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DIRECTOR

State of California—Health and Human Services Agency  
Department of Health Care Services



EDMUND G. BROWN JR.  
GOVERNOR

DATE: November 2, 2018

MHSUDS INFORMATION NOTICE NO.: 18-054

TO: COUNTY BEHAVIORAL HEALTH DIRECTORS  
COUNTY DRUG & ALCOHOL ADMINISTRATORS  
COUNTY BEHAVIORAL HEALTH DIRECTORS ASSOCIATION OF CALIFORNIA  
CALIFORNIA COUNCIL OF COMMUNITY BEHAVIORAL HEALTH AGENCIES  
COALITION OF ALCOHOL AND DRUG ASSOCIATIONS  
CALIFORNIA ASSOCIATION OF ALCOHOL & DRUG PROGRAM EXECUTIVES, INC.  
CALIFORNIA ALLIANCE OF CHILD AND FAMILY SERVICES  
CALIFORNIA OPIOID MAINTENANCE PROVIDERS  
CALIFORNIA STATE ASSOCIATION OF COUNTIES

SUBJECT: ANNUAL REVIEW PROTOCOL FOR SPECIALTY MENTAL HEALTH SERVICES AND OTHER FUNDED SERVICES FOR FISCAL YEAR 2018/2019

SUPERSEDES: [MHSUDS Information Notice No.: 17-050](#)

### PURPOSE

The purpose of this Mental Health and Substance Use Disorder Services (MHSUDS) Information Notice (IN) is to inform county Mental Health Plans (MHPs) about the Department of Health Care Services' (DHCS) triennial review process and enhanced monitoring activities for Fiscal Year (FY) 2018/2019.

The following enclosures are included with this IN:

- Enclosure 1 – FY 2018/2019 Annual Review Protocol for Specialty Mental Health Services and Other Funded Services
- Enclosure 2 – FY 2018/2019 County Mental Health Plan Attestation
- Enclosure 3 – FY 2018/2019 Triennial Review Schedule
- Enclosure 4 – FY 2018/2019 Reasons for Recoupment

## BACKGROUND

In accordance with the California Code of Regulations, Title 9, Chapter 11, Section 1810.380, DHCS will conduct monitoring and oversight activities to review the MHPs' Specialty Mental Health Services (SMHS) programs and operations to verify that medically necessary services are provided to Medi-Cal beneficiaries, who meet medical necessity criteria, in compliance with State and Federal laws and regulations and/or the terms of the contract between DHCS and the MHP.

DHCS has the responsibility to conduct monitoring and oversight of the MHPs' under the following authorities:

- Medicaid State Plan
- 1915(b) Waiver
- Title 42 of the Code of Federal Regulations, Part 438, Medicaid Managed Care
- Welfare and Institutions Code, commencing with 14700 et seq.
- Title 9 of the California Code of Regulations, Chapter 11
- MHP Contract

### Annual Review Protocol for Specialty Mental Health Services and Other Funded Services for FY 2018/2019

Pursuant to the Welfare and Institutions Code Section 5614, the FY 2018/2019 Annual Review Protocol for Specialty Mental Health Services and Other Funded Services (Protocol) was revised in collaboration with DHCS' Compliance Advisory Committee. It covers the following topics:

Section A	Network Adequacy and Availability of Services
Section B	Care Coordination and Continuity of Care
Section C	Quality Assurance and Performance Improvement
Section D	Access and Information Requirements
Section E	Coverage and Authorization of Services
Section F	Beneficiary Rights and Protections
Section G	Program Integrity
Section H	Other Regulatory and Contractual Requirements
Section I	Chart Review – Non-Hospital Services
Section J	Chart Review – Short-Doyle/Medi-Cal Hospital Services
Section K	Utilization Review – Short-Doyle/Medi-Cal Hospital Services

### Triennial Reviews

For FY 18/19, DHCS is implementing a revised approach to conducting the triennial reviews of the MHPs. DHCS will conduct a desk review of the MHP's documentation, including medical records, prior to the onsite visit. MHPs are required to submit all review documentation to DHCS prior to the onsite review. DHCS will provide each MHP with instructions for accessing DHCS' secure E-transfer portal, which allows for the secure transmission of documents containing protected health information.

To assist with preparation, DHCS will send each MHP a comprehensive document submission checklist that includes all of the required documentation for the system and outpatient chart reviews. MHPs must provide evidence of compliance for each requirement included in the Protocol, as well as any additional information requested by DHCS pertaining to the provision of SMHS to Medi-Cal beneficiaries.<sup>1</sup>

During the onsite review, DHCS will interview key personnel from the MHP. The onsite interview is derived from the Protocol and will consist of the following topics for discussion:

- Network Adequacy and Availability of Services
- Care Coordination and Continuity of Care
- Quality Assurance and Performance Improvement
- Access and Information Requirements
- Coverage and Authorization of Services
- Beneficiary Rights and Protections
- Program Integrity
- Electronic Health Record
- Chart Review – Non-Hospital Services (i.e., discussion of specific chart documentation)

The enclosed schedule identifies dates of the FY 18/19 MHP system reviews and non-hospital chart reviews, which occur simultaneously, as well as the Short-Doyle/Medi-Cal (SD/MC) hospital reviews. See Enclosure 3 for details.

### Chart Reviews

DHCS will review a random sample of beneficiary medical records to verify that the MHP provided medically necessary services; to assess the MHP's, and their network providers', compliance with state established documentation requirements; and, to

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<sup>1</sup> 42 C.F.R. § 438.3(h)

assess the appropriateness of reimbursement of Federal Financial Participation (FFP). The review includes all medical records associated with the beneficiary's care during the review sample period.

#### *Chart Review – Non-Hospital Services*

Depending on the size of the county (small or large), DHCS will review 10 to 20 adult and child/youth beneficiary medical records. For Los Angeles County, which is considered an extra-large county, DHCS will review 80 adult and child/youth beneficiary medical records. A random sample will be drawn from the most recent 90-day period for which paid claims data are available or from a specified time period as determined by the Department. The MHP will be provided with the beneficiary names prior to the review or as determined by the Department.

Please Note: DHCS may request additional beneficiary medical records, as appropriate, based on DHCS' review of the MHP's documentation.

#### *Chart Review – SD/MC Hospital Services*

DHCS will review a sample of adult and/or children's medical records. A random sample will be drawn from paid claims from the twelve-month period prior to the date of the review or from a specified time period as determined by the Department.

#### Findings Reports, Appeals, and Plans of Correction

If DHCS determines that an MHP is out of compliance, DHCS will provide a written Notice of Noncompliance (findings report), which will include a description of the finding(s) and any required corrective action(s). In addition, if DHCS determines the medical record documentation does not meet medical necessity criteria and/or documentation standards required pursuant to the MHP Contract, DHCS will disallow associated claims and recoup FFP dollars. See Enclosure 4, Reasons for Recoupment, for additional details.

A Plan of Correction (POC) is required for all items determined to be out of compliance. The MHP is required to submit a POC to DHCS within 60 days of receipt of the findings report for all system and chart review items deemed out of compliance. The POC must include the following information:

- Description of corrective actions, including milestones;
- Timeline for implementation and/or completion of corrective actions;
- Proposed (or actual) evidence of correction that will be submitted to DHCS;

- Mechanism for monitoring the effectiveness of corrective actions over time. If the POC is determined not to be effective, the MHP should propose an alternative corrective action plan to DHCS; and
- Description of corrective actions required of the MHP's contracted providers to address findings.

The POC can be submitted electronically via **secure** email (i.e., using encryption and typing <secure> in the subject line of the email) to [MHSCompliance@dhcs.ca.gov](mailto:MHSCompliance@dhcs.ca.gov).

If the MHP elects to appeal any of the findings of non-compliance, the MHP may do so by submitting an appeal, in writing, within fifteen (15) working days after receipt of the findings report. The appeal may be submitted via **secure** email (i.e., using encryption and typing <secure> in the subject line of the email) to [MHSAppeals@dhcs.ca.gov](mailto:MHSAppeals@dhcs.ca.gov) and [MHSCompliance@dhcs.ca.gov](mailto:MHSCompliance@dhcs.ca.gov).

DHCS will adjudicate any appeals and/or technical corrections (e.g., calculation errors, etc.) submitted by the MHP and, if appropriate, send an amended report. If an appeal is submitted, and/or the original findings are upheld, the MHP should send the POC within 60 calendar days of receipt as described above. DHCS will no longer issue a "draft" and "final" report.

Pursuant to the 1915(b) waiver Special Terms and Conditions, the findings report and the MHP's POC will be posted on the DHCS website.

#### County Mental Health Plan Attestation for FY 2018/2019

The enclosed Attestation must be completed and signed by the MHP Director (or the Director's designee). Submission of the Attestation is required one-week prior to the onsite review. Please see Enclosure 2 for more details.

If you have any questions regarding this MHSUDS Information Notice, please contact the Program Monitoring and Compliance Branch at [MHSCompliance@dhcs.ca.gov](mailto:MHSCompliance@dhcs.ca.gov).

Sincerely,

Original signed by

Brenda Grealish, Acting Deputy Director  
Mental Health and Substance Use Disorder Services

Enclosures