



DATE: October 12, 2023

Behavioral Health Information Notice No: 23-056

TO: California Alliance of Child and Family Services  
California Association for Alcohol/Drug Educators  
California Association of Alcohol & Drug Program Executives, Inc.  
California Association of DUI Treatment Programs  
California Association of Social Rehabilitation Agencies  
California Consortium of Addiction Programs and Professionals  
California Council of Community Behavioral Health Agencies  
California Hospital Association  
California Opioid Maintenance Providers  
California State Association of Counties  
Coalition of Alcohol and Drug Associations  
County Behavioral Health Directors  
County Behavioral Health Directors Association of California  
County Drug & Alcohol Administrators

SUBJECT: Memorandum of Understanding Requirements for Medi-Cal Managed Care Plans and Medi-Cal Mental Health Plans

PURPOSE: This Behavioral Health Information Notice (BHIN) clarifies the Memorandum of Understanding (MOU) required to be entered into by the Medi-Cal Mental Health Plans (MHPs) and Medi-Cal Managed Care Plans (MCPs) under the MHP Contract and MCP Contract with the Department of Health Care Services (DHCS). This BHIN includes a required MHP-MCP MOU template.

In addition, this BHIN reiterates oversight, compliance, and DHCS reporting requirements to help ensure that MOUs are regularly reviewed and updated as necessary. The MOU is intended to be an effective vehicle to clarify roles and responsibilities between MHPs and MCPs, support local engagement, facilitate care coordination and the exchange of information necessary to improve care coordination and improve referral processes between parties. The MOU is intended to improve transparency and accountability by setting forth the obligations of each party as it relates to service or care delivery and coordination so that each party is aware of what the other party may be required to do.

REFERENCE: 2022-2027 Mental Health Plan Contract, Medi-Cal Managed Care Boilerplate Contract

**BACKGROUND:**

The MHP Contract<sup>1</sup> with DHCS requires MHPs to enter into an MOU with any Medi-Cal MCP that serves its members<sup>2</sup> to ensure member care is coordinated.

The MOU is a binding, enforceable contractual agreement between the MHP and MCP and outlines the responsibilities and obligations of each party<sup>3</sup> to coordinate and facilitate the provision of medically necessary services to members where members are served by multiple parties. The purpose of the MOU is to:

- Set forth contract components required by the MHP and MCP contracts, and Cal. Code Regs. tit. 9 § 1810.370;
- Clarify roles and responsibilities for coordination of the delivery of care and MHP and MCP services of all members;
- Establish negotiated and agreed upon processes for how MHPs and MCPs will collaborate and coordinate on population health and other programs and initiatives;
- Memorialize what data will be shared between MHPs and MCPs and how data will be shared to support care coordination and enable monitoring;
- Provide public transparency into relationships and roles/responsibilities between MHPs and MCPs; and
- Provide mechanisms for the parties to resolve disputes and ensure overall oversight and accountability under the MOU.

**POLICY:**

MHPs shall make a good faith effort to execute an MOU(s) with their respective MCP(s) by January 1, 2024. MHPs are required to use the attached MHP-MCP MOU template. Parties may agree to negotiate and include additional provisions, provided they do not conflict with the required minimum provisions. The proposed language in the template is not exhaustive.

**PROVISIONS REQUIRED TO BE INCLUDED IN MOUS**

MHPs are responsible for providing medically necessary covered Specialty Mental Health Services (SMHS) to members set forth in the State Plan, including the coordination of a member's care. The MOU between the MHP and MCP requires the parties coordinate medically necessary services, including health-related social service

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<sup>1</sup> [Mental Health Plan Contract](#).

<sup>2</sup> "Member" refers to any individual receiving services from the MHP. Members are referred to as "members" in the MOU template.

<sup>3</sup> "Parties" are defined as the parties to the MHP-MCP MOU.

needs, when members are accessing services from both systems. The MOU shall include the roles and responsibilities of the MHP and MCP for coordinating care, exchanging information, and conducting administrative activities to deliver care to enrolled members.

Pursuant to the MHP contract, the MOU shall address how to ensure Medically Necessary NSHMS and SMHS provided concurrently are coordinated and non-duplicative.<sup>4</sup> The MHP-MCP MOU template, **Attachment 1** of this BHIN, shall include:

- Services Covered by this MOU: The services that each party shall coordinate for members who receive the other party's services.<sup>5</sup>
- Party Obligations: Each party's provision of services and oversight responsibilities (e.g., each party shall designate a liaison to coordinate with the other party and ensure compliance with the MOU requirements including compliance by subcontractors, downstream subcontractors, and network providers). The intent of this provision is to ensure each party is aware of what services the other party is required to provide or arrange under existing requirements. This provision also is intended to ensure that each party knows how and who to contact from the other party to support the MOU implementation. This provision also requires the MCP to impose certain MOU requirements on its Subcontractors and Network Providers.
- Training and Education: Requires each party to provide educational materials to members and network providers about accessing medically necessary services and train network providers, and as applicable, subcontractors and downstream subcontractors on the MOU requirements and services provided by each party. This provision is intended to ensure both parties provide their Subcontractors and Network Providers with information necessary for them to coordinate care with and make referrals to or receive referrals from the Other Party.
- Screening, Assessment, and Referrals: Policies and procedures regarding member screening and assessment, including administering the applicable Screening and Transition of Care Tools for Medi-Cal Mental Health Services, and for member referrals to the other party as appropriate and describes each party's referral pathways<sup>6</sup> to ensure both parties understand and are able to refer to or assist members with obtaining services from the other party. The intent of this provision is so that the parties develop written policies to refer members to one

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<sup>4</sup> MHP Contract, Exhibit A, Attachment 10, pg. 3.

<sup>5</sup> As described in [APL 22-006](#), [APL 22-003](#), [APL 22-005](#), [BHIN 21-073](#).

<sup>6</sup> As set forth in [APL 22-028](#) and [BHIN 22-065](#).

another and include what information may need to accompany each referral in their written policies.

- Care Coordination and Collaboration: Requirements for coordinating member access to care, including the policies and procedures the parties will use to coordinate care between the parties, addressing barriers to care coordination, and ensuring the ongoing monitoring and improving of such care coordination. Includes requirements for parties to coordinate provision of medically necessary services, treatment planning, clinical consultation, Enhanced Care Management (ECM), Community Supports, and eating disorder services. This provision is for the parties to agree in writing how the parties will coordinate care, monitor whether those processes are working and improve the processes, as necessary.
- Disaster Emergency Preparedness: Policies and procedures to ensure the continued care coordination for services in the event of a disaster or emergency.
- Quality Improvement: Quality improvement (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 for the parties to agree in writing how they will assess whether the MOU is improving care coordination and whole-person care and to develop their own metrics to evaluate whether the MOU is effective in achieving its goals.
- Quarterly Meetings: Requires the parties to meet at least quarterly to address care coordination, QI activities and systemic and case-specific concerns, and to communicate with others within their organizations about such activities. After each quarterly meeting, both parties shall 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.
- Document Retention: Requires MHP to retain all documents related to the MOU requirements for at least ten years.
- Data Sharing and Confidentiality: The minimum data and information that the parties shall share to ensure the MOU requirements are met and describes the data and information the parties may share to improve care coordination and referral processes, and requirements for parties to share information about members as set forth in the MHP-MCP MOU template and in accordance with federal and state privacy laws, including but not limited to the Health Insurance

Portability and Accountability Act (HIPAA) and 42 CFR Part 2.<sup>7</sup> This provision is intended for the parties to agree in writing the minimum necessary information that shall 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 MCP or MHP's ability to exchange information.

- Dispute Resolution: The policies and procedures for resolving disputes between the parties and the process for bringing the disputes to DHCS when the parties are unable to resolve disputes between themselves. The intent of this provision is for the parties to agree in writing on a dispute resolution process to resolve conflicts with regard to each parties' responsibilities under the MOU.
- General: Any additional general contract requirements, such as a requirement that the parties publicly post the executed MOU, and annually review the MOU and that the MOU cannot be delegated, except as permitted under the MHP and MCP Contracts, respectively.

Parties may not deviate from the minimum requirements listed above; however, parties may agree to negotiate and include additional provisions, provided that any additional provision does not conflict with the required minimum provisions. The proposed language is not exhaustive.

### **MOU COMPLIANCE AND OVERSIGHT REQUIREMENTS**

The MHP Contract outlines the requirement that the MHP shall enter into and implement an MOU with the MCP.

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

### **Responsible Person(s)**

The MHP compliance officer for each MHP shall designate a responsible person(s) for overseeing that MHP's compliance with its MOU(s); this person shall provide reports to the MHP compliance officer. For example, the MHP compliance officer may consider designating staff within their Contract Management or Community Relations functional areas. The MHP compliance officer shall ensure the responsible person(s) understand the terms of the MOU, have developed relationships with the MCP, and are authorized

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<sup>7</sup> Pursuant to 42 C.F.R. § 438.242(b) and 42 C.F.R. § 438.10(h).

to ensure the MCP complies with the MOU requirements. The MHP compliance officer shall notify DHCS of a change in the responsible person/liason as soon as practicable, but no later than five (5) working days of the change.

As outlined in the MHP-MCP MOU template under “MHP Obligations: Oversight Responsibility,” the responsible person shall:

1. Conduct regular meetings, on at least a quarterly basis, to address policy and practical concerns that may arise between MOU parties (See *Quarterly Meetings* section of the MHP-MOU template);
2. Ensure an appropriate level of leadership e.g., persons with decision-making authority) are involved in implementation and oversight of the MOU engagements and ensure the appropriate levels of leadership from Other Party are invited to participate in the MOU engagements, as appropriate;
3. Report on the party’s compliance with the MOU to the Compliance Officer no less frequently than quarterly;
4. Ensure there is sufficient staff at the MHP to support compliance with and management of the relevant MOU and its provisions;
5. Ensure subcontractors, downstream subcontractors, and network providers, as applicable, comply with any applicable provisions of the MOUs (see Subcontractor and Network Providers section below for further details); and
6. Serve as or designate a person at the MHP to serve, as the day-to-day liaison with the MCP or MCP programs (“MHP-MCP Liaison”). The liaison is to serve as the subject matter expert for the MCP to address day-to-day concerns for administering the MOU. For example, the MHP-MCP Liaison would serve as the day-to-day contact for the MCP administrator to address immediate concerns related to specialty mental health services for MCP members in a particular county. The MHP compliance officer shall notify the MCP of any changes to the MHP-MCP Liaison in writing as soon as reasonably practical but no later than the date of change and shall notify DHCS within five (5) working days of the change.

### **Dispute Resolution**

MHPs shall work collaboratively with MCPs to establish dispute resolution policies and procedures. This includes how the MHP will work with the MCP to resolve issues related to coverage or payment of services, conflicts regarding the parties’ respective roles for care management for specific members, or other issues. See the MHP-MCP MOU template Dispute Resolution section for required language.

If there is a dispute, MHPs and MCPs shall complete the plan-level dispute resolution process. If the parties are unable to resolve the dispute, one of the Parties shall submit a written "Request for Resolution" to DHCS within fifteen (15) calendar days of the completion of the plan level dispute resolution process<sup>8</sup>. If the MHP submits the Request for Resolution, it shall be signed by the county behavioral health director or designee.

The Request for Resolution shall 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 the member;
2. A history of the attempts to resolve the issue(s) with the MCP;
3. Justification for the MHP's desired remedy; and
4. Any additional documentation that the MHP deems relevant to resolve the disputed issue(s), if applicable.<sup>9</sup>

If MCP submits a Request for Resolution to DHCS, DHCS will forward a copy of the Request for Resolution to the affiliated MHP, within three business days of receipt. The MHP shall have three business days to respond and provide relevant documents, as set forth in [BHIN 21-034](#) and any subsequently issued superseding BHINs.<sup>10</sup>

The Request for Resolution shall be submitted via secure email to [countysupport@dhcs.ca.gov](mailto:countysupport@dhcs.ca.gov).

DHCS will communicate the final decision to the MHP and the MCP, including any actions the parties are required to take to implement the decision.

### **Subcontractors and Network Providers**

MHPs are required to ensure subcontractors, downstream subcontractors, and network providers, as applicable, comply with any applicable provisions of the MOU.

### **Training**

MHPs shall provide training and orientation on MOU requirements with subcontractors, downstream subcontractors, and network providers, as applicable, on an annual basis, at a minimum. The training shall include information on MOU requirements and the services that are provided or arranged for by each party and how those services can be

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<sup>8</sup> 9 C.C.R. § 1850.505(d); [BHIN 21-034](#), pg. 2-3.

<sup>9</sup> 9 C.C.R. § 1850.505(d); [BHIN 21-034](#), pg. 3.

<sup>10</sup> [BHIN 21-034](#), pg. 3.

accessed or coordinated for the member. MHPs shall provide training before any person or entity performs any MOU obligations and at least annually thereafter.

### **Signatories**

As noted above, if an MHP has a delegated subcontractor, the signatories of the MOU shall include the MHP, the subcontractor, as well as the MCP. In addition, to minimize administrative burden on counties, DHCS encourages multi-party MOUs, which may include more than one signatory entering into agreement with the MHP.

## **MONITORING AND REPORTING**

### **Annual Reporting**

MHP shall continuously evaluate the effectiveness of the MOU processes and review and update their MOUs annually to incorporate current requirements in contract amendments and policy guidance. MHPs shall submit an annual report to [MCBHOMDMonitoring@dhcs.ca.gov](mailto:MCBHOMDMonitoring@dhcs.ca.gov) that includes updates from the quarterly meetings with the MCP and the results of their annual MOU review. The updates from the quarterly meetings shall include the following elements:

- Attendees, including MCP responsible person(s), leadership, and county executives;
- Care coordination and referral concerns discussed;
- Strengths, barriers, and plans to improve effective collaboration between the MHP and the MCP;
- Disputes and resulting outcomes;
- Strategies to address duplication of services; and
- Member engagement challenges and successes.

The annual report submission to DHCS shall include evidence of the annual review as well as copies of any MOUs modified or renewed as a result. The evidence of the annual review described in the annual report shall include a summary of the review process and outcomes, and any resulting amendments to the MOU or existing policies and procedures. The annual reports shall be submitted to DHCS by the last business day of January.

### **Progress Quarterly Reporting**

MHPs shall demonstrate a good faith effort to meet the requirements of this BHIN. MHPs that are unable to execute their MOUs by January 1, 2024, shall submit quarterly progress reports and documentation to DHCS via email at

[MCBHOMDMonitoring@dhcs.ca.gov](mailto:MCBHOMDMonitoring@dhcs.ca.gov) demonstrating evidence of their good faith effort to execute the MOU.

**Quarterly Reporting Submission Timeline:**

<b>Quarter Reporting</b>	<b>Submission due to DHCS</b>
Quarter 1: January 1 – March 31	Last business day of April
Quarter 2: April 1 – June 30	Last business day of July
Quarter 3: July 1 – September 30	Last business day of October
Quarter 4: October 1 – December 31	Last business day of January

These quarterly updates will be required until the MOU is executed, and all policies and procedures required by the MOU are established and submitted to DHCS.

**Executed MOU Submission**

MHPs shall send a fully executed MOU and an attestation to DHCS via email at [MCBHOMDMonitoring@dhcs.ca.gov](mailto:MCBHOMDMonitoring@dhcs.ca.gov). The attestation shall state that the county did not modify any of the provisions of the template, and that provisions the parties added do not conflict with or reduce either party’s obligation under the templates, MCP Contract, or MHP Contract. If the parties modify any of the provisions of the template, the MHP shall submit a redlined version of the MOU for execution to DHCS for review and approval. The MHP shall send any written policies and procedures that result from the terms of the MOU to DHCS when they are completed or updated.

**Policies and Procedures**

Parties must establish, implement, and comply with Policies and Procedures to fulfill all the duties and obligations of this MOU. Parties must agree to the terms of joint Policies and Procedures to fulfill all joint obligations and duties of this MOU. Parties must also implement and comply with those joint Policies and Procedures.

**Website Posting**

Each MHP shall publish its MOU(s) on its website within 30 calendar days of the MOU being fully executed. Additionally, the annual report shall be published within 30 calendar days from the due date of the annual report submission to DHCS.

**Subcontractor Compliance**

MHPs are further responsible for ensuring that their subcontractors and network providers comply with all applicable state and federal laws and regulations, contract requirements, and other DHCS guidance, including BHINs and Policy Letters. These

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requirements shall be communicated by each MHP to all subcontractors and network providers.

**Corrective Action and Sanctions for Non-Compliance**

DHCS may impose Corrective Action Plans (CAP), as well as administrative and/or monetary sanctions for non-compliance with the terms of this BHIN. For additional information regarding administrative and monetary sanctions, see [BHIN 22-045](#), and any subsequently issued superseding BHINs. Any failure to meet the requirements of this BHIN may result in a CAP and subsequent sanctions.

If you have any questions regarding this BHIN, please contact your County Liaison.

Sincerely,

Original signed by

Ivan Bhardwaj, Chief  
Medi-Cal Behavioral Health – Policy Division

Enclosure