

**SANTA CRUZ COUNTY  
Behavioral Health Services**

**POLICIES AND PROCEDURES MANUAL**

**Subject: Service Verification of Medi-Cal  
Claims (MHP and DMC-ODS)**

**Policy Number: 4526**

**Date Effective: 11/16/20**

**Pages: 3**

**Replaces: 8/18/20**

**Responsible for Updating:  
QI Staff / Patient Accounting**

**Approval:**   
Behavioral Health Director

11-20-2020  
Date

**BACKGROUND:**

Santa Cruz County Behavioral Health Services (BHS), which includes Mental Health Plan (MHP) and Drug Medi-Cal Organized Delivery System (DMC-ODS) network providers, is committed to safeguarding that Medi-Cal beneficiary services are provided and reimbursed appropriately in order to prevent fiscal fraud, waste, and abuse. In compliance with Federal and State program integrity requirements, BHS has established a service verification monitoring system to ensure the integrity of Medi-Cal claims for both the Mental Health Plan (MHP) and Drug Medi-Cal Organized Delivery System (DMC-ODS). Monitoring practices apply to all claimed beneficiary treatment services by BHS employees and contracted providers.

**SCOPE:**

The BHS Quality Improvement and Patient Accounting staff shall adhere to this Policy and Procedure to provide prompt and effective processing of service verification monitoring practices.

**POLICY:**

Behavioral Health Services (BHS) shall establish a method of verifying whether services reimbursed by Medi-Cal were actually rendered to beneficiaries in order to help detect and prevent fraud, waste, and abuse. BHS verification practices are inclusive of confidentiality protections for MHP and DMC-ODS sensitive services. The policy includes an opportunity for clients to 'opt-out' of the sampling due to the sensitive nature of privacy and confidentiality with BHS

**PURPOSE:**

To ensure all County and Contracted Behavioral Health Medi-Cal Mental Health Plan (MHP) and Drug Medi-Cal Organized Delivery System (DMC-ODS) services have processes in place to verify reimbursement of payments made by Medi-Cal for services delivered to beneficiaries, and to describe the beneficiary verification sampling process and method to track beneficiary responses.

## **PROCEDURES:**

1. Identification of Medi-Cal Beneficiaries
  - a. On a quarterly basis, Behavioral Health will request County Information Technology to sample Medi-Cal beneficiaries where payments for claims have been received. The sample will contain beneficiary name, legal guardian if applicable, address, program of service, date of service, and service provider.
  - b. The sampling will only include beneficiaries with a complete address.
  - c. DMC-ODS claims identified as "Sequestered" will not be sampled for the privacy protection of the beneficiary. The sample will be sent as a secure spreadsheet to Patient Accounting for further processing within one month after the end of the quarter.
  
2. Sampling Method
  - a. Drug Medi-Cal Organized Delivery System (DMC-ODS)
    - i. A 5% sample of adult and child/youth Medi-Cal beneficiaries receiving services in the prior quarter, Patient Accounting will send a letter requesting verification of service. The sample will be divided as indicated:
      1. 4% sample from programs of service in all levels of care including residential and outpatient programs.
      2. 1% sample from Narcotic Treatment Programs
  
  - b. Mental Health Plan (MHP)
    - i. A 5% sample of adult and child/youth Medi-Cal beneficiaries receiving services the prior quarter. Patient Accounting will send a letter requesting verification of service. Program of service will include residential and outpatient programs.
  
3. Opt-Out Process for Minor Consent/Sensitive Services
  - a. County Behavioral Health is aware of the potential for confidentiality problems with the Service Verification letter being sent to a minor client consenting for their own treatment.
  - b. If the treating professional and the minor consenting client determine that the service verification letter may jeopardize privacy and confidentiality, the minor consenting client may opt out of participating in this process. The treating professional will notify QI to remove the minor consenting client from the ongoing quarterly service verification sampling.
  - c. QI will maintain a list of minor consenting clients that have opted out of the process. Each quarter, QI will send to Patient Accounting the current removal list of opted out clients prior to the quarterly letters being mailed.
  
4. Notification to Beneficiaries
  - a. Patient Accounting will mail self-addressed stamped envelopes and letters with identified services to selected beneficiaries. Patient Accounting will receive all beneficiary responses and undeliverable mail.
  
5. Tracking Responses
  - a. Patient Accounting will maintain a tracking log of verified beneficiary responses for each quarter that includes:
    - i. Beneficiary received the service

- ii. Beneficiary did not receive the service
  - iii. Letter was returned with an undeliverable address
- b. If a beneficiary/legal guardian indicates that they did not receive services reimbursed by Medi-Cal, Patient Accounting will deliver (inter-office mail) the response letter to Quality Improvement (QI) within two (2) weeks. QI staff will investigate the discrepancy. This may include, but not limited to, the following:
- i. Interviewing the beneficiary
  - ii. Consultation with program supervisor
  - iii. Interviewing the provider
  - iv. Ad hoc chart review
  - v. Data mining and analysis
  - vi. Reviewing other related items
- c. If fraud and/or abuse is suspected, QI staff will develop and implement an appropriate corrective action.
- i. Services reimbursed by Medi-Cal that were not received will be recouped.
  - ii. Resolution letter and NOABD for payment denial will be sent within 60 days.
6. Retention of Beneficiary Letters, Results, and Outcomes
- a. Patient Accounting and QI will maintain a system to retain beneficiary letters, results, and outcomes for six (6) years.
  - b. Information collected will not be included in the beneficiary's electronic medical record.

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**PRIOR VERSIONS:** 8/18/20

**FORMS:**

DMC-ODS Letter to Adult Beneficiary  
DMC-ODS Letter to Parent/Legal Guardian  
MHP Letter to Adult Beneficiary  
MHP Letter to Parent/Legal Guardian

**REFERENCES:**

42 CFR, Section 455.1(a)(2), Social Security Act, Sections 1902 (a)(4), 1903 (i)(2) and 1909.  
42 CFR § 438.608 - Program integrity requirements under the contract.