Provider, Subcontractor, or Downstream Subcontractor.	✓ Policies & Procedures ✓ Credible Allegation of Fraud Report, Monitoring, Suspension, or Termination ✓ Reports of Suspension of Payment ✓ Correspondence to DHCS ✓ Evidence the MCP Checks Exclusionary Databases ✓ Terminated Network Provider and Subcontractor Contracts ✓ MCP's Fraud and Abuse Incident Logs ✓ Final Audit Reports and Findings ✓ Corrective Action Plans	MCP has policies and procedures to take action when it is determined that there is a Credible Allegation of Fraud. The MCP communicates with DHCS on the actions taken and submits supporting documentation to DHCS, as applicable. The MCP conducts additional monitoring, including audits of the provider's claims history and future claims submission for appropriate billing of temporarily suspended, and/or terminate Network Providers, Subcontractors, or Downstream Subcontractors. As part of the MCP's monitoring and oversight responsibilities, the MCP reviews exclusionary databases on a regular basis, at least monthly, and takes appropriate action as set forth in APL 21-003 requirements. The MCP conducts an audit in accordance with APL 15-026 when it identifies a potential incident(s) of fraud, waste, or abuse, or otherwise validates DHCS's credible allegation of fraud finding.

CATEGORY 6.16: DISCLOSURES

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.3.5 **Disclosures** In accordance with 42 CFR section 438.608(c), Contractor, its Subcontractors, and its Downstream Subcontractors must: A. Provide written disclosure of any prohibited affiliation under 42 CFR section 438.610; and B. Provide written disclosures of information on ownership and control as required under 42 CFR section 455.104. C. Report and return any payment to DHCS within 60 calendar days of when it has identified any Capitation Payments or other payments it has received or paid in excess of the amounts specified in this Contract.	✓ Policies & Procedures ✓ Written Disclosure of Prohibited Affiliation ✓ Ownership Disclosures ✓ Financial Reports – Recoupment or Return of Payment to DHCS	MCP provides written disclosures in accordance with 42 CFR section 438.608(c).

CATEGORY 6.17: TREATMENT OF OVERPAYMENT RECOVERIES

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.3.6 **A. Retention, Reporting, and Payment of Recoveries** Contractor must comply with guidelines issued by DHCS pertaining to retention policies for the treatment of recoveries of all overpayments from Contractor to a Provider, including for the treatment of recoveries of overpayments due to Fraud, Waste, or Abuse. Contractor must also comply with the process, timeframes, and documentation required for reporting and paying to DHCS the recovery of overpayments, as set forth in APL 23-011. APL 23-011 requires Contractor to notify DHCS of any identified or recovered overpayments to a Provider due to potential fraud, waste or abuse. Contractor must notify its Managed Care Operations Division (MCOD) Contract Manager (CM) within 10 calendar days of the date that the overpayment, and the DHCS Audits and Investigations Unit regardless of the amount. Contractor must split equally overpayment recoveries of $25 million or more with DHCS. Contractor must report an overpayment of $25 million or more to DHCS through their assigned Managed Care Operations Division (MCOD) Contract Manager (CM) Within 60 calendar days of the date that the overpayment. In addition, Contractor must comply with this Contract, and all applicable State and federal law regarding	✓ Policies & Procedures ✓ Overpayment Recovery Logs/Tracking Reports ✓ Internal Audit Reports ✓ Evidence of Tracking Recoveries of Overpayments ✓ Evidence of Reporting to DHCS Regarding Identified Overpayments ✓ DHCS Notification of Identified or Recovered Overpayments due to Potential Fraud, Waste or Abuse. ✓ CRDD Overpayment Reports ✓ Staff Training Records ✓ Policies & Procedures ✓ Rate Development Template with Overpayment ✓ Evidence of Timely Reporting	MCP implements policies and procedures for treating recoveries of overpayment and complies with the process, timeframes, and documentation required for reporting and paying DHCS. The MCP reports annually all overpayment recoveries of under and over $25 million, regardless of category (fraud included). Within 60 calendar days, the PLAN notifies DHCS when it identifies an overpayment of $25 million or more. Within 10 days, the MCP notifies DHCS when it identifies or recovers an overpayment due to fraud, waste, or abuse regardless of amount. The MCP reports annually all overpayment recoveries of under $25 million.

Requirement	Documentation to Review	Examples of Best Practices
overpayment recoveries, including 42 CFR sections 438.608(a)(2) and (d). A Contractor can retain each overpayment recovery that is less than $25 million. Contractor is required to report all overpayments in their annual report to DHCS, using the rate development template, including recoveries that are less than $25 million. Contractor does not need to report overpayments that are less than $25 million within 60 calendar days of when the overpayment was identified.		
Contract Exhibit A, Attachment III, Section 1.3.6 **B. Annual Report** Contractor must annually report to DHCS its recoveries of overpayments using the rate development (42 CFR section 438.608(d)(3)).	✓ Evidence of Annual Report to DHCS Recoveries of Overpayments	MCP reports overpayments annually.

CATEGORY 6.18: FEDERAL FALSE CLAIMS ACT COMPLIANCE AND SUPPORT

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.3.7 **A. Employee Education about False Claims Recovery** Contractor must provide to all its employees, Subcontractors, Downstream Subcontractors, and Network Providers written policies containing detailed information about the False Claims Act and other federal and State laws described in 42 United States Code (USC) section 1396a(a)(68), including information about rights of employees to be protected as whistleblowers (See also 42 CFR section 438.608(a)(6)). Upon request by DHCS, Contractor must demonstrate compliance with this Exhibit A, Attachment III, Subsection 1.3.7.A (Employee Education about False Claims Recovery), which may include providing DHCS with copies of Contractor's applicable written policies and procedures and any relevant employee handbook excerpts.	✓ Policies & Procedures ✓ Provider Manual ✓ Provider Training ✓ Employee Handbook and Training	MCP has written policies and procedures and provided evidence of employee, subcontractor, and provider education about the False Claims Act.

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.3.7 **B. Cooperation with the OAG, DMFEA, or the US DOJ Investigations and Prosecutions** Contractor must fully cooperate in any investigation or prosecution conducted by the Office of the Attorney General, DMFEA or the US DOJ. Contractor's cooperation must include, but is not limited to, providing upon request, information, and access to records. Contractor is also responsible for making their staff available for in-person interviews, consultation, grand jury proceedings, pre-trial conference, depositions, and hearings at DHCS headquarters in Sacramento.	✓ Policies & Procedures	The MCP cooperates in investigations or prosecutions conducted by the Office of the Attorney General, DMFEA or the US DOJ.
Contract Exhibit A, Attachment III, Section 1.3.7 **C. Money Recovered from State Action Belongs to the State** In the event that DHCS receives a monetary recovery from the Office of the Attorney General, DMFEA, or the US DOJ, as a result of DMFEA's or US DOJ's prosecution of a Subcontractor, Downstream Subcontractor, or Network Provider under the California False Claims Act (Government Code (GC) § 12650 et seq.), the Federal False Claims Act (31 USC section 3729 et seq.), or any other applicable laws, the entirety of such monetary recovery belongs exclusively to DHCS, and Contractor waives any claim to any portion of the recovery, except as determined by DHCS in its sole discretion.	✓ Policies & Procedures	The MCP waives any claim to any portion of recovery, as a result of DMFEA's or US DOJ's prosecution of a Subcontractor, Downstream Subcontractor, or Network Provider under the California False Claims Act, except as determined by DHCS in its sole discretion.

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.3.7 **D. Payment to Contractor is from Government Funds** Medi-Cal payments to Contractor, Subcontractors, Downstream Subcontractors, Network Providers, and Providers are made from federal and State government funds. DHCS retains the right to recover overpayments made to Contractor, Subcontractors, Downstream Subcontractors, Network Providers, and/or Providers of Medi-Cal services, medical supplies, or drugs as set forth in part in Exhibit B, Section 1.9 (Recovery of Amounts Paid to Contractor). In addition to DHCS' recovery rights, DMFEA and US DOJ may prosecute any act of health care Fraud involving such government funds under the California False Claims Act (GC § 12650 et seq.), the Federal False Claims Act (31 USC section 3729 et seq.), or any other applicable laws.	✓ Policies & Procedures	The MCP submits overpayments to DHCS as applicable, for payments made to MCP, Subcontractors, Downstream Subcontractors, Network Providers, and/or Providers of Medi-Cal services for any act of health care Fraud involving such government funds under the California False Claims Act.

Requirement	Documentation to Review	Examples of Best Practices
Contract Exhibit A, Attachment III, Section 1.3.7 **E. Contractor's Settlements with Subcontractors, Downstream Subcontractors, and Network Providers do not bind DHCS, DMFEA, or the US DOJ** Any settlement or resolution of a disputed matter involving Fraud, Waste, or Abuse between Contractor and its Subcontractor, Downstream Subcontractor, or Network Provider must include a written provision that provides notice to the Subcontractor, Downstream Subcontractor, or Network Provider that the settlement and/or resolution is not binding on DHCS, DMFEA, or the US DOJ and does not preclude DHCS, DMFEA, or the US DOJ from taking further action against Contractor or its Subcontractor, Downstream Subcontractor, or Network Provider.	✓ Policies & Procedures ✓ FWA Settlement or Resolution Written Provision or Notice	Contracts between the MCP and its Subcontractor, Downstream Subcontractor, or Network Providers contain a written provision that provides notice to the Subcontractor, Downstream Subcontractor, or Network Provider that the settlement and/or resolution is not binding on DHCS, DMFEA, or the US DOJ and does not preclude DHCS, DMFEA, or the US DOJ from taking further action against Contractor or its Subcontractor, Downstream Subcontractor, or Network Provider.