


**Letter of Direction #85**

**Date:** October 26, 2022

**To:** Centennial Care 2.0 Managed Care Organizations

**From:** Nicole Comeaux, Director, Medical Assistance Division 

**Subject:** MCO Oversight of Community Benefit Providers

**Title:** Community Benefit Audits

The purpose of this Letter of Direction (LOD) is to provide clarification on the Managed Care Organizations (MCOs) responsibilities to conduct regular oversight activities with their contracted Community Benefit providers. Audits should be conducted in calendar year 2023 (CY23) and each calendar year thereafter. In addition, MCOs will be required to report on the audits and any findings as directed by HSD. This LOD is effective immediately.

Section 4.5 of the Medicaid Managed Care Services Agreement will be amended as follows:

4.5.7.7 The CONTRACTOR must conduct monitoring activities to ensure that all Community Benefit providers, including Self-Directed Community Benefit (SDCB) employees meet provider requirements per the Managed Care Policy Manual, including individual attendant/caregiver requirements. The monitoring activities may not be delegated to the provider.

4.5.7.7.1 The CONTRACTOR must perform annual audits of all contracted Agency-Based Community Benefit (ABCB) providers using an audit tool that is approved by HSD. The CONTRACTOR should collaborate with other MCOs to develop an audit schedule that ensures that all ABCB providers are audited only once per calendar year.

4.5.7.7.2 The CONTRACTOR must perform an annual audit of the contracted Self-Directed Community Benefit (SDCB) Fiscal Management Agency (FMA) using an audit tool that is approved by HSD. The CONTRACTOR should collaborate with other MCOs to conduct one shared audit of the FMA per calendar year.

4.5.7.7.3 The CONTRACTOR must report on provider compliance to HSD annually, in a manner prescribed by HSD.

Penalties for non-compliance with these requirements will be in accordance with section 7.3.3.6.7 sub item 11.

This LOD will sunset upon inclusion in the Medicaid Managed Care Services Agreement.