

## **2018-122 AUDIT SCOPE AND OBJECTIVES**

### **Department of Health Care Services— Medi-Cal Managed Care Plans Regional Expansion Model**

The audit by the California State Auditor will provide independently developed and verified information related to the oversight of managed care plans servicing the 18 county Regional Expansion Model (Regional Model) by the Department of Health Care Services (Health Care Services). 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. Identify the process by which Health Care Services identified and grouped the 18 counties in question into the Regional Model and evaluate the reasonableness of that process.
3. For the past three years, assess the rates of claims being paid by the Regional Model commercial plans and how they compare to Medi-Cal managed care plans offered through the County Organized Health Systems (COHS) model.
4. Determine how Health Care Services selected the Regional Model commercial plan providers, review the terms of any relevant agreements, and assess the degree to which Health Care Services considered stakeholder input or other relevant factors.
5. For the counties served under the Regional Model, determine the following:
  - (a) Whether the level of care in those counties is disproportionately low as compared to other parts of California. To the extent possible, determine whether and how the level of care has changed since the implementation of the Regional Model.
  - (b) Whether the level of care received is acceptable as it relates to industry standards and state and federal requirements.
  - (c) Whether Health Care Services has taken steps to ensure that the plans adhere to the provisions of their contracts and whether Health Care Services has provided that information to the counties.
  - (d) Whether opportunities exist to improve the current level of care Medi-Cal beneficiaries receive under the Regional Model.
6. Determine whether Health Care Services, when negotiating and extending its contract with the Regional Model commercial plans, made efforts to consider and mitigate any concerns communicated to Health Care Services by affected counties. Assess whether the process was sufficiently transparent.
7. Evaluate what compels the Regional Model counties to remain in the existing commercial plan model as opposed to creating or joining COHS plans.
8. Review and assess any other issues that are significant to the audit.