



News Release

NUMBER: 13-07
FOR IMMEDIATE RELEASE
July 18, 2013

CONTACT: Norman Williams
(916) 440-7660
www.dhcs.ca.gov

DHCS TIGHTENS OVERSIGHT OF DRUG MEDI-CAL CENTERS *16 clinics referred to the California Department of Justice*

SACRAMENTO – The California Department of Health Care Services (DHCS) today announced temporary suspensions against 16 alcohol and drug treatment centers that are suspected of operating in violation of state and federal Drug Medi-Cal (DMC) laws. The disciplinary measures resulted from preliminary investigations of alcohol and drug treatment programs by DHCS' Audits & Investigations Division.

The investigations included reviews and onsite visits last week of 22 treatment centers. As DMC-certified clinics, they are reimbursed by the state for substance use disorder services provided to eligible Medi-Cal members.

As a result of the investigations, the 16 centers received temporary suspensions, preventing them from submitting claims for reimbursement of services until investigations are complete. All 16 cases have been referred to the California Department of Justice for further investigation, which may lead to permanent sanctions. This action is the first phase of DHCS' ongoing review of DMC, which came fully under its purview earlier this month.

"There have been reports of abuse and fraud in the Drug Medi-Cal program and we took action," said DHCS Director Toby Douglas. "We are in the midst of a wide ranging statewide investigation. DHCS' Audits & Investigations Division is highly regarded nationally among state Medicaid programs and is working to strengthen the integrity of the Drug Medi-Cal program now fully under its purview."

The Medi-Cal program imposes a variety of sanctions on providers who fail to comply with Medi-Cal program requirements or fail to meet the program's standards of participation. Sanctions range from temporarily suspending the provider from submitting claims for reimbursement of services to permanently suspending them from participation in the Medi-Cal program.

Allegations received by DHCS regarding DMC include claims that providers have hired individuals who are on the federal list of excluded providers. These individuals have been convicted of a felony or misdemeanor involving fraud or abuse in any government program, or they have been convicted of neglect or abuse of a patient while providing a health care item or service.

Some centers are suspected of violating state and federal laws by providing services that are not deemed medically necessary and of fraudulently billing DMC for services that were not rendered. DHCS is working with counties, which contract directly with these clinics to provide services, to resolve any discrepancies between the actions of the centers and their billing of Medi-Cal.

On July 1, 2013, all substance use disorder programs from the Department of Alcohol and Drug Programs completed their transfer to DHCS. This allows for better coordination of the licensing, certification and program management of substance use disorder services to the benefit of individuals with substance use disorders. The transfer will also strengthen DHCS' ability to protect the fiscal integrity of the Medi-Cal program overall.

###