DHCS
CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES
Michelle Baass | Director

DATE: *January 08, 2025*

ALL PLAN LETTER 23-029 *(REVISED)*

TO: ALL MEDI-CAL MANAGED CARE PLANS

SUBJECT: MEMORANDUM OF UNDERSTANDING REQUIREMENTS FOR MEDI-CAL MANAGED CARE PLANS AND THIRD-PARTY ENTITIES

PURPOSE:
The purpose of this All Plan Letter (APL) is to clarify the intent of the Memorandum of Understanding (MOU) required to be entered into by the Medi-Cal managed care plans (MCPs) and Third-Party Entities (defined below) under the Medi-Cal Managed Care Contract (MCP Contract) with the Department of Health Care Services (DHCS), and to specify the responsibilities of MCPs under those MOUs. In addition, this APL contains an MOU template with general provisions required to be included in all MOUs (Base Template) that the MCPs must execute pursuant to the MCP Contract and MOU templates tailored for certain programs, which contain the required general MOU provisions and program-specific provisions (Bespoke Templates). *Revised text is found in italics.*

Further, this APL addresses DHCS' expectations and oversight of MCP obligations under this APL and the MOUs, including MCP reporting requirements.

BACKGROUND AND INTENT:
The MCP Contract requires MCPs to build partnerships with the following Third-Party Entities: local health departments; local educational and governmental agencies, such as county behavioral health departments for specialty mental health care and Substance Use Disorder (SUD) services; other local programs and services, including social services; child welfare departments; First 5 *County Commissions*; Regional Centers; Women, Infants and Children Supplemental Nutrition Programs (WIC); and *California Department of Corrections and Rehabilitations, County Jails, and Youth Correctional Facilities* to ensure Member care is coordinated and Members have access to community-based resources in order to support whole-person care. This requirement can be found in the MCP Contract, Exhibit A, Attachment III, Section 5.6 (MOUs with Third Parties).

The MOUs are intended to be effective vehicles to clarify roles and responsibilities among parties, support local engagement, and facilitate care coordination and the exchange of information necessary to enable care coordination and improve the referral

processes between the parties. The MOUs are also intended to improve transparency and accountability by setting forth certain existing requirements for each party as it relates to service or care delivery and coordination so that the parties are aware of each other's obligations.

Each MOU is a binding, contractual agreement between the MCP and a Third-Party Entity (referred to in this APL as the "Other Party") and outlines the responsibilities and obligations of the MCP to coordinate and facilitate the provision of services to Members where Members are served by multiple parties. The purpose of the MOU is to:

- List the minimum MOU components required by the MCP Contract;
- Clarify roles and responsibilities for coordination of the delivery of care and services of all Members, particularly across MCP carved-out services, which may be provided by the Other Party;
- Establish negotiated and agreed upon processes for how the MCP and the Other Party will collaborate and coordinate on population health and/or other programs and initiatives;
- Memorialize what data will be shared between the MCP and the Other Party and how the data will be shared to support care coordination and enable monitoring;
- Provide public transparency into relationships and roles/responsibilities between the MCP and the Other Party; and
- Provide mechanisms for the parties to resolve disputes and ensure overall oversight and accountability under the MOU.

The MOU does not impose new requirements on the Other Party, but rather restates or cross-references existing requirements imposed on the Other Party by their respective oversight body, if any, in order to clarify the Other Party's roles and responsibilities under existing laws, regulations, and guidance ("existing requirements").

POLICY:
MCPs must make a good faith effort to execute MOUs with Other Parties by either January 1, 2024, July 1, 2024, January 1, 2025, or January 1, 2026 as outlined below:

MOUs Effective January 1, 2024	
Department	**Program/Services**
County Behavioral Health Departments	Specialty Mental Health Services in Medi-Cal Mental Health Plans

MOUs Effective January 1, 2024	
Department	**Program/Services**
County Behavioral Health Departments	SUD Services in Drug Medi-Cal Organized Delivery System (ODS) Counties
Local Health Departments	Including, without limitation, California Children's Services (CCS),[1] Maternal, Child, and Adolescent Health (MCAH), and Tuberculosis Direct Observed Therapy
WIC Local Agencies or Non-Profit Entities	WIC
Regional Centers	Intermediate Care Facility – Developmentally Disabled Services
Local Government Agencies (LGA)	In-Home Supportive Services (IHSS)
LGA/County Social Services Departments	County Social Services programs and Child Welfare

MOUs Effective July 1, 2024	
Department	**Program**
LGA	County-Based Targeted Case Management (TCM)[1]
County Behavioral Health Departments	Substance Use Disorder Treatment Services in Drug Medi-Cal State Plan Counties

[1] The County TCM MOU will be effective July 1, 2024, to align with the program changes set forth in the Enhanced Care Management Policy Guide dated July of 2023, available at: https://www.dhcs.ca.gov/Documents/MCQMD/ECM-Policy-Guide.pdf

MOUs Effective January 1, 2025
First 5 *County Commissions*

MOUs Effective on January 1, 2026
Local Education Agencies (LEAs)
LGA/California Department of Corrections and Rehabilitation, County Jails, and Youth Correctional Facilities

PROVISIONS REQUIRED TO BE INCLUDED IN MOUs

MCPs are responsible for providing Medically Necessary Covered Services to Members and coordinating Member care, particularly for services carved out of the MCP Contract. The MOU between the MCP and the Other Party is intended to serve as the primary vehicle for documenting and developing processes and procedures to ensure the MCP and the Other Party coordinate services, including health related social service needs, when Members are accessing services from both systems. For example, for the CCS program, the MOU will outline the roles and responsibilities of the MCP as well as the local agency county health departments for coordinating care, exchanging information, and conducting administrative activities related to CCS-enrolled Members accessing and receiving care.

Each MOU with all Other Parties must include, at a minimum, all of the provisions required in **Attachment A, Base MOU Template** and as required in the MCP Contract, including the following:

- Services Covered by This MOU: Describes the services that the MCP and the Other Party must coordinate for Members who reside in the Other Party's jurisdiction or who receive the Other Party's services.
- Party Obligations: Describes each party's provision of services and oversight responsibilities (e.g., the parties must designate liaisons to coordinate with each other and ensure compliance with the MOU requirements, including the MCP ensuring compliance by its Subcontractors, Downstream Subcontractors, and Network Providers). The intent of this provision is to ensure each party is aware of what services the other is required to provide or arrange under existing requirements. This provision is also intended to ensure that the parties know how and who to contact for each party to support the MOU implementation. This provision also requires the MCP to impose certain MOU requirements on its Subcontractors, Downstream Subcontractors, and Network Providers.

- Training and Education: Requires the MCP to provide education to Members and Network Providers about accessing Covered Services and the Other Party's services. Requires the MCP to train its employees who carry out responsibilities under the MOU and, as applicable, train Network Providers, Subcontractors and Downstream Subcontractors on the MOU requirements and services provided by the Other Party. This provision is intended to ensure the MCP provides its Subcontractors, Downstream Subcontractors, and Network Providers with information necessary for them to coordinate care with, and make referrals to, or receive referrals from, the Other Party.
- Referrals: Describes the requirement that the parties refer to each other as appropriate and describes each party's referral pathways to ensure both parties understand and are able to refer to or assist Members with obtaining services from each other. The intent of this provision is to encourage the parties to develop and document how parties can refer Members to one another and what information may need to accompany each referral.
- Care Coordination: Describes the policies and procedures for coordinating care between the parties, addressing barriers to care coordination, and ensuring the ongoing monitoring and improving of such care coordination. This provision is intended to encourage the parties to develop and document how the parties will coordinate care, monitor whether those processes are working, and improve the processes, as necessary.
- Quarterly Meetings: Requires the parties to meet at least quarterly to address care coordination, Quality Improvement (QI) activities, QI outcomes, systemic and case-specific concerns, and communicating with others within their organizations about such activities. Within 30 Working Days after each quarterly meeting, the MCP must post on its website the date and time the quarterly meeting occurred in order to demonstrate transparency that the meetings are taking place. The intent of this provision is to ensure that the parties have a set time to meet to assess whether the MOU is effective in supporting care coordination and whole-person care, as well as to address specific issues that may have arisen in the prior quarter. These meetings are not intended to be open to the public. These meetings may be conducted virtually.
- Quality Improvement: Requires that the parties have in place MOU-specific QI policies to ensure each party's ongoing oversight and improvement of the MOU requirements. These QI policies and activities are separate and apart from an MCP's other QI requirements. The intent of this provision is to encourage the parties to develop and document how they will assess whether the MOU is improving care coordination and whole-person care and to develop metrics to evaluate whether the MOU is effective in achieving its goals.

- Data Sharing and Confidentiality: Describes the minimum data and information that the MCP must share with the Other Party to ensure the MOU requirements are met and describes the data and information the Other Party may share with the MCP to improve care coordination and referral processes. This provision is intended to encourage the parties to determine and document the minimum necessary information that must be shared to facilitate referrals and coordinate care, how to share that information, and whether Member consent is required. The data sharing requirements set forth in the MOUs are not intended to supersede any federal or state laws or regulations governing the ability of the MCP or Other Party to exchange information.
- Dispute Resolution: Describes the policies and procedures for resolving disputes between the parties and the process for bringing the disputes to DHCS (and other departments as appropriate) when the parties are unable to resolve disputes between themselves. The intent of this provision is to encourage the parties to develop and document a dispute resolution process to resolve conflicts with regard to each parties' responsibilities under the MOU.
- General: Describes additional general Contract requirements, such as the requirements that the MCP must publicly post the executed MOU, the MCP must annually review the MOU, and the MOU cannot be delegated, except as permitted under the MCP Contract.

Program-Specific MOU Requirements (Bespoke Templates)
MOUs are intended to acknowledge the unique relationships and specific needs that exist at the local level, as outlined in the MCP Contract. As such, the **Attachment B,**

Bespoke Templates build on the Base Template requirements by including tailored provisions for the following programs:

1. Specialty Mental Health Services in Medi-Cal Mental Health Plans;
2. SUD Services in Drug Medi-Cal Organized Delivery System (ODS) Counties
3. SUD Services in Drug Medi-Cal State Plan Counties;
4. Local Health Departments, including program-specific exhibits for CCS, MCAH, Tuberculosis Direct Observed Therapy, and Non-Contracted Services;
5. WIC;
6. Regional Centers;
7. IHSS;
8. County Social Services programs and Child Welfare; and
9. TCM.

MCPs cannot remove or alter the minimum requirements in the Base Template or Bespoke Templates. However, the MCP and the Other Party may agree to include

additional provisions, including, without limitation, the optional provisions included in the templates, provided any additional provision does not conflict with the required minimum provisions. The templates include language that the parties may want to add to their MOUs to increase collaboration and communications. The proposed language is not exhaustive.

MOU COMPLIANCE AND OVERSIGHT REQUIREMENTS
The MCP Contract outlines specific processes that MCPs must have in place in order to maintain collaboration with the Other Party and have appropriate oversight of the MOU requirements.

Ultimately, the MCP compliance officer is responsible for MOU compliance, and ensuring compliance with the MOU must be part of the MCP's compliance program. The MCP compliance officer must ensure that deficiencies in MOU compliance are addressed in accordance with MCP's compliance program policies.

MCP Responsible Person and MCP-Other Party Liaison
The MCP must designate a responsible person(s) for overseeing the MCP's compliance with the relevant MOU(s) and the relevant provisions (MCP Responsible Person). *This MCP Responsible Person must provide reports to DHCS via the MCOD-MCP Submission Portal.* For example, the MCP may consider designating staff within their contract management, provider relations, or community relations functional areas. The MCP must ensure the responsible person(s) is well-versed with the MOU(s) provisions, has developed relationships with the relevant Other Party, and is empowered to meet compliance with the MOU(s). MCPs must notify DHCS of a change in the responsible person/liaison as soon as practicable, but no later than five Working Days of the change.

As outlined in the Base Template, and incorporated in the Bespoke Templates, under "MCP Obligations: Oversight Responsibility," the MCP Responsible Person must:

1. Conduct regular meetings, on at least a quarterly basis, to address policy and practical concerns that may arise between MOU parties (See the Quarterly Meetings Section of the Base Template for an example of the required language);
2. Ensure an appropriate level of leadership (i.e., persons with decision-making authority) are involved in implementation and oversight of the MOU engagements and ensure the appropriate levels of leadership from the Other Party are invited to participate in the MOU engagements, as appropriate;
3. *Report on the MCP's compliance with the MOU to DHCS via the MCOD-*

MCP Submission Portal[2], no less frequently than quarterly;

4. Ensure there is sufficient staff at the MCP to support compliance with, and management of, the relevant MOU(s) and its provisions;
5. Ensure training and education regarding MOU provisions are conducted annually for the MCP's employees responsible for carrying out activities under the MOU, and as applicable, for Network Providers, Subcontractors, and Downstream Subcontractors;
6. Ensure that the MCP's Subcontractors, Downstream Subcontractors, and Network Providers, as applicable, comply with all applicable provisions of the MOUs (see the "Subcontractor and Network Providers" section below and the MOU templates for further details); and
7. Serve as, or designate a person at the MCP to serve as, the point of contact and liaison with the Other Party or Other Party programs (MCP-Other Party Liaison). This liaison is to serve as the subject matter expert for the Other Party to address day-to-day concerns for administering the MOU. For example, the MCP-CCS Liaison would serve as the contact for the CCS County administrator to address immediate concerns related to specialty care services for CCS Members in a particular county. The MCP must notify the Other Party of any changes to the MCP-Other Party Liaison in writing as soon as reasonably practical but no later than the date of change and must notify DHCS within five Working Days of the change.

Data Sharing and Confidentiality

MCPs must share the minimum necessary data and information to facilitate referrals and coordinate care under the MOU. MCPs must have policies and procedures for supporting the timely and frequent exchange of Member information and data, which may include behavioral health and physical health data; for ensuring the confidentiality of exchanged information and data; and, if necessary, for obtaining Member consent. MCPs must share information in compliance with applicable law, which may include the Health Insurance Portability and Accountability Act and its implementing regulations, as amended, Title 42 Code of Federal Regulations (CFR) Part 2, as well as other state and federal privacy laws.[3] As applicable and for the purposes of care management and coordination, MCPs should share information in compliance with the California Health and Human Services Agency Data Exchange Framework as referenced in APL 23-013

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[2] *The MCOD-MCP Submission Portal is available at: https://cadhcs.sharepoint.com/sites/MCOD-MCPSubmissionPortal/SitePages/Home.aspx.*

[3] The CFR is searchable at: https://www.ecfr.gov/

and any subsequent iterations on this topic, as well as DHCS' California Advancing and Innovating Medi-Cal Data Sharing Authorization Guidance.[4]

Dispute Resolution
MCPs must work collaboratively with the Other Party to establish dispute resolution processes and timeframes within the MOU. This includes how the MCP will work with the Other Party to resolve issues related to coverage or payment of services under conflicts regarding respective roles for care management for specific Members, or other concerns related to the administered services to Members. See the Base Template "Dispute Resolution" section for an example of the required language.

After a failure to resolve the dispute pursuant to the process and timeframe established in the MOU, the MCP must submit a written "Request for Resolution" to DHCS and the Other Party may submit the dispute to the relevant department with oversight of the Other Party (e.g., California Department of Social Services, California Department of Public Health, or California Department of Developmental Services). If the MCP submits the Request for Resolution, it must be signed by the MCP's Chief Executive Officer (CEO) or the CEO's designee. If the Request for Resolution is submitted by the Other Party, it should be signed by an authorized representative of the Other Party.

MCP's Request for Resolution to DHCS must include:

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 a Member;
2. A history of the attempts to resolve the issue(s) with the Other Party;
3. Justification for the desired remedy; and
4. Any additional documentation relevant to resolve the disputed issue(s), if applicable.

MCPs must submit the Request for Resolution to DHCS via secure email to MCPMOUS@dhcs.ca.gov.

DHCS, in collaboration with the sister department as appropriate, will communicate the final decision to the MCP and the Other Party, including any actions the MCP must take to implement the decision.

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[4] APLs are searchable at: https://www.dhcs.ca.gov/formsandpubs/Pages/AllPlanLetters.aspx

Subcontractors and Network Providers
MCPs must ensure that their Subcontractors, Downstream Subcontractors, and Network Providers, as applicable, comply with all applicable provisions of the MOUs.

If an MCP has a Subcontractor or Downstream Subcontractor arrangement delegating part or all of the responsibilities relating to effectuating the MOUs to a Knox-Keene licensed health care service plan(s), this Subcontractor or Downstream Subcontractor must be added as an express party to the MOU and named in the MOU as having the responsibilities set forth as applicable to this Subcontractor or Downstream Subcontractor. For example, if an MCP delegates risk for an assigned portion of its membership to a Subcontractor or Downstream Subcontractor, the signatories of the MOU must include the MCP, the Subcontractor or Downstream Subcontractor, and the Other Party.

Training
MCPs must provide training and orientation on the MOU requirements to their employees who carry out responsibilities under the MOU and, as applicable, to their Subcontractors, Downstream Subcontractors, and Network Providers. The training must include information on MOU requirements and the services that are provided or arranged for by each party and how those services can be accessed or coordinated for the Member. MCPs must provide this training within a specified time after the MOU is effective and at least annually thereafter.

Local Engagement
As noted, the MOU is intended to be a vehicle to support engagement with local partners. To that end, the MCP must ensure an appropriate local presence at its quarterly meetings by inviting the appropriate responsible person(s) and program executives from the Other Party. At each quarterly meeting, the MCP must ensure there is the opportunity to discuss and address care coordination and MOU-related issues with county executives.

Signatories
As noted above, if an MCP has a Subcontractor or Downstream Subcontractor arrangement delegating part or all of the responsibilities related to effectuating the MOU to a Knox-Keene licensed health care service plan(s), the signatories of the MOU must include the MCP, the Subcontractor or Downstream Subcontractor, and the Other Party. In addition, to minimize administrative burden on counties and Other Parties, DHCS encourages multi-party MOUs, which may include more than one MCP and/or Other Party signing an MOU. In addition, MCPs may work with the Other Party to consolidate signature pages for multiple types of MOUs, for example, if an MCP is

entering into an agreement for multiple county administered programs.

MONITORING AND REPORTING
Starting January 1, 2025, MCPs must submit to *DHCS via the MCOD-MCP Submission Portal MCOD-MCP Submission Portal* an annual report that includes updates from the quarterly meetings with the Other Party and the results of their annual MOU review. The quarterly meetings are to discuss care coordination activities and the specific MOU-related issues. *This report will be due each year on the last business day of January.* The report must include the following elements:

- A list of all attendees, including MCP Responsible Person(s), leadership, and county executives;
- All care coordination and referral concerns discussed;
- Strengths, barriers, and plans to improve effective collaboration between the MCP and the Other Party;
- All disputes and resulting outcomes;
- Strategies to address duplication of services; and
- Member engagement challenges and successes

To continuously evaluate the effectiveness of the MOU processes, MCPs must review their MOUs annually to determine if any amendments are needed, including incorporating any applicable contractual requirements and policy guidance to their MOUs. The annual report submission must include evidence of the annual review as well as copies of any MOUs amended or renewed as a result. The evidence of the annual review described in the annual report must include a summary of the review process and outcomes, and any resulting amendments to the MOU or policies and procedures.

If DHCS requests a review of any MOU and/or any requested policies and procedures related to the MOU, the MCP must submit the requested MOU documents to DHCS within ten Working Days of receipt of the request.

Quarterly Reporting
MCPs must demonstrate a good faith effort to meet the requirements of this APL. MCPs that are unable to execute their MOUs by the required execution date for MOUs for which DHCS has issued templates, must submit quarterly progress reports and documentation to DHCS demonstrating evidence of their good faith effort to execute the MOU.

DHCS Submissions and Reports
MCPs must submit all fully executed MOUs to *DHCS via the MCOD-MCP Submission Portal for file and use.* In their submissions, MCPs must attest that they did not modify any of the provisions of the Base Template or Bespoke Templates except to add provisions that do not conflict with or reduce either party's obligations under the Base Template or Bespoke Templates. If the MCP modifies any of the provisions of the Base Template or Bespoke Templates, the MCP must submit a redlined version of the MOU to DHCS for review and approval, prior to execution.

MCP Website Posting
MCPs must publish the MOU(s) and the annual report on their websites within 30 calendar days of MOU execution and report due date, respectively. *The Executed MOU Public Posting with the website link to the posting must be submitted to DHCS via the MCOD-MCP Submission Portal.*

Subcontractor Compliance
MCPs are further responsible for ensuring that their Subcontractors, Downstream Subcontractors, and Network Providers comply with all applicable state and federal laws and regulations, Contract requirements, and other DHCS guidance, including APLs and Policy Letters. These requirements must be communicated by each MCP to all Subcontractors, Downstream Subcontractors, and Network Providers. DHCS may impose Corrective Action Plans (CAP), as well as administrative and/or monetary sanctions for non-compliance. For additional information regarding administrative and monetary sanctions, see APL 23-012, and any subsequent iterations on this topic. Any failure to meet the requirements of this APL may result in a CAP and subsequent sanctions.

If you have any questions regarding this APL, please contact your MCOD Contract Manager.

Sincerely,

Original Signed by *Bambi Cisneros*

Bambi Cisneros
Acting Chief, Managed Care Quality and Monitoring Division
Assistant Deputy Director, Health Care Delivery Systems