

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 Diego County Behavioral Health Services  
dba County of San Diego Health and Human Services Agency  
2023**

Contract Number: 20-10194  
Drug Medi-Cal Organized Delivery System

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

Dates of Audit: January 16, 2024  
through  
January 26, 2024

Report Issued: July 2, 2024

TABLE OF CONTENTS

I. INTRODUCTION..... 1

II. EXECUTIVE SUMMARY..... 2

III. SCOPE/AUDIT PROCEDURES..... 4

IV. COMPLIANCE AUDIT FINDINGS

    Category 5 – Coverage and Authorization of Services ..... 5

## **I. INTRODUCTION**

San Diego County Behavioral Health (Plan) is in the southern end of the State of California. San Diego County is the ninth largest county per square feet in the State of California and has the second largest population of over three million people. The Plan provides services throughout the county which are separated into seven regions. The Plan is governed by a Board of Supervisors and contracts with the Department of Health Care Services (DHCS) for the purpose of providing DMC-ODS treatment services for Substance Use Disorders (SUD) to county citizens.

As of June 30, 2023, the Plan had 9,947 Medi-Cal beneficiaries receiving substance use services and had a total of 96 active providers.

## II. EXECUTIVE SUMMARY

This report presents the audit findings of the DHCS audit for the period of July 1, 2022, through June 30, 2023. The audit was conducted from January 16, 2024, through January 26, 2024. The audit consisted of document reviews and interviews with the Plan's representatives.

An Exit Conference with the Plan was held on May 29, 2024. The Plan was allowed 15 calendar days from the date of the Exit Conference to provide supplemental information addressing the draft audit findings. On June 11, 2024, the Plan submitted a response after the Exit Conference. The evaluation results of the Plan's responses are reflected in this report.

The audit evaluated three categories of performance: Availability of DMC-ODS Services, Beneficiary Rights and Protection, and Program Integrity.

The prior DHCS compliance review (covering July 1, 2021, through June 30, 2022), identified deficiencies incorporated in the Corrective Action Plan. 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**

No findings were noted during the audit period.

### **Category 5 – Coverage and Authorization of Services**

The Plan is required to limit the political activities of employees whose principal employment activities are funded in whole or in part with federal funds as stated in the Hatch Act. The Plan did not ensure subcontractors complied with the provisions of the Hatch Act.

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, if the use is unlawful, of drugs and alcohol. The Plan did not ensure subcontractors complied with the required messaging for drug and alcohol-related programs.

The Plan is required to ensure funds made available through this program are not used for any activity that promotes the legalization of any drug or other controlled substance. The Plan did not ensure subcontractors complied with the limitation on the use of funds for promotion of legalization of controlled substances.

### **Category 7 – Program Integrity**

No findings were noted during the audit period.

### **III. SCOPE/AUDIT PROCEDURES**

#### **SCOPE**

The DHCS, Contract and Enrollment Review Division conducted this audit of the Plan to ascertain that 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 January 16, 2024, through January 26, 2024, for the audit period of July 1, 2022, through June 30, 2023. The audit included a review of the Plan's policies for providing services and the 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 ❖**

**PLAN: SAN DIEGO COUNTY DRUG MEDI-CAL ORGANIZED DELIVERY SYSTEM**

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**DATES OF AUDIT:** January 16, 2024, through January 26, 2024

**CATEGORY 5 – COVERAGE AND AUTHORIZATION OF SERVICES**

<b>5.2</b>	<b>General Requirements</b>
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**5.2.1 Hatch Act Requirements**

The Plan agrees to comply with the provisions of the Hatch Act (Title 5 USC, sections 1501-1508), which limit the political activities of employees whose principal employment activities are funded in whole or in part with federal funds. *(DMC-ODS Contract, Exhibit A Attachment I, Section III Program Specifications, CC, 4, 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)*

Plan policy *SUDPOH The Hatch Act (Revised 08/04/2023)* requires compliance with the provisions of the Hatch Act (Title 5 USC, Section 1501 – 1508), which limit the political activities of employees whose principal employment activities are funded in whole or in part with federal funds.

**Finding:** The Plan did not ensure subcontractors complied with the provisions of the Hatch Act.

The Plan monitors subcontractors for contract requirements however, the monitoring tools provided do not include a review of Hatch Act provisions limiting the political activities of employees whose principal employment activities are funded in whole or in part with federal funds.

In an interview, the Plan stated it accepts written attestations of compliance related to the restrictions on political activities of employees whose principal employment activities are funded in whole or in part with federal funds. The Plan stated they could not explain why it did not identify non-compliance when it lacked these attestations of compliance.

The audit found that the Plan did not identify any non-compliance regarding this requirement although certain monitoring tools lacked attestations verifying compliance with the limitations on the political activities of employees whose principal employment activities are funded in whole or in part with federal funds. The Plan lacked an effective process for ensuring compliance with political activities limitation requirements since it

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failed to identify non-compliance in monitoring tools that lacked Hatch Act provision attestations.

When Plan does not require compliance with federal law requirements in the Hatch Act, this can result in poor service delivery to beneficiaries that violates federal law.

**Recommendation:** Revise and implement policies and procedures which limit the political activities of employees whose principal employment activities are funded in whole or in part with federal funds as required in the Hatch Act.

**❖ COMPLIANCE AUDIT FINDINGS ❖**

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**5.2.2 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, CC, 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)*

Plan policy *SUDPOH No Unlawful Use or Unlawful Use Messages Regarding Drugs (Revised 08/04/2023)*, states 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 California Health and Safety Code (HSC) Division 10.7, Section 11999-11999.3. Provider agrees to enforce these requirements.

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

In an interview, the Plan stated it accepts attestations of compliance related to the required messaging for drug and alcohol-related programs. The Plan stated they could not explain why it did not identify non-compliance in cases when it lacked these attestations of compliance.

In an interview, the Plan stated that it conducts annual monitoring to evaluate 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 monitoring tools lacked attestations verifying compliance with the required messaging for drug and alcohol-related programs. The Plan lacked an

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effective process for ensuring compliance with messaging requirements since it failed to identify non-compliance in monitoring tools that lacked messaging-related attestations.

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

**❖ COMPLIANCE AUDIT FINDINGS ❖**

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**5.2.3 Limitation on Use of Funds for Promotion of Legalization of Controlled Substances**

The Plan agrees none of the funds made available through this Agreement may be used for any activity that promotes the legalization of any drug or other substance included in Schedule I of Section 202 of the Controlled Substances Act (21 USC 812). (*DMC-ODS Contract, Exhibit A Attachment I, Section III Program Specifications, CC, 7, 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*)

Plan policy *SUDPOH Limitation on Use of Funds for Promotion of Legalization of Controlled Substances (Revised 08/04/2023)*, states that none of the funds made available through a County may be used by any activity that promotes the legalization of any drug or other controlled substance.

**Finding:** The Plan did not ensure subcontractors complied with the limitation on the use of funds for promotion of legalization of controlled substances.

In an interview, the Plan stated it accepts attestations of compliance related to the funding limitations for promotion of legalization of controlled substances. The Plan stated they could not explain why it did not identify non-compliance in cases when it lacked these attestations of compliance.

The audit found that the Plan did not identify any non-compliance regarding this requirement although certain monitoring tools lacked attestations verifying compliance with the limitations on the use of funds for the promotion of legalization of controlled substances. The Plan did not ensure compliance with funding limitation requirements since it failed to identify non-compliance in monitoring tools that lacked promotion of legalization of controlled substance provision attestations.

When the Plan does not ensure compliance with the requirements for the usage limitations on funds for promotions, this can lead to failure in meeting restriction standards regarding the use of funds for promotion of legalization of controlled substances.

**Recommendation:** Develop and implement policies and procedures to ensure compliance with the requirements regarding the use of funds for promotion of legalization of controlled substances.