

**2018-115 AUDIT SCOPE AND OBJECTIVES**  
**California Department of Health Care Services—**  
**Oversight of the Health Plan of San Joaquin**

The audit by the California State Auditor will provide independently developed and verified information related to oversight provided by the Department of Health Care Services (Health Care Services) of the Health Plan of San Joaquin (Health Plan) and similar Medi-Cal health maintenance organizations (HMO). The audit's scope will include, but not be limited to, the following activities:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Determine whether Health Care Services has conducted all required audits and rate adjustments of Medi-Cal managed health care plans, and evaluate its effectiveness in adjusting rates.
3. Identify and evaluate the results of actions taken by Health Care Services in the most recent two to three years to improve the quality of health care services delivered by the Health Plan and similar HMOs, including any changes to Medi-Cal payments.
4. Identify steps Health Care Services has taken to ensure that the quality of care at the Health Plan and similar Medi-Cal HMOs meets key state and federal standards, including, but not limited to standards in the area of postpartum care and diabetes treatments.
5. Determine whether Health Care Services provides sufficient management and oversight of the Health Plan and similar Medi-Cal HMOs, including, but not limited to oversight regarding administrative costs and bonuses paid to employees.
6. Evaluate whether Health Care Services' oversight ensures that the Health Plan and similar Medi-Cal HMOs have sufficient controls in place to detect and prevent waste, abuse, mismanagement, and conflicts of interest.
7. To the extent possible, determine whether the Health Plan's administrative costs, including its employee bonuses, are appropriate and allowable under Medi-Cal funding conditions.
8. Review and assess any other issues that are significant to the audit.