



7.2.10 UTILIZATION MANAGEMENT (UM), AUDIT, OVERSIGHT, AND RECOUPMENT STANDARDS FOR SPECIALTY MENTAL HEALTH SERVICES (SMHS)

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Revision History: 05/08/2026

References: Title 42 of the United States Code of Federal Regulations sections 438.210(a)(4)(i), (ii)(A), 438.210(e), 438.330(b)(3), 438.900, 438.910(d), and Title 9 of the California Code of Regulations section 1810.440(b)(1)-(3)

Policy Owner: Behavioral Health Division, Quality Assessment and Performance Improvement (QAPI), Auditing and 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 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 and 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 Department of Health Services (DHS) workforce members who are responsible for auditing county-operated programs and Community-Based Organizations (CBOs) contracted by the DHS Behavioral Health Division (DHS-BHD) to provide Specialty Mental Health Services (SMHS).

III. Definitions

A. Mental Health Plan (MHP): The managed Mental Health Care Plan for Medi-Cal eligible residents of Sonoma County, as defined by a State-County contract

partnership between the California Department of Health Care Services (DHCS) and Sonoma County.

- B. Pronoun Usage: Throughout this policy, the singular "they/their" is used as a gender-neutral pronoun to promote clarity, readability, and inclusivity.
- C. Specialty Mental Health Services (SMHS): SMHS include, but are not limited to, the following: 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 members through Sonoma County MHPs. All the MHPs are part of the county's mental health or behavioral health departments. The MHP can provide services through its own employees or through contract providers.

IV. Policy

A. Utilization Management (UM)

1. The MHP shall operate a UM Program that is responsible for assuring that members have appropriate access to SMHS as required in Title 9 of the California Code of Regulations section 1810.440(b)(1)-(3).
2. The MHP has a well-structured UM Program and makes utilization decisions in a fair, impartial, and consistent manner.
3. The MHP's UM Program has clearly defined structures and processes and assigns UM and UR responsibility to appropriate individuals, operating within their scope of practice and competence.
4. The UM Program shall evaluate medical necessity, appropriateness, and efficiency of services provided to Medi-Cal members, prospectively or retrospectively.
5. Compensation to individuals or entities that conduct UM activities must not be structured to provide incentives for the individual or entity to deny, limit, or discontinue medically necessary services to any member.
6. 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.
7. 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 member receiving SMHS.

8. 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.
9. 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.
10. The MHP shall have mechanisms to detect both underutilization of services and overutilization of services.

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

1. The MHP may disallow claims and/or recoup funds, as appropriate, in accordance with federal and state requirements.
2. The MHP will conduct UR activities on clinical documentation across its provider network.
3. In addition to the UR conducted by the MHP, it is generally the expectation of the MHP that contract providers conduct their own audit and UR processes.
4. The MHP evaluates the consistency (interrater reliability) of individuals involved in UM and UR process, including how these individuals apply criteria in decision-making and act on opportunities to improve consistency.
5. 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 corrections and resubmissions, when applicable.
6. 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.

V. Procedures

- A. The MHP will conduct UR and 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.

VI. Forms

None

VII. Attachments

None