

Designation of Categorical Risk Levels for Diabetes Prevention Programs

Federal law requires state Medicaid agencies (Medi-Cal in California) to establish categorical risk levels for providers and provider categories that pose an increased financial risk of fraud, waste or abuse to the Medicaid (Medi-Cal) program.

Federal law mandates that Medi-Cal screen all applications for enrollment based on a categorical risk level of “limited,” “moderate” or “high” (42 *Code of Federal Regulations* [CFR], Sections 424.518, 455.434 and 455.450; *Welfare and Institutions Code* (W&I Code), Section 14043.38).

Based upon the authority granted in W&I Code, Section 14043.75(b), the director of the Department of Health Care Services (DHCS) implements W&I Code, Section 14043.38, by way of this bulletin, without the need to take regulatory action. This bulletin makes specific the requirements of Section 14043.38 and has the full force and effect of law.

Diabetes Prevention Programs seeking initial enrollment in the Medi-Cal program shall be screened at the “high” categorical risk level, and those seeking revalidation or continued enrollment in the Medi-Cal program will be screened at the “moderate” categorical risk level, in accordance with 42 CFR Sections 424.205(b)(3), 424.518(b), and 424.518(c).

When Medi-Cal designates a provider as a “limited,” “moderate” or “high” categorical risk, Medi-Cal must complete the following enrollment screenings:

- Screening for providers designated as “limited” categorical risk:
 - Verify that a provider meets applicable federal regulations or State requirements for the provider type prior to making an enrollment determination;
 - Conduct license verifications, including State license verifications in states other than where the provider is enrolled; and
 - Conduct database checks on a pre- and post-enrollment basis to ensure that providers continue to meet the enrollment criteria for their provider type.
- Screening for providers designated as “moderate” categorical risk:
 - Perform the “limited” screening requirements; and
 - Conduct on-site visits.
- Screening for providers designated as “high” categorical risk:
 - Perform the “limited” and “moderate” screening requirements;
 - Conduct a criminal background check; and
 - Require submission of a set of fingerprints for a criminal background check for all individuals who have 5 percent or greater direct or indirect ownership interest in the provider. (42 CFR, Section 455.450; W&I Code, Section 14043.38)

Pursuant to W&I Code, Section 14043.26(f)(4)(E), failure to submit fingerprints upon the request of DHCS will result in the denial of the application package.

The requirements and procedures for submission of fingerprints are set forth in the provider bulletin entitled "[Medi-Cal Requirement to Submit Fingerprints for a Criminal Background Check](#)."