



<b>Policy:</b>	23-02
<b>Subject:</b>	Utilization Management (UM), Audit, Oversight and Recoupment Standards for Specialty Mental Health Services (SMHS)
<b>Authority:</b>	See Footnotes
<b>Original Policy Date:</b>	January 31, 2023 <i>Effective March 1, 2023</i>
<b>Amended:</b>	N/A
<b>Supersedes:</b>	20-05: UM Program and Authorization of SMHS
<b>Attachments:</b>	Attachment A: CalMHSA SMHS UR/Audit Tool

**PURPOSE**

The purpose of this policy and procedure is to provide information and guidance regarding the Mental Health Plan’s (MHP) Utilization Management (UM) Program as well as audit, oversight and recoupment standards for Specialty Mental Health Services (SMHS). Effective July 1, 2022, UM audit/Utilization Review (UR) processes shall be in alignment with California Advancing and Innovating Medi-Cal (CalAIM) documentation reform requirements.

**BACKGROUND**

Pursuant to existing state and federal requirements, MHPs are required to operate a Utilization Management (UM) Program that ensures beneficiaries have appropriate access to SMHS.<sup>1</sup> Additionally, MHPs must establish and implement an ongoing comprehensive quality assessment and performance improvement program for the services it furnishes to beneficiaries.<sup>2</sup> UM is a component of this larger program of quality assurance and quality improvement activities. MHPs also must implement and maintain arrangements or procedures that are designed to detect and prevent fraud, waste, and abuse, including maintenance of a comprehensive compliance program.<sup>3</sup> UR is a means of verifying that medically necessary services are provided to Medi-Cal beneficiaries, who meet medical necessity and criteria for beneficiary access to SMHS as established in BHIN 21-073, in compliance with the applicable state and federal laws and regulations.

<sup>1</sup> Cal. Code Regs., tit. 9, § 1810.440(b); 42 C.F.R. § 438.210 (a)(4), (b)(1),(2)

<sup>2</sup> 42 C.F.R. § 438.330(a)(1)

<sup>3</sup> 42 C.F.R., § 438.608(a)(1)



## **POLICY**

### **Utilization Management**

- A. The MHP shall operate a UM Program that is responsible for assuring that beneficiaries have appropriate access to SMHS as required in Cal. Code Regs., tit. 9, section 1810.440(b)(1)-(3).
- B. The MHP has a well-structured UM Program and makes utilization decisions in a fair, impartial and consistent manner.
- C. The MHP's UM Program has clearly defined structures and processes and assigns UM/UR responsibility to appropriate individuals, operating within their scope of practice and competence.
- D. The UM Program shall evaluate medical necessity, appropriateness and efficiency of services provided to Medi-Cal beneficiaries prospectively or retrospectively.
- E. Compensation to individuals or entities that conduct UM activities must not be structured so as to provide incentives for the individual or entity to deny, limit, or discontinue medically necessary services to any beneficiary. (42 C.F.R. § 438.210(e).)
- F. The MHP may place appropriate limits on a service based on criteria applied under the State Plan, such as criteria for access to SMHS and for the purpose of utilization control, provided that the services furnished are sufficient in amount, duration and scope to reasonably achieve the purpose for which the services are furnished. (42 C.F.R. § 438.210(a)(4)(i), (ii)(A).)
- G. The MHP shall not impose quantitative treatment limitations, aggregate lifetime or annual dollar limits as defined in 42 C.F.R. 438.900, for any beneficiary receiving SMHS.
- H. The MHP shall not impose non-quantitative treatment limitations for SMHS in any benefit classification (i.e., inpatient and outpatient) unless the MHP's policies and procedures have been determined by the DHCS to comply with Title 42 of the Code of Federal Regulations, subpart K. (42 C.F.R. § 438.910(d).).
- I. The MHP shall submit to the DHCS, upon request, any policies and procedures or other documentation necessary for the State to establish and demonstrate compliance with Title 42 of the Code of Federal Regulations, part 438, subpart K, regarding parity in mental health and substance use disorder benefits.
- J. The MHP shall have mechanisms to detect both underutilization of services and overutilization of services. (42 C.F.R. § 438.330(b)(3).).



### **Utilization Review (Audit, Oversight & Recoupment Standards)**

- A. The MHP may disallow claims and/or recoup funds, as appropriate, in accordance with federal and state requirements.
- B. The MHP will conduct UR activities on clinical documentation across its provider network.
- C. In addition to the UR conducted by the MHP, it is generally the expectation of the MHP that contract providers of sufficient size conduct their own audit/UR processes.
- D. The MHP evaluates the consistency (interrater reliability) of individuals involved in UM/UR process, including how these individuals apply criteria in decision making and acts on opportunities to improve consistency.
- E. The MHP will only recoup services for findings that are included in the most recent Reasons for Recoupment document published by the DHCS, consistent with CalAIM documentation reform standards. The MHP will interface with provider entities to support error correction and resubmission, when applicable.
- F. Information gathered through the UR process will inform ongoing quality assurance and quality improvement activities relevant to the MHP systems and processes, including but not limited to clinical service delivery, staff training and development.

### **PROCEDURE**

- A. The MHP will conduct UR/audits of clinical documentation utilizing an agreed upon sampling method and frequency to ensure services and related documentation are medically necessary and comply with CalAIM documentation reform standards as well as all applicable laws and regulations.
- B. The MHP will utilize a UR/audit tool that focuses on the requirements of CalAIM documentation reform that went into effect July 1, 2022.

### **DEFINITIONS**

**Mental Health Plan (MHP):** MHP means an entity that enters into a contract with DHCS to provide directly or arrange and pay for specialty mental health services to beneficiaries in a



county. An MHP may be a county, counties acting jointly, or another governmental or non-governmental entity.

**Specialty Mental Health Services (SMHS):** Specialty mental health services include but are not limited to: Assessment, Plan Development, Rehabilitation Services, Therapy Services, Collateral, Medication Support Services, Targeted Case Management, Crisis Intervention, Intensive Care Coordination (ICC), Intensive Home-Based Services (IHBS) and Therapeutic Behavioral Services (TBS). SMHS are provided to Medi-Cal beneficiaries through County Mental Health Plans (MHPs). All the MHPs are part of county mental health or behavioral health departments and the MHP can provide services through its own employees or through contract providers.

**FORMS ATTACHMENTS**

CalMHSA SMHS UR/Audit Tool

**REVISION HISTORY**

Date	Page(s) & Description	Page(s)

Approved: Signature on File  
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