

DHCS AUDITS AND INVESTIGATIONS
CONTRACT AND ENROLLMENT REVIEW DIVISION

**REPORT ON THE FOCUSED AUDIT OF LOCAL
INITIATIVE HEALTH AUTHORITY FOR LOS
ANGELES COUNTY
DBA L.A. CARE HEALTH PLAN 2023**

Contract Number: 04-36069

Audit Period: July 1, 2021 Through January 31, 2023

Dates of Audit: February 27, 2023 Through March 10, 2023

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I. INTRODUCTION

Background

In accordance with California Welfare and Institutions Code section 14456, the Department of Health Care Services (DHCS) may conduct additional reviews outside of the annual medical audit when DHCS determines there is good cause.

DHCS directed the Contract and Enrollment Review Division to conduct focused audits of all contracting Medi-Cal Managed Care Plans (Plans) to evaluate current Plans' performance in the areas of Behavioral Health and Transportation services.

These focused audits differ from DHCS' regular annual medical audits in scope and depth. The annual medical audits evaluate the Plan's organizational structures, policies and procedures, and systems for compliance with contractual requirements. The focused audits examined the operational issues that may hinder appropriate and timely member access to medically necessary care. The focused audit engagement formally commenced in January 2023 through December 2023.

For the Behavioral Health section, the focused audit evaluated the Plan's monitoring activities of specific areas such as Specialty Mental Health Services (SMHS), Non-Specialty Mental Health Services (NSMHS), and Substance Use Disorder Services (SUDS). The focused audit also reviewed potential issues that may contribute to the lack of member access and oversight for SMHS, NSMHS, and SUDS.

The focused audit conducted a more in-depth look at current Plan operations/practices for executing the delivery of transportation services. The audit examined potential causes for the systemic issues surrounding the Non-Emergency Medical Transportation (NEMT) and Non-Medical Transportation (NMT) services, specifically when transportation is delegated to a transportation broker.

The Local Health Initiative Authority for Los Angeles County dba L.A. Care Health Plan (Plan) was established in 1997 as the local initiative Medi-Cal Managed Care Health Plan in Los Angeles County under the Two-Plan Medi-Cal Managed Care model. The Plan obtained its Knox Keene license in April 1997.

The Plan provides managed care health services to Medi-Cal beneficiaries under the provisions of W&I Code section 14087.3. The Plan is a separately constituted health authority governed by the Los Angeles County Board of Supervisors. The Plan utilizes a "Plan Partner" model, under which it contracts with three health plans through capitated agreements. The Plan Partners are Anthem Blue Cross, Blue Shield of California Promise

Health Plan, and Kaiser Foundation Health Plan Inc. In addition, the Plan began providing coverage directly to Medi-Cal members under the Medi-Cal Care Los Angeles (MCLA) line of business in 2006. In the MCLA line of business, the Plan contracts with 29 Participating Physician Groups, who receive a capitated payment for each member.

During the audit period, the Plan delegated behavioral health services to Carelon Behavioral Health (formerly known as Beacon Health Options). The Plan delegated transportation services to Call-the-Car, Inc. (CTC), a transportation broker.

As of February 2023, the Plan's total enrollment was 2,708,556 members through MCLA and Plan Partners.

II. EXECUTIVE SUMMARY

This report presents the audit findings of DHCS' focused audit for the period of July 1, 2021, through January 31, 2023. The audit was conducted from February 27, 2023, through March 10, 2023. The audit consisted of document review, surveys, verification studies, and interviews and file reviews with the Plan representatives.

An Exit Conference with the Plan was held on June 26, 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. The Plan submitted a response after the Exit Conference. The results of the evaluation of the Plan's response are reflected in this report.

The focused audit evaluated the areas of performance for Behavioral Health and Transportation services.

The summary of findings by performance area follows:

Performance Area: Behavioral Health

Category 2 – Case Management and Coordination of Care:

- Specialty Mental Health Services
- Non-Specialty Mental Health Services
- Substance Use Disorder Services Category 3 – Access and Availability of Care

The Plan is required to coordinate care with the county Mental Health Plans (MHPs) to facilitate member care transitions and guide referrals for members receiving NSMHS to transition to a SMHS provider and vice versa, ensuring that the referral loop is closed, and that the new provider accepts the care of the member. The Plan did not ensure that the referral loop was closed, and that the new provider accepted the care of the member.

Performance Area: Transportation

Category 3 – Access and Availability of Care

- Non-Emergency Medical Transportation
- Non-Medical Transportation

The Plan may subcontract with transportation brokers for the provision of NEMT or NMT services. Transportation brokers may also have their own network of NEMT or NMT

providers to provide rides to members. The Plan, however, is required to have the ability to supplement its transportation network if a transportation broker's network is not sufficient, and the Plan did not have that ability.

The Plan is required to provide NEMT services when the member's medical and physical condition is such that transport by ordinary means of public or private conveyance is medically contraindicated and transportation is required for the purpose of obtaining needed medical care. The Plan did not ensure the delegate, Call-the-Car, Inc. provided the appropriate level of service for members requiring ambulatory door-to-door service.

III. SCOPE/AUDIT PROCEDURES

SCOPE

This focused audit was conducted by the DHCS Contract and Enrollment Review Division to ascertain the medical services provided to Plan members complied with federal and state laws, Medi-Cal regulations and guidelines, and the State Contract.

PROCEDURE

On November 3, 2022, DHCS informed Plans that it would conduct focused audits to assess performance in certain identified high-risk areas. The focused audit was concurrently scheduled with the annual medical audit. The focused audit scope encompassed the following sections:

- Behavioral Health - SMHS, NSMHS, and SUDS
- Transportation – NEMT and NMT services

The audit was conducted from February 27, 2023, through March 10, 2023. The audit included a review of the Plan's policies for providing services, the procedures used to implement the policies, and verification studies of the implementation and effectiveness of the policies. Documents were reviewed and interviews were conducted with Plan administrators and staff.

The following verification studies were conducted:

Category 2 – Case Management and Coordination of Care

SMHS: Five cases were reviewed to evaluate care coordination between the Plan and the county MHPs, as well as compliance with All Plan Letter (APL) requirements.

NSMHS: Five cases were reviewed to evaluate compliance with APL requirements.

SUDS: Five cases were reviewed to evaluate compliance with APL requirements.

Category 3 – Access and Availability of Care

NEMT: Five cases were reviewed to evaluate compliance with APL requirements.

NMT: Five cases were reviewed to evaluate compliance with APL requirements.

A description of the findings for each category is contained in the following report.

COMPLIANCE AUDIT FINDINGS

Performance Area: Behavioral Health – SMHS, NSMHS, and SUDS

Category 2 – Case Management and Coordination of Care

2.1 Referral Loop Closure

The Plan is required to coordinate with county MHP to facilitate care transitions and guide referrals for members receiving NSMHS to transition to a SMHS provider and vice versa, ensuring that the referral loop is closed, and that the new provider accepts the care of the member. (APL 22-005 No Wrong Door for Mental Health Services Policy)

Plan policy BHS-009 No Wrong Door for Mental Health Services (revised June 21, 2022) states that the Plan must coordinate with Department of Mental Health to facilitate care transition and guide referrals for members receiving NSMHS to transition to a SMHS provider and vice versa, ensuring that the referral loop is closed, and the new provider accepts the care of the member.

Finding: The Plan did not ensure that the referral loop was closed, and that the new provider accepted the care of the member.

A verification study of five SMHS samples revealed that the Plan failed to track these referrals; therefore, could not ensure that members receiving NSMHS were transitioned to a SMHS provider. Moreover, the Plan failed to track whether the new provider accepted the care of the member.

During the audit period, the Plan had no way to track these referrals; rather, the Plan stated that they reached out to MHP and the member to follow-up on the outcome of individual member referrals.

In a written response, the Plan stated that they are in the process of developing a reporting tool to implement across the two delivery systems, between the Plan and the county MHP, to establish a closed loop referral when a screening and transition tool are exchanged between the Plans. This will allow the Plan to identify the referral status of members that were screened at the Plan but met SMHS level of care, and vice versa.

Without tracking referrals and ensuring that the referral loop is closed, members may experience delays in receiving timely mental health services regardless of the delivery system.

Recommendation: Revise and implement policies and procedures to ensure that the referral loop is closed and that the new providers accept members' care.

COMPLIANCE AUDIT FINDINGS

Performance Area: Transportation – NEMT and NMT

Category 3 – Access and Availability of Care

3.1 Transportation Brokers—Supplement of Transportation Network

The Plan may subcontract with transportation brokers for the provision of NEMT and NMT services. Transportation brokers may also have their own network of NEMT or NMT providers to provide rides to members. However, the Plan must have the ability to supplement their transportation network if a transportation broker's network is not sufficient. (APL 22-008, Non-Emergency Medical and Non-Medical Transportation Services and Related Travel Expenses).

Plan policy MMUM-060, Coordinating Non-Emergency Medical Transportation & Non-Medical Transportation (August 11, 2022) states that the Plan shall ensure there is a sufficient network of transportation providers to provide an appropriate level of medical transportation so that members have timely access to non-emergency and non-medical services and for scheduled and unscheduled medical care appointments.

Finding: The Plan did not have the ability to supplement its transportation network if the transportation broker's network was not sufficient.

A verification study identified three samples where members missed their medical appointment due to the Plan's inability to find a NEMT provider. Furthermore, the related grievance resolution letters to the members stated: "Our dispatch department exhausted all resources of vendors to find someone available to accommodate the member trip; unfortunately, no available vendor was found. The ability for our dispatch department to assign a trip depends on our capacity". There was no evidence that the Plan provided supplemental transportation when its transportation broker, Call-the-Car network was not sufficient.

The Plan's policy, MMUM-60, did not explicitly state that they will supplement its transportation network when the broker's network is inadequate.

In a written response, the Plan stated that its transportation broker, Call-the-Car is constantly working to expand their network to increase capacity, and if the transportation broker is unable to assign a trip to their subcontracted network, the Plan would attempt to contact a licensed non-contracted vendor to perform the trip through a one-time letter of agreement. The Plan relied on the transportation broker, Call-the-

Car to supplement its own network. However, the Plan is required to have the ability to supplement the transportation network if its broker's is not sufficient.

Without having the ability to supplement its transportation network, the Plan cannot ensure that members are receiving medically necessary services timely. This can result in negative health outcomes for members.

Recommendation: Develop and implement policies and procedures to supplement the Plan's transportation network when a transportation broker's network is not sufficient.

3.2 Ambulatory Door-to-Door

The Plan must provide NEMT services when the member's medical and physical condition is such that transport by ordinary means of public or private conveyance is medically contraindicated and transportation is required for the purpose of obtaining needed medical care.

The Plan or its transportation brokers must arrange or provide the modality of transportation prescribed in the Physician Certification Statement (PCS) form and cannot triage the member's need to assess for the most appropriate level of NEMT service. The Plan is required to provide NEMT for members who cannot reasonably ambulate or are unable to stand or walk without assistance, including those using a walker or crutches. Transportation brokers cannot downgrade the member's level of care from NEMT to NMT, including ambulatory door-to-door services. (APL 22-008 Non-Emergency Medical and Non-Medical Transportation Services and Related Travel Expenses).

Plan policy MMUM-060 Coordinating NEMT and NMT (reviewed August 11, 2022) states the transportation broker cannot triage the member's need to assess for the most appropriate level of NEMT service and must arrange or provide the modality of transportation prescribed in the PCS Form. Transportation brokers cannot downgrade the member's level of care from NEMT to NMT, including ambulatory door-to-door services. The Plan or Call-the-Car will not change the modality outlined in the PCS Form, or the downgrade members' level of transportation from NEMT to NMT unless multiple modalities are selected in the PCS Form.

Plan policy 10.55.1 LA Care & Blue Shield of California Scheduling Assistant (revised May 15, 2022) instructs the Customer Service Representative (CSR) to ask the member if they can walk without assistance. Ambulatory, door-to-door service is scheduled if the member needs assistance. The member is told the driver will meet them at the door of their residence, assist the member to the vehicle, and at their destination, assist them to

their appointment. Instructions state no authorization is required if ambulatory, door-to-door service was determined, and the authorization code should be indicated "NAR".

The Delegation Agreement between the Plan and Call-the-Car, Inc. states one of the service requirements is NMT ambulatory, door-thru-door, sedan and van. The maximum time a member can be in transit from door-to-door shall be at/under 45 minutes. The base rate for NMT ambulatory door-to-door is \$13.50.

Finding: The Plan did not ensure its delegate, Call the Car, provided the appropriate level of service for members requiring ambulatory door-to-door service.

Call-the-Car's levels of service states NMT service is for routine medical or other eligible non-medical appointments. This type of transport is provided by taxi, sedan, or van. NMT does not include transportation of the sick, injured, invalid, convalescent, or otherwise incapacitated. Call-the-Car provides NMT ambulatory, door-to-door service for members that need limited assistance from the front door of their house to a vehicle, which includes the driver calling the member upon arrival and a knock at the member's front door with assistance in and out of the vehicle. The Plan is required to provide NEMT to members needing ambulatory assistance. The Plan incorrectly allows for the delegate to schedule ambulatory door-to-door services as NMT.

The total NMT ambulatory door-to-door trips for the four quarters in 2022 was 484,577.

When the delegate does not provide the required NEMT modality for door-to-door assistance, members may not receive the appropriate level of care, which may result in adverse impacts on member health.

Recommendation: Revise and implement policies and procedures to ensure its delegate provides the appropriate NEMT modality for members requiring ambulatory door-to-door assistance.