DHCS AUDITS AND INVESTIGATIONS

CONTRACT AND ENROLLMENT REVIEW DIVISION

SAN DIEGO SECTION

REPORT ON THE MEDICAL AUDIT OF KERN HEALTH SYSTEMS DBA KERN FAMILY HEALTH CARE FISCAL YEAR 2024-25

Contract Numbers: 03-76165 and 23-30226

Audit Period: November 1, 2023 — October 31, 2024

Dates of Audit: December 9, 2024 — December 20, 2024

Report Issued: April 16, 2025

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I. INTRODUCTION

Kern Health Systems dba Kern Family Health Care (Plan) was established in 1993 as a local initiative and operates as a Two-Plan Medi-Cal Managed Care Health Plan Model. The Plan began operating as a County Health Authority structure in January 1995. The Plan is a public agency, established by the Kern County Board of Supervisors. The Board of Supervisors appoints a Board of Directors who serve as the governing body.

On May 2, 1996, the Plan obtained a Knox-Keene license from the California Department of Managed Health Care. The Plan serves all of Kern County with the exception of Ridgecrest.

Medi-Cal is the Plan's single line of business. As of December 2024, the Plan served approximately 405,285 members.

II. EXECUTIVE SUMMARY

This report presents the audit findings of the Department of Health Care Services (DHCS) medical audit for the period of November 1, 2023, through October 31, 2024. The audit was conducted from December 9, 2024, through December 20, 2024. The audit consisted of documentation review, verification studies, and interviews with the Plan's representatives.

The audit evaluated five categories of performance: Utilization Management, Population Health Management and Coordination of Care, Member Rights, Quality Improvement and Health Equity Transformation, and Administrative and Organizational Capacity.

The prior DHCS medical audit for the period of November 1, 2022, through October 31, 2023, was issued on March 25, 2024. This audit examined the Plan's compliance with the DHCS Contracts and assessed the implementation of the prior year's Corrective Action Plan.

There were no findings noted during the audit period.

III. SCOPE/AUDIT PROCEDURES

SCOPE

The DHCS, Contract and Enrollment Review Division conducted the audit to ascertain that medical services provided to Plan members comply with federal and state laws, Medi-Cal regulations and guidelines, and the State Contract.

PROCEDURE

DHCS conducted an audit of the Plan from December 9, 2024, through December 20, 2024, for the audit period of November 1, 2023, through October 31, 2024. The audit included a review of the Plan's Contract with DHCS, policies and procedures for providing services, 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 the Plan's administrators and staff.

The following verification studies were conducted:

Category 1 – Utilization Management

Prior Authorization (PA) Requests: Thirty medical PA requests were reviewed for timeliness, consistent application of criteria, appropriate review, and communication of results to members and providers.

PA Appeal Procedures: Twenty-four appeals of medical PAs were reviewed for appropriate and timely adjudication.

Category 2 – Population Health Management and Coordination of Care

Enhanced Care Management: Six medical records were reviewed for compliance with Enhanced Care Management requirements.

Category 4 – Member Rights

Grievance Procedures: Twenty-eight standard grievances (18 quality of care and 10 quality of service), 4 expedited grievances, and 4 exempt grievances were reviewed for timely resolution, response to complainant, submission to the appropriate level for review, and translation to the member's preferred language (if applicable).

Category 5 – Quality Improvement and Health Equity Transformation

Quality Improvement System: Eight potential quality issue cases were reviewed for appropriate evaluation and effective action taken to address improvements.

Category 6 – Administrative and Organizational Capacity

Fraud and Abuse Reporting: Fifteen fraud and abuse cases were reviewed for processing and reporting requirements.

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CONTRACT AND ENROLLMENT REVIEW DIVISION

SAN DIEGO SECTION

REPORT ON THE MEDICAL AUDIT OF KERN HEALTH SYSTEMS DBA KERN FAMILY HEALTH CARE FISCAL YEAR 2024-25

Contract Numbers: 22-20467 and 23-30258

Contract Type: State Supported Services

Audit Period: November 1, 2023 — October 31, 2024

Dates of Audit: December 9, 2024 — December 20, 2024

Report Issued: April 16, 2025

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I. INTRODUCTION

This report presents the results of the audit of Kern Health Systems dba Kern Family Health Care's (Plan) compliance and implementation of the State Supported Services contracts 22-20467 and 23-30258 with the State of California. The State Supported Services Contracts cover abortion services with the Plan.

The audit covered the period of November 1, 2023, through October 31, 2024. The audit was conducted from December 9, 2024, through December 20, 2024, which consisted of documentation review, verification studies, and interviews with the Plan's representatives.

COMPLIANCE AUDIT FINDINGS

State Supported Services

The Plan is required to provide, or arrange to provide, to eligible members the following State Supported Services: Current Procedural Coding System Codes 59840 through 59857 and Health Care Finance Administration Common Procedure Coding System Codes X1516, X1518, X7724, X7726, and Z0336. These codes are subject to change upon the Department of Health Care Services implementation of the Health Insurance Portability and Accountability Act of 1996 electronic transaction and code sets provisions. Such changes shall not require an amendment to this Contract. *(State Supported Services Contract, Exhibit A(4))*

The Plan's policy, *3.20-P Sensitive Services* (revised August 31, 2023), states that adolescents and adults may access sensitive services in confidence in a timely manner and without prior authorization. Adult members may self-refer without prior authorization except in cases where services require hospitalization. Adolescents 12 years of age and older may request these services without parental consent. Members may go to any Medi-Cal provider in or out of network.

The Plan's Member Handbook informs members that providers may have a moral objection to abortion and have the right to not offer this service. However, members can contact the Plan for assistance.

The Plan's Provider Manual informs providers of the members' freedom of choice in obtaining sensitive services, such as abortion services, without prior authorization.

The audit found no discrepancies in this section.

Recommendation: None.