



7.3.2 Utilization Management (UM), Audit, Oversight and Recoupment Standards for Substance Use Disorder (SUD) Services

Issue Date: 2/27/2023

Revision History: Not Applicable

References: Title 42 of the United States Code of Federal Regulations sections 438.210(a)(4)(i), (ii)(A), 438.210(e), 438.330(a)(1), 438.330(b)(3), 438.900, 438.910(d), 438.608(a)(1); Title 9 and Title 22 of the California Code of Regulations section 51341.1(d)(1-6)

Policy Owner: Behavioral Health Division - Quality Assessment & Performance Improvement – Auditing & Monitoring Manager

Director Signature: Signature on File

I. Policy Statement

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.

II. Scope

This policy applies to the DHS workforce members responsible for auditing county operated programs and community-based organizations (CBO) contracted by DHS-BHD to provide Substance Use Disorder Services.

III. Definitions

A. 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.

IV. Policy

A. Utilization Management

1. 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 American Society of Addiction Medicine (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.
2. The DMC Plan has a well-structured UM Program and makes utilization decisions in a fair, impartial and consistent manner.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. The DMC Plan shall have mechanisms to detect both underutilization of services and overutilization of services.

B. Utilization Review (Audit, Oversight & Recoupment Standards)

1. The DMC Plan may disallow claims and/or recoup funds, as appropriate, in accordance with federal and state requirements.
2. The DMC Plan will conduct UR activities on clinical documentation across its provider network.
3. In addition to the UR conducted by the DMC Plan, it is generally the expectation of the DMC Plan that contract providers conduct their own audit/utilization review processes.
4. 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.
5. 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.
6. 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.

V. Procedures

- 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.

VI. Forms

None

VII. Attachments

None