



MICHELLE BAASS  
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Department of Health Care Services



GAVIN NEWSOM  
GOVERNOR

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Sent via e-mail to: [genevieve.valentine@countyofmerced.com](mailto:genevieve.valentine@countyofmerced.com)

Genevieve Valentine, LMFT, Director  
Merced County Behavioral Health and Recovery Services  
P.O. Box 2087  
Merced, CA 95344

SUBJECT: Annual SABG County Compliance Unit Findings Report

Dear Director Valentine:

The Department of Health Care Services (DHCS) is responsible for monitoring compliance to requirements of the Substance Abuse Block Grant (SABG) and the terms of the Contract operated by Merced County.

The County Compliance Unit (CCU) within the Audits and Investigations Division (A&I) of DHCS conducted a review of the County's compliance with contract requirements based on responses to the monitoring instrument, discussion with county staff, and supporting documentation provided by the County.

Enclosed are the results of Merced County's Fiscal Year 2020-21 SABG compliance review. The report identifies deficiencies, required corrective actions, advisory recommendations, and referrals for technical assistance.

Merced County is required to submit a Corrective Action Plan (CAP) addressing each deficiency noted to the Community Services Division (CSD), Community Support Branch (CSB), Policy, Monitoring and Financing Section (PMFS) Analyst by 12/27/2021. Please use enclosed CAP form and submit the completed CAP and supporting documentation by email to the PMFS analyst at [SABGcompliance@dhcs.ca.gov](mailto:SABGcompliance@dhcs.ca.gov).

If you have any questions, please contact me at [michael.bivians@dhcs.ca.gov](mailto:michael.bivians@dhcs.ca.gov).

Sincerely,

Michael Bivians  
(916) 713-8966

Audits and Investigations Division  
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Lidia Caza-Burdick, Merced County Division Director SUD Division/CaWORKs/ACCESS

## COUNTY REVIEW INFORMATION

**County:**

Merced

**County Contact Name/Title:**

Lidia Caza-Burdick / Division Director SUD Division/CalWORKs/ACCESS

**County Address:**

301 E. 13<sup>th</sup> Street  
Merced, CA 95341

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**Date of Review:**

9/22/2021

**Lead CCU Analyst:**

Michael Bivians

**Assisting CCU Analyst:**

N/A

**Report Prepared by:**

Michael Bivians

**Report Approved by:**

Ayesha Smith

## REVIEW SCOPE

- I. Regulations:
  - a. California Code of Regulations, Title 22, section 51341.1 – Drug Medi-Cal Substance Use Disorder Services
  - b. Code of Federal Regulations; Title 45, Part 96; Subpart L; section 96.121 through 96.137: Substance Abuse Prevention and Treatment Block Grant
  - c. United States Code, Title 42, Section 300x-21 through 300x-66: Block Grants regarding Mental Health and Substance Use
  - d. Health and Safety Code, Division 10.5, Section 11750 – 11970: Alcohol and Drug Programs
  
- II. Program Requirements:
  - a. Fiscal Year (FY) 2020-21 Substance Abuse Block Grant (SABG) Application, herein referred to as the SABG Application
  - b. State of California *Youth Treatment Guidelines Revised August 2002*
  - c. DHCS *Perinatal Practice Guidelines FY 2018-19*
  - d. National Culturally and Linguistically Appropriate Services (CLAS)
  - e. Mental Health and Substance Use Disorders Services (MHSUDS) Information Notices
  - f. Behavioral Health Information Notices (BHIN)

## ENTRANCE AND EXIT CONFERENCE SUMMARIES

### **Entrance Conference:**

An Entrance Conference was conducted via WebEx on 9/22/2021. The following individuals were present:

- Representing DHCS:  
Michael Bivians, Staff Services Manager I (SSM I)  
Natalia Krasnodemsky, Associate Governmental Program Analyst (AGPA)
- Representing Merced County:  
Lidia Caza-Burdick, SUD Division Director  
Jacqui Coulter, Assistant Director, Clinical  
Carolyn Walters, SUD Program Manager  
Cara Rupp, SUD Program Manager  
Maria Azevedo, Staff Services Analyst II  
Mari Haro, SUD Program Assistant  
Trechann Barber, QPM Director  
Manjit Kaur, Fiscal Manager  
Renee Smith, Automation Services Manager  
Yiguo Zhang, Staff Services Analyst II  
Sharon Mendonca, Assistant Director, Administration and Fiscal Planning  
Alicia Tacata, Compliance Manager  
Andrew Williams, Aegis Treatment Centers, Director  
Joy Carvey, Aegis Treatment Centers, Clinical Supervisor  
Lori Newman, Community Social Model Advocates, Director

During the Entrance Conference, the following topics were discussed:

- Introductions
- Overview of the review process

**Exit Conference:**

An Exit Conference was conducted via WebEx on 9/22/2021. The following individuals were present:

- Representing DHCS:  
Michael Bivians, SSM I  
Natalia Krasnodemsky, AGPA  
Jamie Saunders, SSM I
  
- Representing Merced County:  
Lidia Caza-Burdick, SUD Division Director  
Jacqui Coulter, Assistant Director, Clinical  
Carolyn Walters, SUD Program Manager  
Cara Rupp, SUD Program Manager  
Maria Azevedo, Staff Services Analyst II  
Mari Haro, SUD Program Assistant  
Trechann Barber, QPM Director  
Manjit Kaur, Fiscal Manager  
Renee Smith, Automation Services Manager  
Yiguo Zhang, Staff Services Analyst II  
Sharon Mendonca, Assistant Director, Administration and Fiscal Planning  
Alicia Tacata, Compliance Manager  
Andrew Williams, Aegis Treatment Centers, Director  
Joy Carvey, Aegis Treatment Centers, Clinical Supervisor  
Lori Newman, Community Social Model Advocates, Director

During the Exit Conference, the following topics were discussed:

- Follow-up documentation due date
- Feedback on monitoring protocols

## SUMMARY OF FY 2020-21 COMPLIANCE DEFICIENCIES (CD)

<u>Section</u>	<u>Number of CD's</u>
1.0 Administration	2
2.0 Prevention	0
3.0 Perinatal	0
4.0 Adolescent/Youth Treatment	0
5.0 Data/CalOMS	0
6.0 Program Integrity	2
7.0 Fiscal	0

## **CORRECTIVE ACTION PLAN (CAP)**

Pursuant to the SABG County Application, Enclosure 1, Part I, Section 3, B, 5-8 each CD identified must be addressed via a CAP. The CAP is due within sixty (60) calendar days of the date of this monitoring report.

Please provide the following within the completed FY 2020-21 CAP:

- a) A statement of the CD.
- b) A list of action steps to be taken to correct the CD.
- c) A date of completion for each CD.
- d) The name of the person who will be responsible for corrections and ongoing compliance.

The PMFS analyst will monitor progress of the CAP completion.



## Category 1: ADMINISTRATION

A review of the County's Maintenance of Records, service providers, referrals, services, contracts, and general provisions was conducted to ensure compliance with applicable regulations and standards. The following deficiencies in regulations, standards or protocol requirements were identified:

### COMPLIANCE DEFICIENCIES:

#### **CD 1.2.1:**

##### SABG Application, Enclosure 2, I, 1, A, 1, f-g

1. Performance under the terms of this Enclosure is subject to all applicable federal and state laws, regulations, and standards. In accepting DHCS drug and alcohol SABG allocation pursuant to HSC Sections 11814(a) and (b), County shall: (i) establish, and shall require its subcontractors to establish, written policies and procedures consistent with the control requirements set forth below; (ii) monitor for compliance with the written procedures; and (iii) be accountable for audit exceptions taken by DHCS against the County and its subcontractors for any failure to comply with these requirements:
  - f. Code of Federal Regulations (CFR), Title 45, Part 75, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards.
  - g. CFR, Title 45, Part 96, Block Grants.

##### 45 CFR 75.329(d)

(d) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- 1) Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
- 2) Proposals must be solicited from an adequate number of qualified sources;
- 3) The non-Federal entity must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;
- 4) Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and
- 5) The non-Federal entity may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

**Findings:** The County did not provide evidence demonstrating the entire process for procurement of SABG-funded prevention and treatment programs according to 45 CFR 75.329(d).

**CD 1.2.4:**

SABG Application, Enclosure 2, I. 3, C

C. Sub-recipient Pre-Award Risk Assessment

County shall comply with the sub-recipient pre-award risk assessment requirements contained in 45 CFR 75.205 (HHS awarding agency review of risk posed by applicants). County shall review the merit and risk associated with all potential subcontractors annually prior to making an award.

County shall perform and document annual sub-recipient pre-award risk assessments for each subcontractor and retain documentation for audit purposes.

**Findings:** The County did not provide evidence the County completes sub-recipient pre-award risk assessments with all potential subcontractors annually prior to making an award, that include the requirements found in 45 CFR 75.205(c)(1)-(5).

## Category 6: PROGRAM INTEGRITY

A review of the SABG monitoring, privacy, and program integrity was conducted to ensure compliance with applicable regulations and standards. The following deficiencies in regulations, standards or protocol requirements were identified:

### COMPLIANCE DEFICIENCIES:

#### **CD 6.2.3:**

##### County Performance Contract, Exhibit E-1, 3, D, 9

9. Amendment of Department PHI. To make any amendment(s) to Department PHI that were requested by a patient and that the Department directs or agrees should be made to assure compliance with 45 CFR Section 164.526, in the time and manner designated by the Department, with the Contractor being given a minimum of twenty days within which to make the amendment.

##### 45 CFR § 164.526

###### (a) *Standard: Right to amend.*

(1) *Right to amend.* An individual has the right to have a covered entity amend protected health information or a record about the individual in a designated record set for as long as the protected health information is maintained in the designated record set.

(2) *Denial of amendment.* A covered entity may deny an individual's request for amendment, if it determines that the protected health information or record that is the subject of the request:

- (i) Was not created by the covered entity, unless the individual provides a reasonable basis to believe that the originator of protected health information is no longer available to act on the requested amendment;
- (ii) Is not part of the designated record set;
- (iii) Would not be available for inspection under § 164.524; or
- (iv) Is accurate and complete.

###### (b) *Implementation specifications: Requests for amendment and timely action -*

(1) *Individual's request for amendment.* The covered entity must permit an individual to request that the covered entity amend the protected health information maintained in the designated record set. The covered entity may require individuals to make requests for amendment in writing and to provide a reason to support a requested amendment, provided that it informs individuals in advance of such requirements.

###### (2) *Timely action by the covered entity.*

(i) The covered entity must act on the individual's request for an amendment no later than 60 days after receipt of such a request, as follows.

(A) If the covered entity grants the requested amendment, in whole or in part, it must take the actions required by paragraphs (c)(1) and (2) of this section.

(B) If the covered entity denies the requested amendment, in whole or in part, it must provide the individual with a written denial, in accordance with paragraph (d)(1) of this section.

(ii) If the covered entity is unable to act on the amendment within the time required by paragraph (b)(2)(i) of this section, the covered entity may extend the time for such action by no more than 30 days, provided that:

- (A) The covered entity, within the time limit set by paragraph (b)(2)(i) of this section, provides the individual with a written statement of the reasons for the delay and the date by which the covered entity will complete its action on the request; and
- (B) The covered entity may have only one such extension of time for action on a request for an amendment.

(c) *Implementation specifications: Accepting the amendment.* If the covered entity accepts the requested amendment, in whole or in part, the covered entity must comply with the following requirements.

- (1) *Making the amendment.* The covered entity must make the appropriate amendment to the protected health information or record that is the subject of the request for amendment by, at a minimum, identifying the records in the designated record set that are affected by the amendment and appending or otherwise providing a link to the location of the amendment.
- (2) *Informing the individual.* In accordance with paragraph (b) of this section, the covered entity must timely inform the individual that the amendment is accepted and obtain the individual's identification of and agreement to have the covered entity notify the relevant persons with which the amendment needs to be shared in accordance with paragraph (c)(3) of this section.
- (3) *Informing others.* The covered entity must make reasonable efforts to inform and provide the amendment within a reasonable time to:
  - (i) Persons identified by the individual as having received protected health information about the individual and needing the amendment; and
  - (ii) Persons, including business associates, that the covered entity knows have the protected health information that is the subject of the amendment and that may have relied, or could foreseeably rely, on such information to the detriment of the individual.

(d) *Implementation specifications: Denying the amendment.* If the covered entity denies the requested amendment, in whole or in part, the covered entity must comply with the following requirements.

- (1) *Denial.* The covered entity must provide the individual with a timely, written denial, in accordance with paragraph (b)(2) of this section. The denial must use plain language and contain:
  - (i) The basis for the denial, in accordance with paragraph (a)(2) of this section;
  - (ii) The individual's right to submit a written statement disagreeing with the denial and how the individual may file such a statement;
  - (iii) A statement that, if the individual does not submit a statement of disagreement, the individual may request that the covered entity provide the individual's request for amendment and the denial with any future disclosures of the protected health information that is the subject of the amendment; and
  - (iv) A description of how the individual may complain to the covered entity pursuant to the complaint procedures established in § 164.530(d) or to the Secretary pursuant to the procedures established in § 160.306. The description must include the name, or title, and telephone number of the contact person or office designated in § 164.530(a)(1)(ii).
- (2) *Statement of disagreement.* The covered entity must permit the individual to submit to the covered entity a written statement disagreeing with the denial of all or part of a requested amendment and the basis of such disagreement. The covered entity may reasonably limit the length of a statement of disagreement.
- (3) *Rebuttal statement.* The covered entity may prepare a written rebuttal to the individual's statement of disagreement. Whenever such a rebuttal is prepared, the covered entity must provide a copy to the individual who submitted the statement of disagreement.

(4) *Recordkeeping.* The covered entity must, as appropriate, identify the record or protected health information in the designated record set that is the subject of the disputed amendment and append or otherwise link the individual's request for an amendment, the covered entity's denial of the request, the individual's statement of disagreement, if any, and the covered entity's rebuttal, if any, to the designated record set.

(5) *Future disclosures.*

(i) If a statement of disagreement has been submitted by the individual, the covered entity must include the material appended in accordance with paragraph (d)(4) of this section, or, at the election of the covered entity, an accurate summary of any such information, with any subsequent disclosure of the protected health information to which the disagreement relates.

(ii) If the individual has not submitted a written statement of disagreement, the covered entity must include the individual's request for amendment and its denial, or an accurate summary of such information, with any subsequent disclosure of the protected health information only if the individual has requested such action in accordance with paragraph (d)(1)(iii) of this section.

(iii) When a subsequent disclosure described in paragraph (d)(5)(i) or (ii) of this section is made using a standard transaction under part 162 of this subchapter that does not permit the additional material to be included with the disclosure, the covered entity may separately transmit the material required by paragraph (d)(5)(i) or (ii) of this section, as applicable, to the recipient of the standard transaction.

(e) *Implementation specification: Actions on notices of amendment.* A covered entity that is informed by another covered entity of an amendment to an individual's protected health information, in accordance with paragraph (c)(3) of this section, must amend the protected health information in designated record sets as provided by paragraph (c)(1) of this section.

(f) *Implementation specification: Documentation.* A covered entity must document the titles of the persons or offices responsible for receiving and processing requests for amendments by individuals and retain the documentation as required by § 164.530(j).

**Findings:** The County's evidence demonstrating compliance with the Amendment of Department PHI did not include all the required details of the following elements:

- Making the amendment,
- Informing the individual,
- Informing others,
- Denial,
- Rebuttal statement,
- Actions on notices of amendment, and
- Documentation.

**CD 6.2.6:**

County Performance Contract, Attachment A, 1, D  
Background Check.

Before a member of the workforce may access Department PHI or PI, a background screening of that worker must be conducted. The screening should be commensurate with the risk and magnitude of harm the employee could cause, with more thorough screening being done for those employees who are authorized to bypass significant technical and operational security controls. The Contractor shall retain each workforce member's background check documentation for a period of three (3) years.

**Findings:** The evidence demonstrating compliance with background screening for workforce members with access to Department PHI or PI did not include the following element:

- Background check documentation is retained for a period of three years.

## **TECHNICAL ASSISTANCE**

Merced County did not request Technical Assistance during this review.