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Title 22@ Social Security

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Division 2@ Department of Social Services-Department of Health Services

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Part 2@ Health and Welfare Agency-Department of Health Services Regulations

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Subdivision 2@ Administration

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Chapter 2.1@ DEPARTMENT OF HEALTH SERVICES AUDITS AND APPEALS

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Section 20204@ Resolution of Disputes

## **20204 Resolution of Disputes**

### **(a)**

The contractor may request an informal hearing by the Department of Health Services for any disputed issue arising out of the audit or examination of a direct service contract, including whether or not there exists a qualified underpayment and, if so, whether or not it should be subject to statistical extrapolation.

### **(b)**

Disputes arising out of the audit or examination of a direct service contract, shall proceed in accordance with the following procedures:(1) The contractor may request an informal hearing by the Department of Health Services by filing a written request with the Department within 60 calendar days of the date of mailing of the audit or examination notice. The request shall identify the issues in dispute and shall include any supporting documents. (2) The contractor's request for an informal hearing shall be sent to the Deputy Director for Public Health. The Deputy Director for Public Health or his/her designee shall meet with the contractor to review the issues raised. A written decision signed by the Deputy Director for Public Health or his/her designee shall be returned to the contractor within 20 working days of receipt of the contractor's request for an informal hearing. (3) All late requests by the contractor shall be denied and the Department's audit or examination report shall be deemed final unless the contractor establishes with the Department, in writing, good cause, as judged by the Deputy Director of Public

Health, for late filing within 15 calendar days of being notified of the untimeliness of its request. (4) If the contractor wishes to appeal the decision of the Deputy Director for Public Health or his/her designee, the contractor shall follow the procedures set forth in Division 25.1 (commencing with Section 38050) of the Health and Safety Code and the regulations adopted thereunder (Section 251, Title 1, CCR).

**(1)**

The contractor may request an informal hearing by the Department of Health Services by filing a written request with the Department within 60 calendar days of the date of mailing of the audit or examination notice. The request shall identify the issues in dispute and shall include any supporting documents.

**(2)**

The contractor's request for an informal hearing shall be sent to the Deputy Director for Public Health. The Deputy Director for Public Health or his/her designee shall meet with the contractor to review the issues raised. A written decision signed by the Deputy Director for Public Health or his/her designee shall be returned to the contractor within 20 working days of receipt of the contractor's request for an informal hearing.

**(3)**

All late requests by the contractor shall be denied and the Department's audit or examination report shall be deemed final unless the contractor establishes with the Department, in writing, good cause, as judged by the Deputy Director of Public Health, for late filing within 15 calendar days of being notified of the untimeliness of its request.

**(4)**

If the contractor wishes to appeal the decision of the Deputy Director for Public Health or his/her designee, the contractor shall follow the procedures set forth in Division 25.1

(commencing with Section 38050) of the Health and Safety Code and the regulations adopted thereunder (Section 251, Title 1, CCR).

**(c)**

Disputes arising out of direct service contracts which are not the result of an audit or examination shall proceed in accordance with the following procedures: (1) The contractor shall first discuss the problem informally with the applicable program contract administrator within the Department. If the problem cannot be resolved at this stage, the contractor shall direct his/her grievance, together with any evidence, in writing, to the program branch chief. The grievance shall state the issues in the dispute, the legal authority or other basis for the contractor's position, and the remedy sought. The applicable program branch chief shall make a determination on the problem within ten (10) working days after receipt of the written communication from the contractor, indicating the decision and reasons therefore. Should the contractor disagree with the branch chief's decision, the contractor may appeal pursuant to (2) below. (2) The contractor shall prepare a letter indicating the reasons for disagreement with the branch chief's decision. The contractor shall include with the letter a copy of the original statement of the dispute, any supporting documents, and a copy of the branch chief's response. This letter shall be sent to the Deputy Director in which the branch is organized within ten (10) working days from receipt of the branch chief's decision. The Deputy Director or designee shall meet with the contractor to review the issues raised. A written decision signed by the Deputy Director or designee shall be returned to the contractor within 20 working days of receipt of the contractor's letter. (3) If the contractor wishes to appeal the decision of the Deputy Director or designee, the contractor shall follow the procedures set forth in Division 25.1 (commencing with Section 38050) of the Health and Safety Code and the

regulations adopted thereunder (Section 251, Title 1, CCR).

**(1)**

The contractor shall first discuss the problem informally with the applicable program contract administrator within the Department. If the problem cannot be resolved at this stage, the contractor shall direct his/her grievance, together with any evidence, in writing, to the program branch chief. The grievance shall state the issues in the dispute, the legal authority or other basis for the contractor's position, and the remedy sought. The applicable program branch chief shall make a determination on the problem within ten (10) working days after receipt of the written communication from the contractor, indicating the decision and reasons therefore. Should the contractor disagree with the branch chief's decision, the contractor may appeal pursuant to (2) below.

**(2)**

The contractor shall prepare a letter indicating the reasons for disagreement with the branch chief's decision. The contractor shall include with the letter a copy of the original statement of the dispute, any supporting documents, and a copy of the branch chief's response. This letter shall be sent to the Deputy Director in which the branch is organized within ten (10) working days from receipt of the branch chief's decision. The Deputy Director or designee shall meet with the contractor to review the issues raised. A written decision signed by the Deputy Director or designee shall be returned to the contractor within 20 working days of receipt of the contractor's letter.

**(3)**

If the contractor wishes to appeal the decision of the Deputy Director or designee, the contractor shall follow the procedures set forth in Division 25.1 (commencing with Section 38050) of the Health and Safety Code and the regulations adopted thereunder (Section 251, Title 1, CCR).

**(d)**

Disputes arising out of contracts other than direct service contracts shall be handled in accordance with any specific statute or regulation applicable to the contract or, in accordance with the terms of the individual contract.

**(e)**

Disputes arising out of an audit or examination of a contract not covered by subdivision (a) and for which no procedures for appeal are provided in statute, regulation or the contract shall be handled in accordance with the procedures identified in Sections 51016 through 51047, Title 22, CCR.