DHCS AUDITS AND INVESTIGATIONS

CONTRACT AND ENROLLMENT REVIEW DIVISION

RANCHO CUCAMONGA SECTION

REPORT ON THE SUBSTANCE USE DISORDER (SUD) AUDIT OF SAN LUIS OBISPO COUNTY MENTAL HEALTH PLAN FISCAL YEAR 2024-25

Contract Number: 23-30121

Contract Type: Drug Medi-Cal Organized Delivery System (DMC-ODS)

Audit Period: July 1, 2023 — June 30, 2024

Dates of Audit: October 22, 2024 — November 1, 2024

Report Issued: February 10, 2025

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I. INTRODUCTION

San Luis Obispo County Mental Health Plan (Plan) is governed by a Board of Supervisors and contracts with the Department of Health Care Services (DHCS) for the purpose of providing substance use disorder services to county residents.

San Luis Obispo County Mental Health Plan is located along the central coast of California. The Plan provides services within the unincorporated county and in seven cities: Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach, and San Luis Obispo.

As of June 2024, the Plan had a total of 1,946 members receiving services and a total of 97 active providers.

II. EXECUTIVE SUMMARY

This report presents the audit findings of the DHCS audit for the period of July 1, 2023, through June 30, 2024. The audit was conducted from October 22, 2024, through November 1, 2024. The audit consisted of documentation reviews, verification studies, and interviews with the Plan's representatives.

An Exit Conference with the Plan was held on January 23, 2025. The Plan was allowed 15 calendar days from the date of the Exit Conference to provide supplemental information addressing the draft audit findings. On February 3, 2025, the Plan submitted a response after the Exit Conference. The evaluation results of the Plan's response are reflected in this report.

The audit evaluated five categories of performance: Availability of Drug Medi-Cal Organized Delivery System (DMC-ODS) Services, Access and Information Requirements, Coverage and Authorization of Services, Beneficiary Rights and Protection, and Program Integrity.

The prior DHCS compliance report, covering the review period from July 1, 2022, through June 30, 2023, did not identify any deficiencies. Therefore, a Corrective Action Plan (CAP) was not issued.

The summary of the findings by category follows:

Category 1 – Availability of Drug Medi-Cal Organized Delivery System

There were no findings noted for this category during the audit period.

Category 4 – Access and Information Requirements

There were no findings noted for this category during the audit period.

Category 5 – Coverage and Authorization of Services

There were no findings noted for this category during the audit period.

Category 6 – Beneficiary Rights and Protection

The Plan shall notify the beneficiary of the resolution of a grievance and ensure that such methods meet, at a minimum, the standards described in 42 Code of Federal

Regulations §438.10. The Plan did not provide written notification to the beneficiaries of the resolution of their grievance.

Category 7 – Program Integrity

There were no findings noted for this category during the audit period.

III. SCOPE/AUDIT PROCEDURES

SCOPE

The DHCS, Contract and Enrollment Review Division conducted the audit to ascertain that medically necessary services provided to Plan members 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 October 22, 2024, through November 1, 2024, for the audit period of July 1, 2023, through June 30, 2024. The audit included a review of the Plan's policies for providing services, procedures to implement these policies, and the process to determine whether these policies were effective. Documents were reviewed and interviews were conducted with Plan representatives.

The following verification studies were conducted:

Category 1 – Availability of Drug Medi-Cal Organized Delivery System Services

Subcontracted providers were selected and reviewed to ensure compliance with applicable Federal and State regulations, program requirements and contractual obligations.

Category 4 – Access and Information Requirements

There were no verification studies conducted for the audit review.

Category 5 – Coverage and Authorization of Services

There were no verification studies conducted for the audit review.

Category 6 – Beneficiary Rights and Protection

Grievance Procedures: seven grievances were reviewed for a timely resolution, appropriate response to the complainant, and submission to the appropriate level for review.

There were no reported appeals during the audit period.

Category 7 – Program Integrity

There were no verification studies conducted for the audit review.

COMPLIANCE AUDIT FINDINGS

Category 6 – Beneficiary Rights and Protection

6.1 BENEFICIARY RIGHTS AND PROTECTION

6.1.1 NOTICE OF GRIEVANCE RESOLUTION (NGR)

The Plan shall notify the beneficiary of the resolution of a grievance and ensure that such methods meet, at a minimum, the standards described at 42 CFR §438.10. *[Contract, Exhibit A, Attachment I, (4)(V)(A)(I)]*

The written notice of the resolution shall include the following: The results of the resolution process and the date it was completed. *[Contract, Exhibit A, Attachment I, (4)(VI)(A)]*

Plan Policy, *4.07 Beneficiary Grievances, Appeals & Expedited Appeals (effective date 11/18/2015),* states the Plan will provide written notification of resolution to beneficiaries, representatives, and any provider involved in or identified by the beneficiary of the final disposition of the process, and the Plan will use a Notice of Grievance Resolution (NGR) to provide this notification. The NGR will contain a clear and concise explanation of the Plan's decision.

Finding: The Plan did not provide written notification to the beneficiaries of the resolution of their grievance.

Although Plan policy, *4.07*, *Beneficiary Grievances, Appeals & Expedited Appeals,* states that the Plan will provide NGR letters to the beneficiaries, representatives, and any involved providers, the Plan did not follow and implement its policy as required.

The verification study revealed the Plan did not send DHCS standard NGR letters to inform beneficiaries of their grievance resolution for three out of seven samples.

During the interview, the Plan stated that inadequate training and staffing coverage impacted their operation and hindered the processing of NGR letters to beneficiaries. The Plan acknowledged staffing shortages, which contributed to the Plan not providing written notification to the beneficiaries of the resolution of their grievance.

When the Plan does not send a written notification of grievance resolution, beneficiaries may miss critical information that can lead to delays or missed access to necessary services.

Recommendation: Implement policies and procedures to ensure the Plan sends NGR letters to its beneficiaries.