



October 25, 2023

Christy K. Bosse, Vice President & CA Compliance Officer
California Health & Wellness Plan
21281 Burbank Boulevard
Mailstop: CA21281-03-164
Woodland Hills, CA 91367

RE: Department of Health Care Services Medical Audit

Dear Ms. Bosse:

The Department of Health Care Services (DHCS), Audits and Investigations Division conducted an on-site Medical Audit of California Health & Wellness, a Managed Care Plan (MCP), from July 19, 2021 through July 30, 2021. The audit covered the period of December 1, 2019 through April 30, 2021.

All items have been evaluated and DHCS accepts the MCP's submitted Corrective Action Plan (CAP). The CAP is hereby closed. The enclosed documents will serve as DHCS' final response to the MCP's CAP. Closure of this CAP does not halt any other processes in place between DHCS and the MCP regarding the deficiencies in the audit report or elsewhere, nor does it preclude the DHCS from taking additional actions it deems necessary regarding these deficiencies.

Please be advised that in accordance with Health & Safety Code Section 1380(h) and the Public Records Act, the final audit report and final CAP remediation document (final Attachment A) will be made available on the DHCS website and to the public upon request.

If you have any questions, please reach out to CAP Compliance personnel.

Sincerely,

[Signature on file]

Lyubov Poonka, Chief
Audit Monitoring Unit

Managed Care Quality & Monitoring Division
Department of Health Care Services

Enclosures: Attachment A (CAP Response Form)

cc: Stacy Nguyen, Chief
Managed Care Monitoring Branch
Managed Care Quality and Monitoring Division
Department of Health Care Services

Maria Angel, Lead Analyst
Audit Monitoring Unit
Managed Care Quality and Monitoring Division
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Sonny Tran, Contract Manager
Medi-Cal Managed Care Division
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ATTACHMENT A
Corrective Action Plan Response Form

Plan: California Health and Wellness Plan (CHW)

Review Period: 05/01/2021 - 06/30/2022

Audit Type: Medical Audit and State Supported Services

On-site Review: 07/18/2022 - 07/29/2022

MCPs are required to provide a CAP and respond to all documented deficiencies included in the medical audit report within 30 calendar days, unless an alternative timeframe is indicated in the CAP Request letter. MCPs are required to submit the CAP in Word format that will reduce turnaround time for DHCS to complete its review. According to ADA requirement, the document should be at least 12 pt.

The CAP submission must include a written statement identifying the deficiency and describing the plan of action taken to correct the deficiency, and the operational results of that action. The MCP shall directly address each deficiency component by completing the following columns provided for MCP response: 1. Finding Number and Summary, 2. Action Taken, 3. Implementation Documentation, and 4. Completion/Expected Completion Date. The MCP will be required to include project timeline with milestones in a separate document for each finding. Supporting documentation should accompany each Action Taken. If supporting documentation is missing, the MCP submission will not be accepted. For policies and other documentation that have been revised, please highlight the new relevant text, and include additional detail such as title of the document, page number, revision date, etc. in the column "Supporting Documentation" to assist DHCS in identifying any updates that were made by the plan. For deficiencies that require short-term corrective action, implementation should be completed within 30 calendar days. For deficiencies that may be reasonably determined to require long-term corrective action for a period longer than 30 days to completely remedy or operationalize, the MCP is to indicate that it has initiated remedial action and is on the way towards achieving an acceptable level of compliance. In those instances, the MCP will be required in addition to the above steps, to include the date when full compliance will be achieved. Policies and procedures submitted during the CAP process must still be sent to the MCP's Contract Manager for review and approval, as applicable in accordance with existing requirements.

Please note, DHCS expects the plan to take swift action to implement improvement interventions as proposed in the CAP, therefore DHCS encourages all remediation efforts to be in place no later than month 6 of the CAP, unless prior approval for an extended implementation effort is granted by DHCS.

DHCS will maintain close communication with the MCP throughout the CAP process and provide technical assistance to ensure the MCP provides sufficient documentation to correct deficiencies. Depending on the volume and complexity of deficiencies identified, DHCS may require the MCP to provide weekly updates, as applicable.

Finding Number and Summary	Action Taken	Supporting Documentation	Implementation Date* <small>(*Short-Term, Long-Term)</small>	DHCS Comments
1. Utilization Management				
<p>1.1.1 Integration of Utilization Management (UM) Activities</p> <p>The Plan did not integrate UM activity data for all services into the QIS, including reports reviewing the number and types of appeals, denials, deferrals, and modifications, and did not refer this to the appropriate QIS staff.</p>	<p>1. Updated the 2022 UM Program Description to include dental anesthesia as part of the analysis and reporting to the HNCS UMQI Committee.</p> <p>2. Updated the 2022 UM/CM Work Plan with a report monitoring procedure under element 2.1</p> <p>3. Dental Anesthesia outcomes were presented to the HNCS UMQI Committee on 11/28/2022.</p>	<p>1. 2022 UM Program Description</p> <p>2. 2022 UM/CM Work Plan</p> <p>3. CHW Dental Q3 2022</p>	<p>1. 12/2/2022</p> <p>2. 12/2/2022</p> <p>3. 11/28/2022</p>	<p>The following documentation supports the MCP's efforts to correct this finding:</p> <p>POLICIES AND PROCEDURES</p> <ul style="list-style-type: none"> Updated the 2022 UM Program Description to include the analysis of dental anesthesia data and the submission of reports to the HNCS UMQI Committee for appropriate review and oversight. <p>MONITORING AND OVERSIGHT</p> <ul style="list-style-type: none"> Updated the 2022 UM/CM Work Plan includes a report monitoring procedure. Reports are used to detect over/under utilization, fraud, waste and abuse and member utilization patterns. Corrective Action Plans (CAPs) are requested when indicated. Q4 2022 Dental Anesthesia report demonstrates the MCP is reporting dental anesthesia outcomes the HNCS UMQI Committee as a part of a formalized reporting structure. <p>The corrective action plan for finding 1.1.1 is accepted.</p>
<p>1.2.1 Pharmacist License</p> <p>The Plan did not ensure that pharmacy PA requests were reviewed, approved, or denied by</p>	<p>Effective 3/1/23 only CA licensed pharmacists are reviewing prior authorization cases.</p> <p>The Pharmacy Team has hired 2 temporary California Licensed Pharmacists for coverage</p>	<p>Temporary CA licensed Pharmacists have been hired and are currently reviewing prior authorizations for CHW.</p>	<p>3/1/2023</p>	<p>The following documentation supports the MCP's efforts to correct this finding:</p> <p>POLICIES AND PROCEDURES</p>

Finding Number and Summary	Action Taken	Supporting Documentation	Implementation Date* (*Short-Term, Long-Term)	DHCS Comments
California licensed pharmacists.	<p>until existing staff can obtain CA licensure for CA member prior auth reviews.</p> <p>*Long term solution is to have permanent CA licensed Pharmacists on staff (either new hire or existing staff become CA licensed). This may take 6-9 months.</p> <p>The Pharmacy Team will review monthly prior authorization reports to ensure that only CA Licensed Pharmacists are reviewing prior authorization requests. Sample monthly prior authorization reporting is in development and will be used to monitor that only CA licensed Pharmacists review prior authorizations.</p>	<p>CA.CC.Pharm.01 - Medication Prior Authorization Oversight.</p> <p>Sample monthly prior authorization reporting.</p>	4/1/2023	<ul style="list-style-type: none"> Policy CA.CC.Pharm.01 Medication Prior Authorization Oversight requires the use of California licensed pharmacists approve and deny PA requests. <p>MONITORING AND OVERSIGHT</p> <ul style="list-style-type: none"> CHW March Medicaid Report demonstrates the MCP has a process in place to verify all Medi-Cal drug benefit reviews are conducted by CA licensed pharmacists. March report confirms 100% compliance. <p>The corrective action plan for finding 1.2.1 is accepted.</p>
2. Case Management and Coordination of Care				
<p>2.1.1 Memorandum of Understanding</p> <p>The Plan did not submit documents to support that a review was conducted to</p>	<ul style="list-style-type: none"> CHWP created a dashboard to ensure compliance with executed MOUs. 	<ul style="list-style-type: none"> Service Coordination LGA MOU Dashboard & Tracking Document 	<ul style="list-style-type: none"> 2/27/2023 	<p>The following documentation supports the MCP’s efforts to correct this finding:</p> <p>POLICIES AND PROCEDURES</p> <ul style="list-style-type: none"> Updated P&P, “CA.CR.08: Public Health Coordination” (03/02/22) which states that the MCP’s Liaison or Manager will maintain and monitor

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ensure compliance with executing MOUs for all of its counties.	<ul style="list-style-type: none"> CHWP updated policy CA.CR.08 Public Health Department Coordination to clearly indicate and outline the requirement to execute, monitor and maintain MOUs with all Local Public Health Departments, CCS Programs, and other required LGAs/Programs in all Plan service areas. CHWP will execute a MOU with Tehama County Public Health Department/CCS Program, as well as all other required LGAs/Programs in all Plan service areas 	<ul style="list-style-type: none"> CA.CR.08 Public Health Department Coordination Policy To be provided upon execution 	<ul style="list-style-type: none"> 3/3/2023 5/15/2023 	<p>relevant Health Plan MOU tracking dashboards and documents to confirm timely execution and renewal, modification and maintenance, and compliance with DHCS MOU requirements. (CA.CR.08_Public_Health_Department_Coordination)</p> <ul style="list-style-type: none"> “CHW and Tehama County Public Health Department MOU” (01/01/23) which states that the MCP has an MOU ready for execution and awaiting signature by Tehama County. (CHW and Tehama County Public Health Department MOU) “Memorandum of Understanding” as evidence that a draft version of the MOU between the MCP and Tehama County has been created. Both the MCP and Tehama County have included their draft signatures in the MOU. Tehama County has forwarded the MOU to their county counsel. The MOU will be presented to the board in November 2023. (CHWP MOU. Draft Signature 10.11.23) <p>MONITORING AND OVERSIGHT</p> <ul style="list-style-type: none"> Excel Spreadsheet, “CHWP Service Coordination LGA MOU Engagement Dashboard 2023” as evidence that the MCP has a monitoring process to verify compliance with executed MOUs. The dashboard tracks the Behavioral Health MOUs, Public Health MOUs, Regional Center MOUs, Quarterly Meetings, Meeting Minutes and Agendas, and Issue Resolution. (CHWP Service Coordination LGA MOU Engagement Dashboard 2023). <p>The corrective action plan for finding 2.1.1 is accepted.</p>

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<p>2.1.2 Joint Quarterly Meetings with CCS</p> <p>The Plan did not execute all provisions of the MOU that requires participating, at minimum, in quarterly meetings with all CCS Program counties it covers.</p>	<ul style="list-style-type: none"> CHWP created a dashboard to ensure compliance with executed MOUs to track required quarterly meetings. Reoccurring quarterly meetings have been added to the calendar, if a key participant from the county is not available, CHWP will reach out to the Local Public Health Departments/CCS Programs to identify a replacement. CHWP updated policy CA.CR.08 Public Health Department Coordination to clearly indicate the requirement to hold/participate in quarterly meetings with all Local Public Health Departments, CCS Programs, and other required LGAs/Programs in all Plan service areas as required by the MOUs. 	<ul style="list-style-type: none"> Service Coordination LGA MOU Dashboard & Tracking Document CA.CR.08 Public Health Department Coordination Policy: 	<ul style="list-style-type: none"> 2/27/2023 3/3/2023 	<p>The following documentation supports the MCP’s efforts to correct this finding:</p> <p>POLICIES AND PROCEDURES</p> <ul style="list-style-type: none"> Updated P&P, “CA.CR.08: Public Health Coordination” (03/02/22) which demonstrates that the MCP’s designated CCS liaison will hold/facilitate separate, stand-alone meetings with the CCS program in each county. (CA.CR.08_Public_Health_Department_Coordination) <p>MONITORING AND OVERSIGHT</p> <ul style="list-style-type: none"> Excel Spreadsheet, “CAHW Service Coordination PH MOU Engagement Dashboard 2023” which demonstrates the MCP’s monitoring process to meet the mandatory quarterly meetings. The dashboard tracks the Quarterly Meetings for each county. If a key participant from the county is not available, the MCP will reach out to the Local Public Health Departments/CCS Programs to identify a replacement. The MCP has scheduled and confirmed the entire 2023 meeting series with Tehama County Public Health and CCS Program. (CAHW Service Coordination PH MOU Engagement Dashboard 2023) <p>The corrective action plan for finding 2.1.2 is accepted.</p>

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<p>2.1.3 CCS Liaison</p> <p>The Plan did not execute all provisions of the MOU that included designating a liaison to the CCS Program.</p>	<ul style="list-style-type: none"> CHWP created a listing of designated CCS Program Liaison for each county. CHWP updated policy CA.CR.08 Public Health Department Coordination to ensure the CCS Program Liaison listing stays current. 	<ul style="list-style-type: none"> CHWP Designated CCS Program Liaisons listed by county assignment CA.CR.08 Public Health Department Coordination Policy 	<ul style="list-style-type: none"> 2/27/2023 3/3/2023 	<p>The following documentation supports the MCP’s efforts to correct this finding:</p> <p>POLICIES AND PROCEDURES</p> <ul style="list-style-type: none"> Updated P&P, “CA.CR.08: Public Health Coordination” (03/02/22) which demonstrates that the MCP has a designated Liaison or Manager that is assigned to each Medi-Cal Managed Care County and is responsible for developing and updating policies and procedures as appropriate, ongoing communication, resolve operational and administrative problems, and identify issues needing resolution. The designated Liaison or Manager will maintain and monitor relevant Health Plan MOU tracking dashboards and documents to confirm timely execution and renewal, modification and maintenance, and compliance with DHCS MOU requirements. (CA.CR.08_Public_Health_Department_Coordination). “CHWP Designated CCS Program Liaisons by County” (03/03/23) which demonstrates that the MCP has created a listing of designated CCS Program Liaisons for each county. (CHWP Designated CCS Program Liaisons by County 2023). <p>The corrective action plan for finding 2.1.3 is accepted.</p>

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<p>2.1.4 Coordination of Care for EIDD Services</p> <p>The Plan did not utilize its systems to identify children who may be eligible to receive services from the Early Start program and notify primary care providers.</p>	<ol style="list-style-type: none"> 1. Initiate development of an alert and PC notification process of members who meet the requirements for the Early Start program. 2. Update policy and procedure, CA.LTSS.44 Early Start Program, to include a process for provider notification. 3. Train Public Programs and CM/UM Teams on new process to send notification letters to providers. 4. Implement process for sending notification letters to providers. 5. Monitor via monthly audits that notification letters are being sent to providers. 	<ol style="list-style-type: none"> 1. Sample notification report. 2. Policy document. 3. Training deck, agenda, and attendance records. 4. Sample notification letter template. 5. Monthly audit reports. 	<ol style="list-style-type: none"> 1. 6/30/2023 2. 7/31/2023 3. 7/31/2023 4. 8/15/2023 5. 8/15/2023 	<p>The following documentation supports the MCP’s efforts to correct this finding:</p> <p>POLICIES AND PROCEDURES</p> <ul style="list-style-type: none"> • Policy CA.LTSS.44 Early Start Program Redline was updated to include new process of provider notification of members eligible for Early Start. (Page 8 Member Identification C,D and E) <p>TRAINING</p> <ul style="list-style-type: none"> • “Early Start Member Identification and PCP Notification Training Deck” June 28, 2023 / Member Identification & PCP Notification Letters and agenda and training sheet demonstrate the MCP has trained the Public Programs and CM/UM staff on the new process to send PCP notification letters and member identification. • Sample CHW Regional Centers PCP mailing letter and Redacted CHW RC Members report demonstrates that the MCP’s process for sending notification letters to providers is active. <p>MONITORING AND OVERSIGHT</p> <ul style="list-style-type: none"> • Monthly Audit Report for May 2023 demonstrates the MCP’s monitoring process for member identification and letters sent is in place. May report demonstrated Plan is at 100% compliance. <p>The corrective action plan for finding 2.1.4 is accepted.</p>

Finding Number and Summary	Action Taken	Supporting Documentation	Implementation Date* (*Short-Term, Long-Term)	DHCS Comments
<p>2.3.1 BHT Medical Necessity Recommendation</p> <p>The Plan did not ensure that BHT services are medically necessary and recommended by a licensed physician, surgeon, or psychologist.</p>	<p>MHN's Autism Center will meet with Program Coordinator (PC) staff to inform of the requirement and of the audit finding.</p> <p>A PC internal audit tool will be created to include: Criteria for BHT services for members under the age of 21 must have a recommendation from a licensed physician, surgeon or psychologist that evidence-based BHT services are medically necessary.</p> <p>A sample of CHW cases will be internally audited each month to ensure compliance with the requirement.</p>	<p>Meeting agenda Meeting attendance</p> <p>Internal PC audit tool created</p> <p>Internal PC audit results</p>	<p>4/1/2023</p>	<p>The following additional documentation supports the MCP's efforts to correct this finding:</p> <p><i>The Plan met on 5/3/23 to discussed Finding 2.3.1 and the respective APL to review actions taken and monitoring/oversight mechanisms. Managed Health Network (MHN) is a provider subsidiary of HealthNet, which administers the behavioral health treatment (BHT) on behalf of the Plan.</i></p> <p>POLICIES AND PROCEDURES</p> <ul style="list-style-type: none"> • Program Coordinator (PC) Meeting 5.3.2023 - BHT Medical Necessity <ul style="list-style-type: none"> o The Plan submitted agendas/attendance records demonstrating leadership and clinical managers were present to discuss the Finding, root cause, APL 19-014's requirements, and the Plan's CAP <p>MONITORING AND OVERSIGHT</p> <ul style="list-style-type: none"> • CAP Internal PC Audits - BHT Medical Necessity Recommendation <ul style="list-style-type: none"> o The Plan submitted results of an on-going monthly internal audit that sampled ten [10] cases across Jan. - April 2023; all cases

