

**DHCS REPORT ON THE SUBSTANCE USE
DISORDER (SUD) AUDIT OF:
San Joaquin County Behavioral Health
2023**

DEPARTMENT OF HEALTH CARE SERVICES
AUDITS AND INVESTIGATIONS
CONTRACT AND ENROLLMENT REVIEW DIVISION BEHAVIORAL HEALTH
REVIEW BRANCH

REPORT ON THE SUBSTANCE USE DISORDER (SUD) AUDIT OF

**San Joaquin County Drug Medi-Cal Organized Delivery
System (DMC-ODS) Services
2023**

Contract Number: 23-30120
Drug Medi-Cal Organized Delivery System

Audit Period: July 1, 2022
through
June 30, 2023

Dates of Audit: October 31, 2023
through
November 9, 2023

Report Issued: April 23, 2024

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I. INTRODUCTION

San Joaquin County Behavioral Health (Plan) is located in Northern California's Central Valley. The Plan covers services throughout seven cities: Escalon, Lathrop, Lodi, Manteca, Ripon, Stockton, and Tracy.

The Plan is governed by a Board of Supervisors and contracts with the Department of Health Care Services (DHCS) for the purpose of providing Drug Medi-Cal Organized Delivery System (DMC-ODS) treatment services for Substance Use Disorders (SUD) to county citizens.

II. EXECUTIVE SUMMARY

This report presents the audit findings of the DHCS audit of the Plan's DMC-ODS program for the period of July 1, 2022, through June 30, 2023. The audit was conducted from October 31, 2023, through November 9, 2023. The audit consisted of a document review, verification studies, and interviews with Plan representatives.

An Exit Conference with the Plan was held on April 4, 2024. The Plan was allowed 15 calendar days from the date of the Exit Conference to provide supplemental information addressing the draft audit report findings. On April 16, 2024, the Plan submitted a response after the Exit Conference. The results of our evaluation of the Plan's response are reflected in this report.

The audit evaluated four categories of performance: Availability of DMC-ODS Services, Quality Assurance and Performance Improvement, Coverage and Authorization of Services, and Program Integrity.

The prior DHCS compliance review (covering July 1, 2021, through June 30, 2022), identified deficiencies incorporated in the Corrective Action Plan (CAP). The prior year CAP was not completely closed at the time of onsite; however, this year's audit included a review of documents to determine the implementation and effectiveness of the Plan's corrective actions.

The summary of the findings by category follows:

Category 1 – Availability of DMC-ODS Services

The Plan is required to follow the State's established uniform credentialing and re-credentialing policy that addresses behavioral and SUD, outlined in DHCS Information Notice 18-019. The Plan did not ensure that its subcontractors implemented a credentialing and re-credentialing process that met Notice 18-019 requirements, including signed attestations.

The Plan must ensure that the SUD Medical Director meets all required program-specific responsibilities. The Plan did not ensure its subcontractor met all the SUD Medical Director responsibility requirements.

The Plan is required to have written roles and responsibilities and a code of conduct for the Medical Director that are clearly documented, signed, and dated by a provider representative and the physician. The Plan did not ensure subcontractors have written roles and responsibilities and a code of conduct for the Medical Director that are clearly documented, signed, and dated by a provider representative and the physician.

Category 3 – Quality Assurance and Performance Improvement

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

Category 5 – Coverage and Authorization of Services

The Plan is required to have a clearly written statement that there shall be no unlawful use of drugs or alcohol associated with the program. Additionally, no aspect of a drug or alcohol-related program shall include any message on the responsible use of drugs or alcohol if the use is unlawful. The Plan did not ensure subcontractors complied with the required messaging for drug and alcohol-related programs.

Category 7 – Program Integrity

The Plan shall have a compliance program that includes a system for training and education for the Compliance Officer, the Plan's senior management, and the Plan's employees for the federal and state standards and Contract requirements. The Plan did not ensure its Compliance Officer, senior management, and employees received training on federal and state standards and Contract requirements.

III. SCOPE/AUDIT PROCEDURES

SCOPE

The DHCS, Contract and Enrollment Review Division conducted the audit to ascertain medically necessary services provided to beneficiaries comply with federal and state laws, Medi-Cal regulations and guidelines, and the state's DMC-ODS Contract.

PROCEDURE

DHCS conducted an audit of the Plan from October 31, 2023, through November 9, 2023, for the audit period of July 1, 2022, through June 30, 2023. The audit included a review of the Plan's Contract with DHCS, policies and procedures for providing services, and evidence of procedures used to implement the policies. Documents were reviewed and interviews were conducted with Plan representatives.

There were no verification studies conducted for this audit.

❖ COMPLIANCE AUDIT FINDINGS ❖

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CATEGORY 1 – AVAILABILITY OF DMC-ODS SERVICES

1.4	Provider Selection and Monitoring
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1.4.1 Provider Credentialing and Re-Credentialing

The Plan shall implement written policies and procedures for selection and retention of network providers, and that those policies and procedures, at a minimum, meet credentialing and re-credentialing requirements. The Plan shall follow the state’s established uniform credentialing and re-credentialing policy that addresses behavioral and SUD, outlined in DHCS Information Notice 18-019. The Plan shall also follow a documented process for credentialing and re-credentialing of network providers. *(DMC-ODS Contract, Exhibit A, Attachment I, Section II Federal Requirements, E, 5, I, a, i-ii)*

Notwithstanding any relationships that the Plan may have with any subcontractor, the Plan is required to maintain ultimate responsibility for adhering to and otherwise fully complying with all terms and conditions of the Contract. *(DMC ODS Contract, Exhibit A, Attachment I, Section II Federal Requirements, E, 9, ii)*

For all the Plan’s network providers who deliver covered services, each provider’s application to contract with the Plan must include a signed and dated statement attesting to the following:

- (1) Any limitations or inabilities that affect the provider’s ability to perform any of the position’s essential functions, with or without accommodation;
- (2) A history of loss of license or felony conviction;
- (3) A history of loss or limitation of privileges or disciplinary activity;
- (4) A lack of present illegal drug use; and
- (5) The application’s accuracy and completeness. *(DHCS Information Notice 18-019)*

The Plan’s policy, *0107.0015, Credentialing (revised October 27, 2021)*, describes how the Plan follows the State’s established uniform credentialing and re-credentialing policy that addresses behavioral and SUD, outlined in DHCS Information Notice 18-019, including attestation. Furthermore, this policy describes that the Plan accepts attestations of compliance from subcontractors stating the review of all credentialing and re-credentialing requirements.

Finding: The Plan did not ensure that subcontractors implemented a credentialing and re-credentialing process that met Notice 18-019 requirements, including signed attestations.

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In an interview, the Plan stated that it accepts and reviews Out-Of-County (OOC) completed monitoring tools to evaluate OOC subcontractor compliance with credentialing and re-credentialing requirements. Compliance related to credentialing and re-credentialing is evident if an attestation is based on a review verifying that all Contract requirements are met, including those specified in Notice 18-019. The audit found that the review for certain OOC attestations did not include a process to verify compliance with requirements specified in Notice 18-019. For example, Notice 18-019 requires signed attestations. However, certain OOC-completed monitoring tools lacked attestations of compliance specific to this requirement. When accepting attestations without confirming accuracy, the Plan did not ensure compliance with credentialing and re-credentialing requirements.

In an interview, the Plan stated that it accepts the OOC subcontractor's monitoring tool containing attestations that all credentialing and re-credentialing requirements have been met. However, the Plan does not verify if all the requirements stipulated in Notice 18-019 are included in the OOC-completed monitoring tool. The Plan stated that when it accepts OOC-completed monitoring tools, it assumes that the subcontractor's attestations were based on a review of all credentialing and re-credentialing requirements.

When the Plan does not ensure that credentialing and re-credentialing of treatment staff meet the requirements detailed in Notice 18-019, quality of care may be impacted when services are rendered by providers who do not meet professional standards.

Recommendation: Revise policies and procedures to ensure the Plan and subcontractors implement a credentialing and re-credentialing process that meets Notice 18-019 requirements, including signed attestations.

1.4.2 Substance Use Disorder Medical Director Responsibilities

The Plan's SUD Medical Director's responsibilities shall, at a minimum, include the following:

- (a) ensure that medical care provided by physicians, registered nurse practitioners, and physician assistants meets the applicable standard of care.
- (b) ensure that physicians do not delegate their duties to non-physician personnel.
- (c) develop and implement written medical policies and standards for the provider.
- (d) ensure that physicians, registered nurse practitioners, and physician assistants follow the provider's medical policies and standards.
- (e) ensure that the medical decisions made by physicians are not influenced by fiscal considerations.

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(f) ensure that provider's physicians and licensed practitioner of the healing arts are adequately trained to perform diagnosis of SUD for beneficiaries, and determine services are medically necessary.

(g) ensure that provider's physicians are adequately trained to perform other physician duties.

Additionally, the SUD Medical Director may delegate their responsibilities to a physician consistent with the provider's medical policies and standards; however, the SUD Medical Director shall remain responsible for ensuring all delegated duties are properly performed. *(DMC-ODS Contract, Exhibit A, Attachment I, Section III Program Specifications, XX, 3, i-ii)*

Notwithstanding any relationships that the Plan may have with any subcontractor, the Plan is required to maintain ultimate responsibility for adhering to and otherwise fully complying with all terms and conditions of the Contract. *(DMC ODS Contract, Exhibit A, Attachment I, Section II Federal Requirements, E, 9, ii)*

Finding: The Plan did not ensure subcontractors complied with the SUD Medical Director responsibility requirements.

The Plan lacked policies describing the process for ensuring that subcontractors meet all requirements for SUD Medical Director responsibilities.

In an interview, the Plan stated that it accepts and reviews OOC-completed monitoring tools to evaluate OOC subcontractor compliance with Medical Director responsibility requirements. Compliance related to Medical Director responsibilities is evident if an attestation is based on a review verifying that the OOC subcontractor requires its SUD Medical Director to comply with all responsibilities specified in the Contract. The audit found that the review for certain OOC attestations did not include a process to verify that the OOC subcontractor requires its SUD Medical Director to comply with all responsibilities specified in the Contract. For example, one OOC subcontractor's list of SUD Medical Director responsibilities lacked the required responsibility related to ensuring that provider's physicians are adequately trained to perform other physician duties. Furthermore, when accepting attestations without confirming accuracy, the Plan did not ensure compliance with Medical Director responsibilities.

In an interview, the Plan stated that it accepts its OOC subcontractor's monitoring tool attestations regarding the SUD Medical Director responsibility requirements. However, the Plan does not verify if these attestations review for inclusion of all program-specific SUD Medical Director responsibility requirements. The Plan stated that when it uses the OOC subcontractor's monitoring tool, the Plan assumes that the subcontractor's

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attestations are based on a review of all SUD Medical Director responsibility requirements.

When the Plan does not ensure compliance with SUD Medical Director responsibility requirements, this may result in substandard care provided to beneficiaries.

Recommendation: Develop and implement policies and procedures to ensure that the Plan and its subcontractors comply with the SUD Medical Director responsibility requirements.

1.4.3 Medical Director Written Roles, Responsibilities, and Code of Conduct

The Plan shall have written roles and responsibilities and a code of conduct for the Medical Director that are clearly documented, signed, and dated by a provider representative and the physician. *(DMC-ODS Contract, Exhibit A, Attachment I, Section III Program Specifications, XX, 4, v)*

Notwithstanding any relationships that the Plan may have with any subcontractor, the Plan is required to maintain ultimate responsibility for adhering to, and otherwise fully complying with, all terms and conditions of the Contract. *(DMC ODS Contract, Exhibit A, Attachment I, Section II Federal Requirements, E, 9, ii)*

Finding: The Plan did not ensure that subcontractors have written roles and responsibilities and a code of conduct for the Medical Director that are clearly documented, signed, and dated by a provider representative and the physician.

The Plan lacked policies describing the process for ensuring that its subcontractors have written roles and responsibilities and a code of conduct for the Medical Director that are clearly documented, signed, and dated by a provider representative and the physician.

In an interview, the Plan stated that it accepts and reviews OOC-completed monitoring tools to evaluate OOC subcontractor compliance with required documentation of the Medical Director's roles and responsibilities and code of conduct. Compliance related to Medical Director responsibilities is evident if an attestation is based on a review verifying that written roles and responsibilities and a code of conduct for the Medical Director were clearly documented, signed, and dated by a provider representative and the physician. The audit found that the review for certain OOC attestations were inaccurate and lacked supporting evidence. For example:

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- The Plan did not submit the requested Medical Director written roles and responsibilities and a code of conduct to support the accuracy of several compliance attestations stating that these documents were reviewed.
- Even in instances when there were written roles and responsibilities and a code of conduct for the Medical Director, these lacked dated signatures by a provider representative and the physician.

When accepting attestations without confirming accuracy, the Plan did not ensure compliance with required documentation of the Medical Director's roles and responsibilities and code of conduct.

In an interview, the Plan stated that it accepts its OOC subcontractor's monitoring tool attestations stating that there are written roles and responsibilities and a code of conduct for the Medical Director that are clearly documented, signed, and dated by a provider representative and the physician. However, the Plan does not verify the accuracy of these attestations.

When the Plan does not ensure compliance with documentation requirements for Medical Directors, this may result in substandard care provided to beneficiaries.

Recommendation: Develop and implement policies and procedures to ensure the Plan and subcontractors have written roles and responsibilities and a code of conduct for the Medical Director that are clearly documented, signed, and dated by a provider representative and the physician.

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CATEGORY 5 – COVERAGE AND AUTHORIZATION OF SERVICES

5.2	General Requirements
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5.2.1 Required Messaging for Drug and Alcohol-Related Programs

The Plan agrees that information produced through these funds, and which pertains to drug and alcohol related programs, shall contain a clearly written statement that there shall be no unlawful use of drugs or alcohol associated with the program. Additionally, no aspect of a drug or alcohol related program shall include any message on the responsible use, if the use is unlawful, of drugs or alcohol. *(DMC-ODS Contract, Exhibit A, Attachment I, Section III Program Specifications, DD, 5, i)*

Notwithstanding any relationships that the Plan may have with any subcontractor, the Plan is required to maintain ultimate responsibility for adhering to, and otherwise fully complying with all terms and conditions of the Contract. *(DMC ODS Contract, Exhibit A, Attachment I, Section II Federal Requirements, E, 9, ii)*

The Plan's policy, *2010.001.0, No Unlawful Use – Drug Free Workplace Substance Use Disorder Treatment Providers (issue date December 13, 2019)*, ensures the safety of Plan's SUD providers and their clients by preventing the unlawful manufacturing, distribution, dispensation, possession, or use of a controlled substance in the covered workplace, and specifies the actions that will be taken against SUD service providers who are in violation of this policy. The policy indicates that the Plan and SUD providers shall provide each employee with a copy of the agency drug free workplace policy and establish a drug-free awareness program to inform employees.

A review of two Plan subcontractor agreements with SUD providers states the requirements regarding no unlawful use of drugs or alcohol associated with the program and/or clinic. Additionally, the agreements indicated that no aspect of a drug or alcohol-related treatment program and/or clinic shall include any message on the responsible use, if the use is unlawful, of drugs or alcohol.

Finding: The Plan did not ensure that subcontractors complied with the required messaging for drug and alcohol-related programs.

Although the Plan's policy, *2010.001.0, No Unlawful Use – Drug Free Workplace Substance Use Disorder Treatment Providers (issue date December 13, 2019)* describes the implementation of messaging requirements for drug and alcohol-related

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programs, this policy does not detail the Plan’s process to ensure compliance with this requirement.

In an interview, the Plan stated that it accepts, and reviews OOC-completed monitoring tools to evaluate OOC subcontractor compliance with required messaging for drug and alcohol-related programs, including (1) providing information through written statements that there shall be no unlawful use of drugs or alcohol, and (2) prohibition of messages on the responsible use of unlawful drugs or alcohol. Compliance related to the required messaging for drug and alcohol-related programs is evident if an attestation is based on a review verifying that this requirement was met. The audit found that the Plan did not identify any non-compliance regarding this requirement although certain OOC monitoring tools lacked attestations verifying compliance with the required messaging for drug and alcohol-related programs. The Plan lacked an effective process for ensuring compliance with messaging requirements since it failed to identify non-compliance in monitoring tools that lacked messaging-related attestations.

In an interview, the Plan stated that it accepts OOC subcontractor’s monitoring tools containing attestations of compliance related to the required messaging for drug and alcohol-related programs. The Plan could not explain why it did not identify non-compliance in cases when OOC monitoring tools lacked these attestations of compliance. Furthermore, the Plan could not identify the staff responsible for reviewing the OOC-completed tools and if staff received training to monitor attestations for messaging compliance. Additionally, the Plan could not explain how findings from the review of monitoring tools are aggregated and reported.

When the Plan does not ensure compliance with messaging requirements, this can lead to failure in meeting standards for drug and alcohol-related programs.

Recommendation: Develop and implement policies and procedures to ensure the dissemination of required messaging for drug and alcohol-related programs.

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CATEGORY 7 – PROGRAM INTEGRITY

7.1	Compliance Program
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7.1.1 Compliance Training and Education

The Plan shall have a compliance program that includes a system for training and education for the Compliance Officer, the Plan’s senior management, and the Plan’s employees for the federal and state standards and Contract requirements. *(DMC-ODS Contract, Exhibit A, Attachment I, Section II Federal Requirements, H, 5, ii, a, iv)*

The Plan’s *Compliance Plan (revised November 15, 2021)* states that the annual compliance training is mandatory for the Compliance Officer, Plan employees, and contracted providers at all levels and disciplines for compliance-related training and education. This annual compliance training is a self-paced training offered exclusively online. Additionally, the Compliance Officer attends mandatory training provided by the Plan and makes every effort to stay abreast of regulatory and contractual requirements through information notices, monthly publications, training, webinars, teleconference calls, roundtable discussions, meetings, and conferences regarding SUD.

Finding: The Plan did not ensure that its Compliance Officer, senior management, and employees received training on federal and state standards and Contract requirements.

The Plan lacked written policies describing its process to ensure that its Compliance Officer, senior management, and Plan employees receive training on federal and state standards and requirements under the Contract.

During the audit period, the Plan could not confirm that its Compliance Officer, senior management, and staff employees fully completed its mandatory annual compliance training. A review of the Plan’s training documents revealed these issues:

- Although required for all Plan executive staff, only the Plan’s Deputy Director completed a mandatory annual ethics course.
- Because the Plan did not have a process to record course attendees, the Plan could not identify personnel who completed a course offered by the Plan on the topic of fraud, waste, and abuse.
- The Plan maintains and updates the Senior Management Compliance Training Status document. During the audit period, this document was incomplete as it listed the Compliance Officer and several Deputy Directors; however, there is no record of the courses or course completion dates for each individual listed.

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In an interview, the Plan stated that it did not have procedures to document personnel who completed the mandatory annual compliance training, or any training courses offered by the compliance program. The Plan could not identify who is responsible for maintaining the compliance program training and education program. Furthermore, the Plan explained that two Plan staff in the Compliance/Integrity Team are new. The Plan stated that its Compliance Plan was last revised in November 2021. However, The Plan could not explain the recommended frequency for updating the Compliance Plan.

The Plan may fail to meet mandatory standards if it does not ensure that its Compliance Officer, senior management, and Plan employees receive training on federal and state standards and requirements under the Contract.

Recommendation: Develop and implement a system for training and providing education for the Compliance Officer, the Plan’s senior management, and the Plan’s employees for the federal and state standards and Contract requirements.