



7.3.2 UTILIZATION MANAGEMENT (UM), AUDIT, OVERSIGHT AND RECOUPMENT STANDARDS FOR SUBSTANCE USE DISORDER (SUD) SERVICES

Issue Date: 02/27/2023

Revision History: 05/05/2026

References: Title 42 of the United States Code of Federal Regulations sections 438.210(a)(4)(i), (ii)(A), 438.210(e), 438.330(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 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 Drug Medi-Cal Organized Delivery System (DMC-ODS) 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 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 the Department of Health Services (DHS) workforce members who are responsible for auditing county-operated programs and Community-Based Organizations (CBOs) contracted by DHS Behavioral Health Division (DHS-BHD) to provide SUD Services.

III. Definitions

- A. **Drug Medi-Cal Organized Delivery System (DMC-ODS) Plan:** The State–County contractual partnership between the California Department of Health Care Services (DHCS) and Sonoma County that provides substance use treatment services to Medi-Cal members through the utilization of federal and state funds for covered services rendered by certified Drug Medi-Cal providers.

IV. Policy

A. Utilization Management

1. The DMC-ODS Plan shall operate a UM Program that ensures members have appropriate access to SUD services, that services are medically necessary, that the American Society of Addiction Medicine (ASAM) Criteria are 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-ODS Plan has a well-structured UM Program and makes utilization decisions in a fair, impartial, and consistent manner.
3. The DMC-ODS Plan’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. 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.
5. The DMC-ODS 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-ODS Plan shall not impose quantitative treatment limitations, aggregate lifetime limits, or annual dollar limits, as defined in 42 C.F.R. §438.900, for any member receiving SUD services.
7. The DMC-ODS Plan shall not impose non-quantitative treatment limitations for SUD services in any benefit classification (i.e., inpatient and outpatient) unless the DMC-ODS 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-ODS 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 SUD benefits.
9. The DMC-ODS Plan shall have mechanisms in place to detect both underutilization of services and overutilization of services.

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

1. The DMC-ODS Plan may disallow claims and/or recoup funds, as appropriate, in accordance with federal and state requirements.
2. The DMC-ODS Plan will conduct UR activities on clinical documentation across its provider network.
3. In addition to the UR conducted by the DMC-ODS Plan, it is generally the expectation of the DMC-ODS Plan that contract providers conduct their own audit and utilization review processes.
4. The DMC-ODS Plan evaluates the consistency (interrater reliability) of individuals involved in the UM and UR process, including how these individuals apply criteria in decision-making, and act on opportunities to improve consistency.
5. The DMC-ODS Plan will only recoup services for findings in a way that is consistent with the practices of DHCS and congruent with CalAIM documentation reform standards. The DMC-ODS 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 within the DMC-ODS Plan's systems and processes, including, but not limited to, clinical service delivery, staff training, and workforce development.

V. Procedures

The DMC-ODS Plan 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. The DMC-ODS Plan will utilize UR and audit tools that align with the requirements of CalAIM documentation reform that went into effect July 1, 2022.

VI. Forms

A. CalMHSA SUD UR Audit Tool

VII. Attachments

None