



Policy:	23-03
Subject:	Utilization Management (UM), Audit, Oversight and Recoupment Standards for Substance Use Disorder (SUD) Services
Authority:	See Footnotes
Original Policy Date:	February 3, 2023 <i>Effective March 1, 2023</i>
Amended:	N/A
Supersedes:	20-05: UM Program and Authorization of SMHS
Attachments:	Attachment A: CalMHSA SUD UR/Audit Tool

PURPOSE

The purpose of this policy and procedure is to provide information and guidance regarding the Drug Medi-Cal (DMC) Plan's Utilization Management (UM) Program as well as audit, oversight and recoupment standards for substance use disorder (SUD) services. 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

DMC Plans are required to operate a Utilization Management (UM) Program that ensures that beneficiaries have appropriate access to SUD services, that services are medically necessary, that the ASAM Criteria shall be used to determine placement into the appropriate level of care, and that the interventions are appropriate for the diagnosis and level of care.¹ Additionally, DMC Plans must establish and implement an ongoing comprehensive quality assessment and performance improvement program for the services it furnishes to beneficiaries.² UM is a component of this larger program of quality assurance and quality improvement activities. DMC Plans 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.³

POLICY**Utilization Management**

- A. The DMC Plan shall operate a UM Program that ensures that beneficiaries have appropriate access to SUD services, that services are medically necessary, that the

¹ July 1, 2022 – July 1, 2027 Drug Medi-Cal Organized Delivery System (DMC-ODS) Contract p. 154:

<https://www.dhcs.ca.gov/Documents/Exhibit-A-Attachment-I-DMC-ODS-Exhibit-B-ODS-2022-2023.pdf>

² 42 C.F.R., § 438.330(a)(1)

³ 42 C.F.R., § 438.608(a)(1)



ASAM Criteria shall be used to determine placement into the appropriate level of care, and that the interventions are appropriate for the diagnosis and level of care.⁴

- B. The DMC Plan has a well-structured UM Program and makes utilization decisions in a fair, impartial and consistent manner.
- C. The DMC Plan'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. 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).)
- E. The DMC Plan may place appropriate limits on a service based on criteria applied under the State Plan, such as criteria for access to SUD services 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).)
- F. The DMC Plan 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 SUD services.
- G. The DMC Plan shall not impose non-quantitative treatment limitations for SUD services in any benefit classification (i.e., inpatient and outpatient) unless the DMC Plan'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).)
- H. The DMC Plan 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.
- I. The DMC Plan shall have mechanisms to detect both underutilization of services and overutilization of services. (42 C.F.R. § 438.330(b)(3).)

⁴ July 1, 2022 – July 1, 2027 Drug Medi-Cal Organized Delivery System (DMC-ODS) Contract p. 154:
<https://www.dhcs.ca.gov/Documents/Exhibit-A-Attachment-I-DMC-ODS-Exhibit-B-ODS-2022-2023.pdf>



Utilization Review (Audit, Oversight & Recoupment Standards)

- A. The DMC Plan may disallow claims and/or recoup funds, as appropriate, in accordance with federal and state requirements.
- B. The DMC Plan will conduct UR activities on clinical documentation across its provider network.
- C. In addition to the UR conducted by the DMC Plan, it is generally the expectation of the DMC Plan that contract providers of sufficient size conduct their own audit/utilization review processes.
- D. The DMC Plan 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 DMC Plan will only recoup services for findings in a way consistent with the practices of DHCS, congruent with CalAIM documentation reform standards. The DMC Plan 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 DMC Plan systems and processes, including but not limited to clinical service delivery, staff training and development.

PROCEDURE

- A. The DMC Plan 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 DMC Plan will utilize UR/audit tool that focuses on the requirements of CalAIM documentation reform that went into effect July 1, 2022.

DEFINITIONS

Drug Medi-Cal (DMC): Drug Medi-Cal is a treatment funding source for eligible Medi-Cal members. In order for Drug Medi-Cal to pay for covered services, eligible Medi-Cal members



must receive substance use disorder (SUD) services at a Drug Medi-Cal certified program. SUD services funded by Drug Medi-Cal are listed in Title 22, California Code of Regulations (CCR), Section 51341.1. (d)(1-6). Title 9 and Title 22, CCR govern DMC treatment.

Drug Medi-Cal Organized Delivery System (DMC-ODS): The Drug Medi-Cal Organized Delivery System (DMC-ODS) provides a continuum of care modeled after the American Society of Addiction Medicine Criteria for substance use disorder treatment services, enables more local control and accountability, provides greater administrative oversight, creates utilization controls to improve care and efficient use of resources, implements evidenced based practices in substance abuse treatment, and coordinates with other systems of care. This approach provides the beneficiary with access to the care and system interaction needed in order to achieve sustainable recovery. DHCS initially received approval in August 2015 from the Centers for Medicare & Medicaid Services (CMS) to implement the DMC-ODS through the State's prior Section 1115 demonstration. DHCS received approval from CMS on December 29, 2021 to reauthorize the DMC-ODS in the CalAIM Section 1915(b) waiver through December 31, 2026, alongside the State's other Medi-Cal delivery systems: Medi-Cal managed care, dental managed care, and Specialty Mental Health Services (SMHS).

FORMS ATTACHMENTS

CalMHSA SUD UR/Audit Tool

REVISION HISTORY

Date	Page(s) & Description	Page(s)

Approved: *Signature on File*
Lisa Mancini
Interim BHRS Director