1. Purpose of Cost Report
2. Overview of Settlement Process
3. FY 16/17 and FY 17/18 Updates
4. Cost Report Training
5. SUDCRS Information
6. DMC County Administration
7. State Plan Cost Report Overview
8. DMC-ODS Cost Report Overview
9. Cost Allocation
10. Q & A
1. Purpose of Annual Cost Report

Block Grant and DMC Reporting

• Reconcile provisional payments made to county with actual costs.
• Document how state/federal funds were spent.
  – SABG (SAPT Block Grant)
  – State General Fund
  – Drug Medi-Cal Federal Financial Participation (FFP)
  – Behavioral Health Subaccount (2011 Realignment)

• Provide mandated service and expenditure data to oversight agencies; cost report data needed for:
  – Developing annual DMC reimbursement rates (State Plan only)
  – Provider fiscal audits
  – Statewide evaluation purposes
2. Settlement Process Snapshot

- Required by law (HSC 11852.5 and WIC 14124.24)
- DHCS releases annual forms and instructions
  - Due Annually by November 1
- Block Grant Settlement
  - Reconciliation of allocation and payment amounts to expenditures
- DMC Interim Settlement
  - Reconcile costs, UOS, and reimbursement amounts
SABG Funding Period

SABG has a 21-month cycle that allows funds to be used over two state fiscal years.

<table>
<thead>
<tr>
<th>Month</th>
<th>SAFT BLOCK GRANT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul-2015</td>
<td></td>
</tr>
<tr>
<td>Aug-2015</td>
<td></td>
</tr>
<tr>
<td>Sep-2015</td>
<td></td>
</tr>
<tr>
<td>Oct-2015</td>
<td></td>
</tr>
<tr>
<td>Nov-2015</td>
<td></td>
</tr>
<tr>
<td>Dec-2015</td>
<td></td>
</tr>
<tr>
<td>Jan-2016</td>
<td></td>
</tr>
<tr>
<td>Feb-2016</td>
<td></td>
</tr>
<tr>
<td>Mar-2016</td>
<td></td>
</tr>
<tr>
<td>Apr-2016</td>
<td></td>
</tr>
<tr>
<td>May-2016</td>
<td></td>
</tr>
<tr>
<td>Jun-2016</td>
<td></td>
</tr>
<tr>
<td>Jul-2016</td>
<td></td>
</tr>
<tr>
<td>Aug-2016</td>
<td></td>
</tr>
<tr>
<td>Sep-2016</td>
<td></td>
</tr>
<tr>
<td>Oct-2016</td>
<td></td>
</tr>
<tr>
<td>Nov-2016</td>
<td></td>
</tr>
<tr>
<td>Dec-2016</td>
<td></td>
</tr>
<tr>
<td>Jan-2017</td>
<td></td>
</tr>
<tr>
<td>Feb-2017</td>
<td></td>
</tr>
<tr>
<td>Mar-2017</td>
<td></td>
</tr>
<tr>
<td>Apr-2017</td>
<td></td>
</tr>
<tr>
<td>May-2017</td>
<td></td>
</tr>
<tr>
<td>Jun-2017</td>
<td></td>
</tr>
<tr>
<td>Jul-2017</td>
<td></td>
</tr>
<tr>
<td>Aug-2017</td>
<td></td>
</tr>
<tr>
<td>Sep-2017</td>
<td></td>
</tr>
<tr>
<td>Oct-2017</td>
<td></td>
</tr>
<tr>
<td>Nov-2017</td>
<td></td>
</tr>
<tr>
<td>Dec-2017</td>
<td></td>
</tr>
<tr>
<td>Jan-2018</td>
<td></td>
</tr>
<tr>
<td>Feb-2018</td>
<td></td>
</tr>
<tr>
<td>Mar-2018</td>
<td></td>
</tr>
<tr>
<td>Apr-2018</td>
<td></td>
</tr>
<tr>
<td>May-2018</td>
<td></td>
</tr>
<tr>
<td>Jun-2018</td>
<td></td>
</tr>
<tr>
<td>Jul-2018</td>
<td></td>
</tr>
<tr>
<td>Aug-2018</td>
<td></td>
</tr>
<tr>
<td>Sep-2018</td>
<td></td>
</tr>
</tbody>
</table>

FFY 2016

OBLIGATE & EXPEND

2017

OBLIGATE & EXPEND

SFY 2015-16

SFY 2016-17

SFY 2017-18
3. 16/17 Administrative Updates

- FY 16/17 State Plan Cost Report
  - Due Date Extension: April 30, 2019
  - Scheduled Re-release: November 30, 2018

- FY 16/17 DMC-ODS Cost Report
  - Forms and Instructions
    - Scheduled Release: November 30, 2018
  - Due Date Extension: April 30, 2019
17/18 Administrative Updates

• FY 17/18 State Plan Cost Report
  – Forms and Instructions
    • Scheduled Release: December 2018
  – Due Date Extension: July 1, 2019

• FY 17/18 DMC-ODS Cost Report
  – Forms and Instructions
    • Scheduled Release: December 2018
  – Due Date Extension: July 1, 2019

11/26/2018
4. Cost Report Training

• Online Resources
  – Fiscal Management and Accountability Section (FMAS) webpage
    • https://www.dhcs.ca.gov/provgovpart/Pages/Fiscal_Management.aspx

• Regional and Webinar Options
  – Dates are TBD for 2019
5. Substance Use Disorders Cost Report System

• SUDCRS Overview
  – Web-based cost reporting system
    • Replaced Paradox

  – How to Gain Access
    • Access through Behavioral Health Information Systems (BHIS)
      – BHIS@dhcs.ca.gov
      – Questions related to User ID’s, Passwords, Connectivity, Encryption
    • Contact SUD Cost Report Support
      – SUDCRSSUPPORT@dhcs.ca.gov
      – Questions related to the SUDCRS access, application usage and errors.
6. DMC County Administrative Expense Reimbursement

• Reimbursement calculations are now automated
  – Reimbursement is up to 15%
  – Based on approved services and funding split (aid code)
State of California - Health and Human Services Agency

Form MC 5312: Drug Medi-Cal (DMC) Services Quarterly Claim for Reimbursement of County Administrative Expenses

Date: November 1, 2017

Fiscal Year 2016-17

<table>
<thead>
<tr>
<th>Description</th>
<th>1. DMC Direct Services Treatment Expenses</th>
<th>2. Maximum Admin. Percent Allowed</th>
<th>3. Max. Admin. Dollars (Line 1 x Line 2)</th>
<th>4. Actual County DMC Admin. Expenses</th>
<th>5. Admin. Expenses Subject to Reimbursement (lower of line 3 or line 4)</th>
<th>6. Actual County Administrative Expense Rate (line 4 divided by line 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drug Medi-Cal Administrative Expenses</td>
<td>$579,775.10</td>
<td>15.00%</td>
<td>$86,966.27</td>
<td>$101,795.83</td>
<td>$86,966.27</td>
<td>17.6%</td>
</tr>
</tbody>
</table>
7. State Plan Cost Settlement

- **Cost Report Methodology**
  - Uniform Rates
    - State Maximum Allowance (SMA)
    - Settle to lower of costs
  - Units of Service
    - No Fractional Units
  - Funding
    - Federal share
    - State/local share (SGF, BHS, County Funds)
State Plan Methodology

- County aggregates the provider cost reports into one cost report for all DMC services.
- Costs over rate cap must be covered by other funds.
- DHCS uses individual provider cost reports to determine the lower of actual cost, usual/customary charge, or state maximum allowance (SMA).
- DHCS determines amount county is owed (the total approved units times the lower of cost, customary charge or SMA).
- Amount owed is reconciled with amount already paid; over or underpayments of federal funds and SGF are based on this reconciliation.
8. DMC-ODS Cost Settlement

• DMC-ODS Cost Methodology
  – County Specific Rates
    • Interim Rates (except for NTP)
    • Settle to Actual Cost
  
  – Units of Service
    • Incremental
  
  – Funding
    • Federal share
    • State/local share (SGF*, BHS, County Funds)
DMC-ODS Cost Settlement

• DMC-ODS Methodology
  – County aggregates providers’ cost reports into one cost report for all DMC-ODS services.
  – Provider cost reports are used to determine the DMC-ODS expenditures and whether the amount was the lower of cost or usual/customary charge.
  – DHCS reconciles the county cost (based on the aggregate of costs incurred by the county for payments to all subcontracted providers and costs incurred by any county-operated providers) with the interim payments made to the county.
  – Over and under payments of federal funds and SGF to the county will be determined based on this reconciliation.
State Plan vs ODS
Rate and Unit Differences

<table>
<thead>
<tr>
<th>State Plan</th>
<th>DMC-ODS Waiver</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rates set by DHCS (state maximum allowance-SMA)</td>
<td>Interim rates set by county, approved by DHCS. SMA does not apply (except for NTP)</td>
</tr>
<tr>
<td>Separate rates for group/individual and perinatal/non-perinatal</td>
<td>No rate differences between group/individual and peri/non-peri</td>
</tr>
<tr>
<td>Units of service vary by service type</td>
<td>Unit for most services is 15 minutes</td>
</tr>
<tr>
<td>Fractional units not allowed</td>
<td>County can bill in minutes and track in their system in minutes. For cost reporting, minutes need to be converted to units (divide minutes by 15). May result in fraction.</td>
</tr>
</tbody>
</table>
Providers must have a cost allocation plan that identifies, accumulates, and distributes allowable direct and indirect costs and identifies the allocation method(s) used for distribution of indirect costs.

- **Direct Costs**
  - Direct cost allocation methodology must assign costs to a particular cost objective based on the benefit received by that cost objective.
  - Methodology must produce an equitable distribution of cost — document method on Overall Detailed Cost tab.

- **Indirect Costs**
  - The DMC workbook allocates indirect costs using a standard methodology: percentage of direct costs.
  - If provider wants to use a different allocation method, provider must obtain the county’s prior approval, and the county must get DHCS approval.
Wrap-Up

• 16/17 State Plan and DMC-ODS Cost Reports
  – Due to DHCS April 30, 2019
• 17/18 State Plan and DMC-ODS Cost Reports
  – Due to DHCS July 1, 2019
• SUDCRS System Upgrades
  – Estimated Completion: February 2019

• Cost Report Unit Internal Priorities
  – FY 15/16 Settlement
  – 17/18 Cost Report Materials
  – Trainings!! (Web-based and/or Regional)
  – Get Fully Staffed
  – Catch Up!
Questions???
Resources

• **Cost Report Questions**
  – Email: AODCostReport@dhcs.ca.gov or Assigned County Analyst

• **State Plan and DMC-ODS Specific Questions**
  (Not Cost Report Related)
  – Email: DMC Answers via web portal
    • https://www.dhcs.ca.gov/services/adp/Pages/DMC-Answers.aspx

• **SUDCRS Support**
  – SUDCRSSupport@dhcs.ca.gov