DHCS AUDITS AND INVESTIGATIONS

CONTRACT AND ENROLLMENT REVIEW DIVISION

SPECIALTY MENTAL HEALTH REVIEW SECTION

REPORT ON THE SPECIALTY MENTAL HEALTH SERVICES (SMHS) AUDIT OF LAKE COUNTY FISCAL YEAR 2024-25

Contract Number: 22-20108

Contract Type: Specialty Mental Health Services

Audit Period: July 1, 2023 — June 30, 2024

Dates of Audit: November 5, 2024 — November 15, 2024

Report Issued: March 26, 2025

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I. INTRODUCTION

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

Lake County is located in the northern part of the state. The Plan provides services within the unincorporated county and in five cities: Lucerne, Southlake, Lakeport, Clearlake, and Lower Lake.

As of November 2024, the Plan had a total of 2,892 members receiving services and a total of 51 active providers.

II. EXECUTIVE SUMMARY

This report presents the audit findings of the DHCS audit for the period of July 1, 2023, through June 30, 2024. The audit was conducted from November 5, 2024, through November 15, 2024. The audit consisted of documentation review, verification studies, and interviews with the Plan's representatives.

An Exit Conference with the Plan was held on March 4, 2025. The Plan was allowed 15 calendar days from the date of the Exit Conference to provide supplemental information addressing the draft audit findings. On March 24, 2025, the Plan submitted a response after the Exit Conference. The evaluation results of the Plan's response are reflected in this report.

The audit evaluated six categories of performance: Network Adequacy and Availability of Services, Care Coordination and Continuity of Care, Access and Information Requirements, Coverage and Authorization of Services, Beneficiary Rights and Protection, and Program Integrity.

The prior DHCS compliance report, covering the review period from July 1, 2017, through June 30, 2020, identified deficiencies incorporated in the Correction Action Plan (CAP). The current audit includes a review of documents to determine the implementation and effectiveness of the Plan's corrective actions as well as if the Plan meets regulations and contract requirements.

The summary of the findings by category follows:

Category 1 – Network Adequacy and Availability of Services

The Plan is required to determine if children and youth who meet criteria for member access to SMHS need ICC (Intensive Care Coordination) and IHBS (Intensive Home-Based Services) services. The Plan did not ensure the determinations of ICC and IHBS for children and youth who meet criteria for member access to SMHS.

Category 2 – Care Coordination and Continuity of Care

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

Category 4 – Access and Information Requirements

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

Category 5 – Coverage and Authorization of Services

The Plan is required to operate a Utilization Management (UM) program that ensures members have appropriate access to SMHS, and the UM program must evaluate medical necessity, appropriateness, and efficiency of services provided to Medi-Cal members prospectively, such as through prior or concurrent authorization review procedures. The Plan did not implement an UM program that ensured concurrent review subcontractors evaluated medical necessity, appropriateness, and efficiency of services provided to Medi-Cal beneficiaries.

Category 6 – Member Rights and Protection

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

Category 7 – Program Integrity

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

III. SCOPE/AUDIT PROCEDURES

SCOPE

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

PROCEDURE

DHCS conducted an audit of the Plan from November 5, 2024, through November 15, 2024, for the audit period of July 1, 2023, through June 30, 2024. The audit included a review of the Plan's policies for providing services, procedures to implement these policies, and the process to determine whether these policies were effective. Documents were reviewed and interviews were conducted with Plan representatives.

The following verification studies were conducted:

Category 1 – Network Adequacy and Availability of Services

ICC/IHBS Provisions of Services: Ten children and youth member files were reviewed for the provision of ICC and IHBS services.

Category 2 – Care Coordination and Continuity of Care

Coordination of Care Referrals: Six member referrals from the Managed Care Plan (MCP) to the Mental Health Plan (MHP) and six member referrals from MHP to MCP were reviewed for evidence of referrals, initial assessments, progress notes of treatment planning and follow-up care between the MCP and MHP.

Category 4 – Access and Information Requirements

There were no verification studies conducted for the audit review.

Category 5 – Coverage and Authorization of Services

Authorizations: Ten member files were reviewed for evidence of appropriate treatment authorization process including the concurrent review authorization process.

Category 6 – Member Rights and Protection

Grievances Procedures: Ten grievances were reviewed for timely resolution, appropriate response to the complainant, and submission to the appropriate level for review.

Category 7 – Program Integrity

There were no verification studies conducted for the audit review.

COMPLIANCE AUDIT FINDINGS

Category 1 – Network Adequacy and Availability of Services

1.2 Children Services

1.2.2 Assessment of the Need for ICC and IHBS Services

The Plan has an affirmative responsibility to determine if children and youth who meet criteria for member access to SMHS need ICC and IHBS. *(BHIN 21-073; Medi-Cal Manual for Intensive Care Coordination (ICC), Intensive Home-Based Services (IHBS), and Therapeutic Foster Care (TFC) Services for Medi-Cal Beneficiaries, (3rd ed., Jan. 2018), p. 9.)*

Policy and Procedures *No. 108, Pathways to Well-Being/Intensive Services for Medi-Cal Youth (Revision Draft Date: 05/30/2023)*, this policy outlined all Medi-Cal youth under the age of 21 are assessed for Intensive Care Coordination (ICC), Intensive Home-Based Services (IHBS), and Therapeutic Foster Care (TFC) services. For children/youth under 21 years old, determination of eligibility for ICC, IHBS, and TFC is conducted and documented via the initial assessment, and at least every 90 days thereafter. During the course of treatment, the need these services may be determined, and clients will be provided this level of care. Pathways to Well-Being services include Intensive Care Coordination (ICC), Intensive Home-Based Services (IHBS), and Therapeutic Foster Care (TFC). Service needs are determined and monitored through initial and ongoing Child and Family Team activities.

Finding: The Plan did not ensure the determinations of ICC and IHBS for children and youth who meet criteria for member access to SMHS.

A verification study revealed six out of ten children screened for SMHS did not include evidence of an assessment tool used to document the determination of the need for ICC and IHBS services.

Review of submitted Plan documents revealed that the Plan did not have an assessment tool to determine the need for ICC and IHBS for children and youth.

In interviews, the Plan acknowledged that they do not have an assessment tool for ICC/IHBS and insufficient qualified staff to provide ICC/IHBS services. Consequently, no ICC/IHBS referrals were made during the audit period. The Plan confirmed that no Intensive Care Coordination (ICC) or Intensive Home-Based Services (IHBS) were

provided during the audit period. Additionally, the Plan staff's lack of understanding ICC/IHBS services were the challenges they were facing on the delivery of ICC/IHBS services during the audit period.

When the Plan does not document the determinations of the need for ICC and IHBS services, the Plan cannot ensure all children and youth receive medically necessary behavioral health services.

Recommendation: Revise and implement policies and procedures to ensure the Plan conducts and documents determinations of the need for ICC and IHBS for children and youth who meet criteria for member access to SMHS.

COMPLIANCE AUDIT FINDINGS

Category 5 – Coverage and Authorization of Services

5.2 Concurrent Review and Prior Authorization Requirements

5.2.1 Concurrent Review Authorizations

MHPs are required to operate a utilization management (UM) program that ensures members have appropriate access to SMHS. The UM program must evaluate medical necessity, appropriateness and efficiency of services provided to Medi-Cal members prospectively, such as through prior or concurrent authorization review procedures. *(Behavioral Health Information Notice (BHIN) 22-017, Concurrent Review Standards for Psychiatric Inpatient Hospital and Psychiatric Health Facility Services; California Code of Regulation (CCR)., Title 9, Section 1810.440(b); 42 Code of Federal Regulations (CFR), Section 438.210 (a)(4), (b)(1), (2).)*

The Plan is required to monitor subcontractor's compliance with the provisions of the subcontract and this contract and a requirement that the subcontractor provide a corrective action plan if deficiencies are identified. *(Contract, Exhibit A Attachment 1 (4)(E)(12))*

The Plan must implement mechanisms to assure authorization decision standards comply with BHINs 22-016 and 22-017. *(Contract, Exhibit A Attachment 6 (2)(A))*

Policy and Procedures *No. 140, Utilization Management Program (Revision Date: 03/01/2023)*, this policy stated the MHP shall operate a UM Program that is responsible for assuring that beneficiaries have appropriate access to SMHS as required in CCR, Title 9, Section 1810.440(b)(1)-(3). The UM Program shall evaluate medical necessity, appropriateness and efficiency of services provided to Medi-Cal members prospectively or retrospectively.

Policy and Procedures *No. 228, Authorization and Concurrent Review of Psychiatric Inpatient and Residential Services (Revision Date: 12/10/2020)*, stated that the Plan will conduct concurrent reviews to evaluated medical necessity for authorized psychiatric inpatient hospital and psychiatric health facility services.

Finding: The Plan did not implement an UM program that ensured concurrent review subcontractors evaluated medical necessity, appropriateness, and efficiency of services provided to Medi-Cal members.

Although Plan policies, *No. 140 and No. 228*, describe how the Plan will conduct reviews to determine appropriateness and medical necessity of services, these policies do not detail the monitoring mechanism of its subcontractors for a UM Program that is responsible for assuring that members have appropriate access to SMHS is in compliance with the BHIN 22-017.

Review of Plan documents revealed a lack of evidence demonstrating that the Plan monitored its concurrent review subcontractor. The Plan did not furnish requested monitoring records. Additionally, the Plan did not submit meeting minutes with its subcontractor that documented occurrence of discussions related to subcontractor oversight.

In an interview, the Plan stated that it does not monitor the concurrent review authorizations completed by its subcontracted provider.

Without Plan oversight of its concurrent review subcontractor, the Plan cannot ensure a UM program that evaluates if authorized services meet criteria for medical necessity.

Recommendation: Revise and implement policies and procedures for the Plan to operate an UM program that ensures concurrent review subcontractors evaluate medical necessity, appropriateness, and efficiency of services provided to Medi-Cal beneficiaries.