



C A L I F O R N I A   D E P A R T M E N T   O F  
**Mental Health**

1600 9th Street, Sacramento, CA 95814  
(916) 445-0122

December 11, 2006

DMH INFORMATION NOTICE NO.: 06-16

**TO:** LOCAL MENTAL HEALTH DIRECTORS  
LOCAL MENTAL HEALTH PROGRAM CHIEFS  
LOCAL MENTAL HEALTH ADMINISTRATORS  
COUNTY ADMINISTRATIVE OFFICERS  
CHAIRPERSONS, LOCAL MENTAL HEALTH BOARDS

**SUBJECT:** Early and Periodic Screening, Diagnosis and Treatment (EPSDT)  
Chart Audits in Fiscal Year 2006-07

**EXPIRES:** Retain Until Rescinded

Effective January 2005, the Department of Mental Health (DMH) commenced chart audits of Early and Periodic Screening, Diagnosis and Treatment (EPSDT) services of selected legal entities. This Information Notice provides legal entities with an update of the EPSDT chart audit process in Fiscal Year 2006-07. The changes to the EPSDT chart audit processes are in accordance with the 2006-07 budget trailer bill and in response to California Mental Health Director's Association (CMHDA) and other stakeholders' input through the Compliance Advisory Committee (CAC).

**Audit Period:**

For those EPSDT chart audits beginning on July 1, 2006 through December 31, 2006, the period being reviewed is July 2004 through June 2005. For those EPSDT chart audits for January 1, 2007 - June 30, 2007, the period being reviewed is July 2005 through June 2006.

**Extrapolation and Sample by Service Function:**

In accordance with the 2006-07 budget trailer bill commencing July 1, 2006, and continuing thereafter, the following provisions AB 1807 (Chapter 74, Statutes of 2006), Section 81, apply:

- (a) The department shall select statistically valid stratified samples by service function for each entity to be audited.
- (b) The department shall not extrapolate the results of any audit to the full audited service function unless the error rate determined by the audit is five percent (5%) or greater. If the

error rate is less than five percent (5%), the department shall disallow only the specific claims found to be in error. The extrapolation is to be done within service function.

(c) The department, in consultation with stakeholders, shall select an independent statistician to review the sampling methodology and extrapolation methodology used by the department. No later than October 1, 2006, the statistician shall prepare a public report on the statistical validity of those methodologies. If the statistician determines either methodology to be invalid, the department shall adopt a new methodology, which shall be used by the department only after its validity is verified by the statistician.

### **EPSDT Training and Documentation Manual:**

DMH has contracted with the California Institute for Mental Health (CIMH) to provide EPSDT documentation training by October 2006. In addition, DMH has asked CIMH to develop an EPSDT documentation handbook and training to the handbook during FY 2006-07 for County Mental Health Plans and Legal Entities (LE) who provide EPSDT services. The goal of the EPSDT documentation trainings is to strengthen knowledge and practices of chart documentation, identify and reduce common errors, and identify promising clinical practices. The EPSDT documentation handbook will be a resource and reference guide. CIMH will issue and provide training on the documentation handbook.

### **Notification of EPSDT Review:**

Having started in July 2006, DMH now provides a four-week advance notice (Announcement Letter) of an EPSDT chart audit. Previously there was a two-week notice of the EPSDT audits. Discharge Resources Group (DRG), the Department's contractor, will send the Announcement Letter via e-mail to the EPSDT contact person(s) identified by the MHP (The MHPs previously submitted the name or names and e-mail addresses of the individuals to be notified). The chart sample that lists the beneficiaries to be reviewed will be available from DRG two weeks ahead of time. Unlike the change for review notification which is now four weeks, the availability of the chart sample remains at two weeks prior to the 1<sup>st</sup> day of the review.

### **Disallowed Claims System:**

DMH Notices 05-01 and 05-05 provided updates regarding the FY 2005-06 EPSDT chart audits and announced the availability of the Disallowed Claims System (DCS). At that time, the above mentioned DMH Notices stated that claims entered into the DCS prior to receipt of the announcement letter and prior to the DCS cut off dates would be removed from legal entity claims prior to the selection of the chart audit sample.

For FY 2006-07 EPSDT chart audits, claims entered into the DCS system prior to the date of the announcement letter will not be included in the EPSDT sampling pool. Claims entered into the DCS system after the date of the announcement letter will continue to be included in the EPSDT sampling pool.

LEs may enter claims into the DCS system at any time. However, for the purposes of claims selected for the EPSDT audit sample, the date of the announcement letter (four weeks advance notification) serves as the delineation date for inclusion or exclusion from the EPSDT sampling pool. The DMH Medi-Cal Epidemiology, and Forecasting Support Unit (formerly the Statistics and Data Analysis Unit in the DMH Systems of Care Division) deletes from the sampling pool any claims disallowed through the DCS system prior to the notification date. The four-week notification of the review now serves as the DCS "cut-off" date. The DCS is the only way for LEs to remove claims from the audit sample. The DCS issues a date and time receipt for each disallowed claim entered into the system. If a claim entered into the DCS system prior to the date of the announcement letter remains in the audit sample, the legal entity should show this receipt to the EPSDT lead reviewer during the time of the review.

**Requests for Postponement:**

The guidelines for determining "*Extenuating circumstances*" and "*Good Cause*" for postponement for the EPSDT audits are included in DMH Info Notice 05-05, which states, "*Except for extenuating circumstances, as determined by the DMH, once announced, an audit will not be postponed.*" "*However for good cause and prior to the announcement, the DMH will consider an MHP's or legal entity's request to not be audited during a particular week.*" Operationally, "*extenuating circumstances*" means "*extraordinary*" extenuating circumstances, e.g. events or circumstances which cause extraordinary interference with or adversely affect the performance and ability to conduct business. These circumstances exceed the usual operational issues encountered in which the circumstances could not be reasonably avoided nor reasonable actions taken to limit the impact of the circumstances.

**Extenuating Circumstances include:**

1. A fire, explosion, catastrophic event or natural disaster which has destroyed or damaged the legal entity's place of business or records, substantially interfering with the legal entity's ability to conduct business and, as a result, has caused such disruption as to make the legal entity's ability to prepare for and conduct a chart audit impossible.
2. An epidemic outbreak of any disease, prevalence of communicable disease, whether or not such communicable disease is required to be reported by Title 17, California Administrative Code, Section 2500, or epidemic infestation by parasites or vectors which has caused such disruption as to make the legal entity's ability to prepare for and conduct a chart audit impossible.
3. Actual or threatened walkout of staff, or other curtailment of services or interruption of essential services provided by the facility.
4. A scheduled audit of a LE by a Federal, County or State oversight authority which is scheduled during the same week as the EPSDT review.

5. Delays caused by other circumstances beyond the LE's control and which have been reported to appropriate law enforcement or fire agency when applicable.

**Circumstances which shall not typically be considered as "extenuating circumstances" or "good cause," and beyond the control of the LE include but are not limited to:**

- Illness, absence or vacation of employees.
- Illness, absence, vacation of any employee (s) identified by the legal entity as contact persons or administrative staff involved in the EPSDT preparation or review process.
- Negligence by employees, which includes requests for postponement due to lack of preparation for the review, loss of or inability to locate charts and records.
- Misunderstanding of program requirements.
- Delays caused by the US Postal Service, private delivery service or e-mail.

If you have any questions, please contact Kathy Seay, Ph.D., Interim Chief of Medi-Cal Oversight @ [Kathy.Seay@dmh.ca.gov](mailto:Kathy.Seay@dmh.ca.gov) or at (916) 445-0156.

Sincerely,

Original signed by:

STEPHEN W. MAYBERG, Ph.D.  
Director

cc: Edward Walker, LCSW, California Mental Health Planning Council  
Patricia Ryan, Executive Officer, CMHDA  
Rebecca Kirby, Chief, County Operations, Southern Region  
John Lessley, Chief, County Operations, Northern Region