

 <p style="text-align: center;">County of Sacramento Department of Health Services Division of Behavioral Health Services Policy and Procedure</p>	Policy Issuer (Unit/Program)	QM
	Policy Number	QM-02-01
	Effective Date	02-28-2018
	Revision Date	07-01-2025
Title: Notice of Adverse Benefit Determination	Functional Area: Authorization	
Approved By: (Signature on File) Signed version available upon request Alexandra Rechs, LMFT Program Manager, Quality Management		

BACKGROUND/CONTEXT:

Notice of Adverse Benefit Determinations (NOABD), formerly known as Notice of Action (NOA), are written notifications required by the State Department of Health Care Services (DHCS) and the California Code of Regulations (CCR) Title 9 § 1850.210, Title 22§ 51014.1 and Code of Regulations (CFR) Title 42, Part 438, Subpart F. The notifications advise Medi-Cal beneficiaries (hereafter referred to as member) of their rights and provide guidance regarding due process.

DEFINITIONS:

An NOABD must be issued to a member when Sacramento County Division of Behavioral Health Services (BHS), which includes the Mental Health Plan (MHP) and Drug Medi-Cal Organized Delivery System (DMC-ODS) Substance Use Prevention and Treatment Services (SUPT), denies, modifies, or delays any health care service eligible for coverage and payment under the County’s contract with DHCS. This includes a denial, modification, or delay of services requested by (1) a member seeking services from the County for the first time; (2) a member seeking continuation of services currently covered by the County; or (3) a member seeking new services in addition to services currently covered by the County. Additionally, an NOABD occurs when the County fails to offer an appointment for a service eligible for coverage and payment within the appointment time standards set forth in subdivision (d)(1)(A) of section 14197 of the Welfare and Institutions Code, subject to authorized exceptions.

An NOABD must be communicated to the member in writing. In addition, the involved provider must be initially notified of the decision by telephone or fax, and then in writing, except for decisions rendered retrospectively. An NOABD must be issued when one of the following actions occurs:

- 1. NOABD-Authorization Delay:** This template is used anytime there is a delay in

processing a request for authorization for existing members, or new requests for specialty mental health or substance use disorder services, including when BHS extends the timeframe to make an authorization decision past the federal timelines for determination. This notice must be sent to the provider and/or the member/authorized representative. This includes extensions granted at the request of the member or the provider, and/or those granted when there is a need for additional information from the member or provider when the decision is in the member's interest. This NOABD applies to, but is not limited to, authorization requests mentioned in policy and procedure MH-Access-02-04 Authorization Requests.

2. **NOABD-Denial of Authorization for Requested Services:** This template is used when BHS denies any requested service by the member, authorized representative, or provider, for reasons that may include determinations based on the type or level of service, requirements for medical necessity, appropriateness, setting, or effectiveness of a MHP or DMC-ODS covered benefit. Per DHCS, when Continuity of Care requests are denied, this notice must also be mailed with information about the availability of in-network specialty mental health services (SMHS) or DMC-ODS services, how and where to access SMHS or DMC-ODS services and provide the BHS Member Handbook and Provider Directory. DHCS also clarifies that this NOABD must be issued when residential services are denied by DMC-ODS providers.
3. **NOABD-Delivery System:** This template is used when BHS has determined that the member does not meet the medical necessity criteria to be eligible for SMHS or DMC-ODS services. The member will be referred to the Managed Care Plan, Medical Fee-for-Service, or other appropriate system for mental health, substance use disorder, or other services.
4. **NOABD-Modification of Requested Services:** This template is given when BHS modifies or limits a provider's request for a previously authorized service, including reductions in frequency and/or duration of services, and approval of alternative treatments and services. It is important to ensure that both the member and the provider is notified of the modification.
5. **NOABD-Denial of Payment for Services Rendered by a Provider:** This template is given when BHS denies for any reason, in whole or in part, a provider's request for payment for a service that has already been delivered to the member. This notice must state, "This is not a bill".
6. **NOABD-Delay of Timely Access Notice:** This template is to be used when there is a delay in providing the member with timely services, as required by the timely access standards applicable to the delayed service. See policy and procedure PP-BHS-QM-20-05 Timely Access, for details.
7. **NOABD-Financial Liability:** This template is used when BHS denies a member's request to a financial liability, including cost sharing, copayments, premiums, deductibles, coinsurance, and other financial liabilities of members.

8. **NOABD-Termination:** This template is given when BHS terminates, reduces, or suspends a previously authorized service.
9. **NOABD-Grievance and Appeal Timely Resolution Notice:** This notice is used when BHS fails to act within the required timeframes for standard resolution of grievances and appeals, or within the required timeframe for the resolution of an expedited appeal. See PP-BHS-QM-03-01 Problem Resolution, for details.

NOTICES THAT MUST BE GIVEN FOR GRIEVANCE AND APPEAL RESOLUTION

10. **Acknowledgement of Receipt:** BHS shall send the member an Acknowledgement of Receipt letter, postmarked within (5) calendar days of receipt of a grievance or standard appeal, to include the date of receipt, and the BHS representative's contact information to include: name, address, and phone number.
11. **Notice of Grievance Resolution (NGR):** This template is used to notify members of the results of a grievance. This notice shall contain a clear and concise explanation of BHS's decision.
12. **Notice of Appeal Resolution (NAR-Overtaken):** This template is given following a member's appeal of an NOABD. It stipulates that BHS has decided to overturn the original decision and the date it was completed.
13. **Notice of Appeal Resolution (NAR-Upheld):** This template is given following a member's appeal of an NOABD. It stipulates that BHS has decided to uphold the original decision and the date it was completed.

ATTACHMENTS THAT MUST BE GIVEN ALONG WITH NOABD, NGR, OR NAR

14. **NOABD-Your Rights Under Medi-Cal:** Contains information regarding a member's right to file an appeal with BHS within 60 days from the date of the NOABD letter. If BHS decides to reduce, suspend, or terminate services, members must appeal the NOABD within 10 days from the date of the NOABD letter to request a continuation of services pending the outcome of the appeal. **Provided with every NOABD.**
15. **NAR-Your Rights Under Medi-Cal:** Contains information regarding a member's right to request a State Fair Hear within 120 days from the date of the NAR letter. If the member is receiving services at the time of the hearing request and wants services to continue pending the hearing decision, the hearing request must be made within 10 days from the postmark or delivery of the NAR letter. **Provided with every NAR.**
16. **Non-Discrimination Notice:** Explains that discrimination is against the law and offers language assistance and aids to communicate in alternative formats. It also discusses how to file a grievance with BHS, DHCS Office of Civil Rights or the U.S. Department of Health and Human Services. **Provided with every NOABD, NAR, grievance and**

appeal acknowledgement letter, and grievance resolution letter.

17. **Notice of Availability:** Explains to members that they are entitled to language assistance and auxiliary aids, free of charge. **Provided in conjunction with written materials that are critical to obtaining services** including, at a minimum, appeal and grievance notices, and denial and termination notices, which must be available to members in threshold languages and alternative formats.
18. **Member Handbook:** This document must be provided, in addition to the other attachments, when a member is issued a Continuity of Care denial. Contains general information about the MHP and DMC-ODS, including how and where members may access specialty mental health or DMC-ODS services and how to file a grievance or an appeal based on an adverse benefit determination.
19. **Provider Directory:** This document must be provided, in addition to the other attachments, when a member is issued a Continuity of Care denial. Contains a list of available in-network specialty mental health or DMC-ODS providers within the MHP or DMC-ODS.
20. **Sacramento County Medi-Cal Behavioral Health Quick Guide:** This document must be provided, in addition to the other attachments, when a member is issued a Delivery System denial. Contains a list of Medi-Cal Managed Care Plans and information about how to access mental health and DMC-ODS services.

PURPOSE:

The purpose of this policy and procedure is to ensure that the Sacramento County Division of Behavioral Health is in compliance with the Notice of Adverse Benefit Determination documents required by the State Department of Health Care Services (DHCS).

DETAILS:

Procedure:

BHS must provide members timely and adequate notice of an adverse benefit determination (NOABD), in writing, indicating the date it was completed. The written notice must explain all of the following:

1. The adverse benefit determination BHS has made or intends to make;
2. A clear and concise explanation of the reason(s) for the decision. For determinations based on medical necessity criteria, the notice must include the clinical reasons for the decision. BHS shall explicitly state why the beneficiary's condition does not meet SMHS or DMC-ODS medical necessity criteria.
3. A description of the criteria used. This includes medical necessity criteria, and any processes, strategies, or evidentiary standards used in making such determinations; and reference to specific regulations or payment authorization procedures that

- support the decision.
4. The member's right to be provided, upon request and free of charge, reasonable access to and copies of all documents, records, and other information relevant to the member's adverse benefit determination.
 5. The member's right to a second opinion from a network provider, or for BHS to arrange for the member to obtain a second opinion outside of the network, at no cost to the member.
 6. Members do not have to pay for services received pending the outcome of an appeal or State Fair Hearing decision.

Notification of an Adverse Benefit Determination

BHS must adhere to the following guidelines and timeframes regarding the issuance of an adverse benefit determination in accordance with DHCS Behavioral Health Information Notices 25-014 and 25-015:

1. BHS must issue the appropriate written NOABD template to members when an adverse benefit determination occurs. The template shall not be modified, except as permitted by BHS Quality Management. **Do not change any font size or formatting.**
2. Each notice sent to members must include the appropriate "Your Rights" document to notify members of their right to appeal the decision and State Fair Hearing rights. There are two (2) types of "Your Rights" attachments:
 - a. Notice of Adverse Benefit Determination (NOABD) "Your Rights Under Medi-Cal" attachment.
 - b. Notice of Appeal Resolution (NAR) "Your Rights Under Medi-Cal" attachment.
3. All affected providers must be notified of the issuance of a NOABD by BHS within (24) hours of the decision being made by BHS, initially by telephone or facsimile, and then in writing, except for decisions rendered retrospectively, when applicable.
4. Each notice sent to members must include both a Notice of Nondiscrimination and Notice of Availability. These documents must be sent with each NOABD, NAR, grievance acknowledgement letter, appeal acknowledgement letter, grievance resolution letter.
5. When the Delivery System NOABD is issued, the most current Sacramento County Medi-Cal Behavioral Health Quick Guide must be attached, in addition to the above attachments. This can be found on the County website at dhs.saccounty.net/BHS/Documents/GI-MediCal-Behavioral-Health-Quick-Guide.pdf
6. NOABDs must be signed by the decision maker. When the decision is based upon medical necessity criteria, the signer must be the licensed clinician responsible for the assessment.
7. NOABDs and Translated versions are available by contacting DHSMemberServices@Saccounty.gov. Other Informing Materials are available on the County website and upon request.

NOABD Timeframes are as follows:

1. **Authorization Delay (County Staff Only): Issue at time of the action.** Providers responsible for the issuance of this NOABD include:
 - a. BHS-Sac Team (Formerly the MHP Access Team and SUPT System of Care)
 - b. BHS Contract Monitor

2. **Delivery System: Issue within (2) business days of the decision.** Providers responsible for the issuance of this NOABD include:
 - a. All providers that conduct assessments. When medical necessity is not met, the member is referred, as appropriate.

3. **Denial of Authorization for Requested Services: Issue within (2) business days of the decision.** Providers responsible for the issuance of this NOABD include:
 - a. BHS Points of Entry
 - b. BHS Outpatient providers who provide assessments to determine medical necessity for the type or level of service, appropriateness, setting or effectiveness of a service
 - c. BHS Contract Monitors or Intensive Placement Team when an assessment is performed to determine medical necessity for the type or level of service, appropriateness, setting or effectiveness of a service
 - d. SUPT Residential programs

4. **Financial Liability Denial: Issue at the time of the action (County Staff Only).** Providers responsible for the issuance of this NOABD include:
 - a. Quality Management
 - b. BHS Fiscal Services

5. **Grievance and Appeal Delays (County Staff Only): Issue within (2) business days of the decision.** Providers responsible for the issuance of this NOABD include:
 - a. Quality Management

6. **Modification Denial: Issue within (2) business days of the decision.** Providers responsible for the issuance of this NOABD include:
 - a. BHS-Sac Team
 - b. BHS Outpatient providers who provide assessments to determine medical necessity for the type or level of service, appropriateness, setting or effectiveness of a service.
 - c. BHS Contract Monitors or Intensive Placement Team when an assessment is performed or clinical information is gathered from a provider, and it is determined that criteria is not met for continued treatment in a previously authorized program.

7. **Payment Denial (County Staff Only): Issue at the time of the action.** Providers responsible for the issuance of this NOABD include:
 - a. Quality Management

8. **Timely Access Delay: Issue within (2) business days of the decision.** Providers responsible for the issuance of this NOABD include:
 - a. BHS Points of Entry
 - b. BHS Outpatient providers

9. **Termination Notice: Issue at least (10) calendar days before the date of the action.** Providers responsible for the issuance of this NOABD include:
- a. BHS outpatient providers who provide on-going SMHS or DMC-ODS services.

When deemed necessary by the issuer of the NOABD, the member will be informed verbally, in their primary language, of the contents of the written notice.

Storage Requirements

Providers are responsible to inform to BHS Member Services of the type and number of each NOABD given to members on an annual basis, by August 1st of each year for the preceding fiscal year (June 1 – July 31). NOABDs are to be stored as follows:

- Providers are to retain (scan) a copy of the NOABD in the member's medical record in the "Scanning (My Office)" area of SmartCare.
- Quality Management, and fiscal services, will retain a copy of the NOABD in a central file.

Appeals:

BHS shall inform the Member or Member representative of the right to file an appeal using the BHS Problem Resolution Process (see P & P Problem Resolution 03-01). A Member has (60) calendar days from the date on the Notice of Adverse Benefit Determination to file an appeal to BHS Member Services **or** (10) days to file an appeal, if they would like services to continue pending the resolution of the appeal (see Aid Paid Pending below).

State Fair Hearings:

The member may request a State Fair Hearing if dissatisfied with the appeal resolution. (see P&P Problem Resolution 03-01). Failure of BHS to adhere to the notice and timing requirements will deem the appeal process exhausted and the member may file a State Fair Hearing. A member may request a State Fair Hearing, regardless of whether a Notice of Adverse Benefit Determination was received, if the conditions for a NOABD were met or when a member exhausted the appeals process. Assistance in completing the State Fair Hearing form shall be provided, when needed.

- A. Members must request a State Fair Hearing no later than 120 calendar days from the date of the notice of appeal resolution.
- B. Members requesting a hearing within 10 calendar days of notification or before the effective date of the change, whichever is later, may, under certain circumstances, continue receiving services while the hearing is pending.
- C. Detailed instructions for filing a State Fair hearing are located on the NAR-Your Rights attachment and the NOABD-Your Rights attachment.

Aid Paid Pending:

Aid Paid Pending means that a member has the right to continue receiving SMHS or DMC-ODS services pending the outcome of a grievance, appeal, or State Fair Hearing, under certain circumstances. BHS Member Services will notify the affected provider when a member files a grievance, appeal, or State Fair Hearing. Providers are to continue providing services to active members who file a grievance to allow Member Services the opportunity to resolve the grievance issue, when appropriate. The grievance, appeal, and State Fair Hearing processes should not negatively impact a member's provision of services.

Members who file an appeal as a result of receiving a NOABD, which reduces, modifies or terminates an existing authorization, and who wish to continue receiving services, must file the appeal with Member Services within (10) calendar days of receiving the NOABD **or** before the date the NOABD says services will stop. Providers are to continue providing services pending the resolution by Member Services, in some circumstances. The member will receive a written decision in a Notice of Appeal Resolution (NAR) letter, with a copy to the affected provider. Otherwise, a member has (60) days to file an appeal after the receipt of a NOABD.

When a member receives an adverse decision to an appeal, members who wish to appeal the decision must ask for a State Fair Hearing within (120) of receiving the NAR, or if the NAR was not received within (30) days of filing an appeal. Members who wish to continue receiving services pending the outcome of the State Fair Hearing must ask to continue services within (10) calendar days of receiving the NAR or before the effective date of the change, whichever is later. There is no cost to members to file a State Fair Hearing. BHS may request a representative from the involved provider site to participate in the hearing process or another authorized representative of their choosing.

The State Hearing Office may take up to (90) calendar days to render a decision. Members may ask for an expedited hearing and get an answer within 72 hours, following a written request detailing how waiting for (90) days will seriously harm his/her life, health, or ability to attain, maintain, or regain maximum function. Should the Administrative Law Judge overseeing the State Fair Hearing overturn BHS's decision, BHS must authorize or provide the disputed service(s) no later than 72 hours from the date the reversal decision is rendered. BHS shall not recover the cost of continued services provided to the member while the appeal or State Fair Hearing was pending.

REFERENCE(S)/ATTACHMENTS:

- CCR Title 9, §1850.210 – 215
- CCR Title 22, 51014.1
- CFR Title 42, Part 438, Subparts F and K
- DHCS All Plan Letter (APL) 17-006
- SUPT Practice Guidelines Provider Procedure Manual
- DHCS MHSUDS Information Notice 19-026

- PP-Access and QM-02-04 and 02-02-Authorization Requests
- DHCS BHIN 25-014 and 25-015
- DHCS BHIN 21-073
- American Society of Addiction Medicine (ASAM) criteria for SUD treatment services

RELATED POLICIES:

- No. 03-01 Problem Resolution
- No. 02-03 Continuity of CareNo. 01-07 Determination for Medical Necessity & Access to Specialty Mental Health Services
- SUPT 03-01 DMC-ODS Overview

DISTRIBUTION:

Enter X	DL Name	Enter X	DL Name
X	Mental Health Staff	X	Mental Health Treatment Center
X	Adult Contract Providers	X	Specific grant/specialty resource
X	Children’s Contract Providers		
X	Substance Use Prevention and Treatment Services		

CONTACT INFORMATION:

- Quality Management Unit
QMInformation@SacCounty.gov