



JENNIFER KENT  
DIRECTOR

State of California—Health and Human Services Agency  
Department of Health Care Services



EDMUND G. BROWN JR.  
GOVERNOR

DATE: April 16, 2015

MHSUDS INFORMATION NOTICE NO.: 15-015

[Superseded by BHIN 21-034](#)

TO: COUNTY BEHAVIORAL HEALTH PROGRAM DIRECTORS  
COUNTY DRUG & ALCOHOL ADMINISTRATORS  
COUNTY BEHAVIORAL HEALTH DIRECTOR'S ASSOCIATION  
CALIFORNIA COUNCIL OF COMMUNITY MENTAL HEALTH AGENCIES  
COALITION OF ALCOHOL AND DRUG ASSOCIATIONS

SUBJECT: DISPUTE RESOLUTION PROCESS FOR MENTAL HEALTH SERVICES

**PURPOSE:**

The purpose of this Mental Health and Substance Use Disorder Services Information Notice is to provide guidance to Mental Health Plans (MHPs) on how to submit a service delivery dispute that cannot be resolved at the local level to the Department of Health Care Services (DHCS). This guidance was developed by DHCS's Mental Health Services Division (MHSD) and Managed Care Quality and Monitoring Division (MCQMD).

MHSD is issuing this Information Notice to describe the existing regulatory requirements that govern the dispute resolution process and to provide instructions on submitting a dispute between a MHP and a Medi-Cal Managed Care Plan (MCP). MCQMD provided parallel guidance to MCPs in [All Plan Letter 15-007](#) dated April 1, 2015. MHPs are hereby advised that if a MCP submits a dispute resolution request to DHCS, DHCS will request information, including a position statement, from the affiliated MHP.

**BACKGROUND:**

Title 9, California Code of Regulations (CCR) Section (§) 1850.505 *et seq.*, governs the dispute resolution process between MHPs and MCPs and has been in effect since the onset of the Medi-Cal specialty mental health services (SMHS) program.

Effective July 1, 2012, the state administrative functions for the operation of Medi-Cal SMHS and applicable functions related to federal Medicaid requirements transferred from the former State Department of Mental Health (DMH) to DHCS. The current requirements found in Title 9, CCR, § 1850.505 *et seq.* were promulgated prior to the state administrative functions transfer from the former DMH to DHCS. Notwithstanding the transfer of these functions, DHCS will administer and continue to follow the dispute

resolution process set forth in Title 9, CCR, § 1850.505 *et seq.*

**POLICY:**

Pursuant to Title 9, CCR, § 1810.370, the MHP is required to enter into a memorandum of understanding (MOU) with any MCP that enrolls beneficiaries covered by the MHP. Whether or not a MHP and MCP have an executed MOU, the parties are required to document attempts to resolve the disputed issue(s) (Title 9, CCR, § 1850.505 (d)(2)).

If a MHP is unable to resolve a dispute with a MCP, the MHP may submit a written “Request for Resolution” (see content requirements below) signed by the MHP Director or his or her designee, to DHCS. If the MHP has a MOU with the MCP, the Request for Resolution must be submitted within 15 calendar days of the completion of the dispute resolution process described in the MOU. If there is no MOU, a Request for Resolution must be submitted within 30 calendar days following the disputed event.

A Request for Resolution should be submitted via **secure** email to:  
[DHCSMHSD@dhcs.ca.gov](mailto:DHCSMHSD@dhcs.ca.gov).

**REQUEST FOR RESOLUTION SUBMISSION REQUIREMENTS:**

A Request for Resolution submitted to DHCS must contain all of the following:

1. A summary of the disputed issue(s) and a statement of the desired remedies, including any disputed services that have been or are expected to be delivered to the beneficiary by either party;
2. History of attempts to resolve the issue with the MCP<sup>1</sup>;
3. Justification for the MHP’s desired remedy; and
4. If applicable, any additional documentation that the MHP deems relevant to resolve the disputed issue(s).

**DHCS DISPUTE RESOLUTION PROCESS:**

Within seven calendar days after DHCS’S receipt of a Request for Resolution from a MHP, a copy of the Request for Resolution will be forwarded to the Chief Executive Officer of the affiliated MCP via secure email “Notification”. The MCP will have 21 calendar days to submit a response to the Request for Resolution and any relevant documents to support its position (“MCP Documentation”) (Title 9, § 1850.505(e) & (f)). If the MCP fails to respond, DHCS will render a decision on the disputed issue(s) based on the documentation submitted by the MHP.

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<sup>1</sup> Pursuant to Title 9, CCR § 1850.505 (d)(2), whether or not the MHP and MCP have an executed MOU, the parties are required to document attempts to resolve the issue in the request for resolution.

At its discretion, DHCS may allow both MHP and MCP representatives the opportunity to present oral arguments.

DHCS will review disputes involving the following:

- The obligations of the MHP or the MCP under their contract(s) with DHCS;
- State Medi-Cal laws and regulations; and/or
- The MHP – MCP MOU as described in Title 9, CCR, § 1810.370.

MHSD and MCQMD will make a joint recommendation to the DHCS Director, or his or her designee, based on their review of the submitted documentation, applicable statutory, regulatory, and contractual obligations of the MHP and the MCP, and any oral arguments presented.

Within 30 calendar days from: 1) DHCS's receipt of the MCP documentation, or 2) 21 calendar days after the Notification date, whichever is earlier, the final decision will be communicated via secure email to the MHP Director and MCP CEO. DHCS's decision will state the reasons for the decision, the determination of rates of payment (if the rates of payment were disputed), and any actions the MHP and the MCP are required to take to implement the decision (Title 9, CCR, § 1850.520 (b)).

If DHCS's dispute resolution determination includes a finding that the unsuccessful party has a financial liability to the other party for services rendered by the successful party, the MHP or MCP is required to follow the financial liability criteria set forth in Title 9, CCR, § 1850.530, which specify the provisions regarding financial liability rates and proof of reimbursement. If necessary, DHCS shall enforce the decision, including withholding funds to meet any financial liability established pursuant to Title 9, CCR, § 1850.530 (Title 9, CCR, § 1850.520(c)).

**PROVISION OF SERVICES DURING DISPUTE RESOLUTION PROCESS:**

The provision of medically necessary specialty, and other, mental health services, physical health care services, or related prescription drugs and laboratory, radiological, or radioisotope services to beneficiaries shall not be delayed during the pendency of a dispute between a MHP and a MCP (Title 9, CCR, §1850.525). Therefore to ensure medically necessary services are not delayed, the respective medical directors of a MHP and a MCP are expected to immediately discuss which party will provide the medically necessary mental health services to the beneficiary during a pending dispute (Title 9, CCR, §1850.525(a)).

If the parties cannot agree to an arrangement satisfactory to both parties, and the dispute concerns a MCP's contention that the MHP is required to deliver SMHS to a

beneficiary, the MCP shall manage the care of the beneficiary under the terms of its contract with DHCS until the dispute is resolved. The MHP must identify and provide the MCP with the name and telephone number of a psychiatrist or other qualified licensed mental health professional available to provide clinical consultation, including consultation on medications to the MCP provider responsible for the beneficiary's care (Title 9, CCR, §1850.525(b)).

If the parties cannot agree to an arrangement satisfactory to both parties, and the dispute concerns a MHPs' contention that the MCP is required to deliver the treatment of a mental illness, or to deliver prescription drugs or laboratory, radiological, or radioisotope services required to diagnose or treat the mental illness, the MHP shall be responsible for providing or arranging and paying for those services to the beneficiary until the dispute is resolved (Title 9, CCR, §1850.525(c)).

In the event that Title 9, CCR, §1850.525(b) or (c) do not apply, and the parties cannot agree to a satisfactory arrangement regarding how the services will be provided, the party that was providing the medically necessary mental health services prior to the rise of the dispute should continue to provide such services during the dispute resolution process. If neither party has commenced the provision of medically necessary mental health services then the party from whom the beneficiary first requested the medically necessary mental health services should provide the services during the dispute resolution process.

Questions regarding the content of this information notice may be directed to the DHCS MHSD County Support Unit Liaison for your county. A current list of county assignments can be found at:

<http://www.dhcs.ca.gov/services/MH/Pages/CountySupportUnit.aspx>.

Sincerely,

(Original Signed)

Karen Baylor, Ph.D., LMFT, Deputy Director  
Mental Health & Substance Use Disorder Services