

**Welcome to**

**SAPC**

**DRUG MEDI-CAL**

**Cost Report Orientation**

**for Fiscal Year 2018-19**

# Substance Abuse Prevention and Control

[www.publichealth.lacounty.gov/sapc](http://www.publichealth.lacounty.gov/sapc)

## **DRUG MEDI-CAL**

1000 S. Fremont Avenue  
Building A-9 East, 3rd Floor,  
North Wing Unit 34  
Alhambra, CA 91803

# Authority

- Health and Safety Code (HSC) Section 11852.5 and the Welfare and Institutions Code (WIC) Section 14124.24 (g)(1) require that counties and contracted providers submit their SUD cost reports to DHCS by November 1 for the previous State fiscal year.

# Purpose of Cost Reports

1. Report annual costs/expenditures for SUD services, both Drug Medi-cal (DMC) and Non-DMC, and to determine whether the amount was the lower of cost or customary charge.
2. Reconcile provisional payments made to providers with actual costs.
3. Document how state/federal funds were spent.
4. Provide data for DHCS to develop annual DMC reimbursement rates and conduct statewide evaluation
5. Provider fiscal audits

# Overview of Cost Settlement Process

- 1) July or early August** - State releases forms, instructions to county, county uploads forms to SAPC website for providers to download.
- 2) August 30** - Providers submit cost reports to county
- 3) November 1** - county submits cost reports to state
- 4) 18 months** after end of fiscal year: State sends DMC interim settlement to County. SAPC sends DMC interim settlement to providers 45 days upon receipt from State.
- 5) Up to 10 years** after cost Settlement – DHCS may conduct a fiscal audit
- 6) 10 years after Interim settlement** - If State did not conduct audit, settlement is final.

# COST REPORTING UNIT

<b>Lisa Lee</b>	<b>(626) 299-4165</b>	<a href="mailto:lislee@ph.lacounty.gov">lislee@ph.lacounty.gov</a>
<b>Vella Louie</b>	<b>(626) 299-3242</b>	<a href="mailto:vlouie@ph.lacounty.gov">vlouie@ph.lacounty.gov</a>
<b>Alex Domond</b>	<b>(626) 299-4156</b>	<a href="mailto:adomond@ph.lacounty.gov">adomond@ph.lacounty.gov</a>
<b>Zenaida Arenas</b>	<b>(626) 299-4584</b>	<a href="mailto:zarenas@ph.lacounty.gov">zarenas@ph.lacounty.gov</a>
<b>Jasmine Sun</b>	<b>(626) 299-3221</b>	<a href="mailto:jsun@ph.lacounty.gov">jsun@ph.lacounty.gov</a>
<b>Nang Noon</b>	<b>(626) 299-4185</b>	<a href="mailto:nnoon@ph.lacounty.gov">nnoon@ph.lacounty.gov</a>

## **STATE AUDITOR CONTACT:**

Taiwo, Abimbola

[Abimbola.Taiwo@dhcs.ca.gov](mailto:Abimbola.Taiwo@dhcs.ca.gov)

## **DMC INQUIRIES CONTACT:**

<b>Christina Ruiz</b>	<b>(626) 299-4175</b>	<a href="mailto:cruiz@ph.lacounty.gov">cruiz@ph.lacounty.gov</a>
<b>Hoda Bitar</b>	<b>(626) 299-4177</b>	<a href="mailto:hbitar@ph.lacounty.gov">hbitar@ph.lacounty.gov</a>

Denial Units issue: Christina Ruiz : (626) 299-4175

## **FISCAL COMPLIANCE CONTACT:**

<b>Emily Chan</b>	<b>(626) 299-4173</b>	<a href="mailto:emchan@ph.lacounty.gov">emchan@ph.lacounty.gov</a>
<b>Vinnie Liu</b>	<b>(626) 299-4183</b>	<a href="mailto:ViLiu@ph.lacounty.gov">ViLiu@ph.lacounty.gov</a>
<b>Jonathan Jang</b>	<b>(626) 299-4154</b>	<a href="mailto:jojang@ph.lacounty.gov">jojang@ph.lacounty.gov</a>

**SAGE System related issue: NetSmart Help Desk : (855) 346-2392**

**Medi-Cal Eligibility Website:** [www.medi-cal.ca.gov/Eligibility/login.asp](http://www.medi-cal.ca.gov/Eligibility/login.asp)





# **NEW** - Interim DMC Cost Report Template For Rates Setting



**While waiting for State to release the FY 18-19 DMC Cost Report form/instruction, and in order to assist in rates setting, SAPC had developed an unofficial FY 18-19 DMC Cost Report Template for providers to report DMC cost. The due date is October 30, 2019.**

**DMC State due date – Pending on State to release the official cost report form/instruction.**

# 42 CFR § 425.314 – Audits and Record Retention

- To maintain such books, contracts, records, documents, and other evidence for a period of 10 years from the final date of the agreement period or from the date of completion of any audit, evaluation, or inspection, whichever is later.



Cost Report Forms and Instructions can be downloaded from Substance Abuse Prevention and Control website:

- [www.publichealth.lacounty.gov/sapc](http://www.publichealth.lacounty.gov/sapc)
- Click **“NETWORK PROVIDERS”** (3rd box)
- Click **“PROVIDER MANUAL AND FORMS”** (1<sup>st</sup> box)
- Click **“COST REPORT FORMS AND INSTRUCTIONS”** (bottom of the page – “Finance Related Forms and Documents”)
- Click **Red Highlighted** for DMC Forms

# Documentation time is Allowable

- **Documentation time is allowable. Providers can submit claims for documentation time** for group sessions, as long as it does not exceed the following standards:
  - a. 2-4 participants: one 15-minute unit;
  - b. 5-8 participants: up to two 15-minute units;
  - c. 9-12 participants: up to three 15-minute units
- Minutes for documentation time is added to the minutes for the group session in the SAGE system (e.g. 90 minutes group + 15 minutes documentation for 2-4 participants).

# DMC-ODS Example

## Outpatient Treatment Calculation

- Outpatient treatment group or individual session:  
15 minutes = 1 unit
- Individual sessions range from 15 to 60 minutes. (1-4 units)
- Group sessions range from 60 to 90 minutes (4-6 units) and contain a minimum of 2 and maximum of 12 people.

Example: ODF group, 90 minute session = **6 Units**

- 90 minutes with 2 clients = 6 units + 1 unit of Documentation = 7 units
- 90 minutes with 5 clients = 6 units + 2 units of Documentation = 8 units

Example: ODF group, 60 minute session = **4 Units**

- 60 minutes with 2 clients = 4 units + 1 unit of Documentation = 5 units
- 60 minutes with 8 clients = 4 units + 2 units of Documentation = 6 units

# DRUG MEDI-CAL COST REPORT FORM

There are 28 tabs in the form, choose applicable tabs that apply to your contract.

## Tab Identification:

Tab 1	Provider Information and Certification	Tab 15	IOT Detailed Adjustments
Tab 2	Overall Cost Summary	Tab 16	IOT Cost Allocation
Tab 3	Overall Detailed Costs	Tab 17	IOT Reimbursed Units
Tab 4	Outpatient Drug Free (ODF) Detailed Costs	Tab 18	IOT Comparison Sheet
Tab 5	ODF Detailed Adjustments	Tab 19	Residential Detailed Costs
Tab 6	ODF Cost Allocation	Tab 20	Residential Detailed Adjustments
Tab 7	ODF Reimbursed Units	Tab 21	Residential Cost Allocation
Tab 8	ODF Comparison Sheet	Tab 22	Residential Reimbursed Units
Tab 9	PH Detailed Costs	Tab 23	Residential Comparison Sheet
Tab 10	PH Detailed Adjustments	Tab 24	NTP Detailed Costs
Tab 11	PH Cost Allocation	Tab 25	NTP Detailed Adjustments
Tab 12	PH Reimbursed Units	Tab 26	NTP Cost Allocation
Tab 13	PH Comparison Sheet	Tab 27	NTP Reimbursed Units
Tab 14	IOT Detailed Costs	Tab 28	NTP Reimbursed Units



# NTP Cost Reporting Requirement

- NTP providers must submit cost reports starting **July 1, 2019**.
- NTP providers may continue to submit a **performance report**, instead of a cost report, if it meets one or more of the following exceptions:
  1. The provider only bills the State or county for services provided to individuals on probation.
  2. The provider only bills the State or county for services provided to individuals on parole.
  3. The provider only bills the State or county for services provided to indigent patients who are not eligible for Medi-Cal.
- In these cases, the NTP provider will only be reimbursed for the services that have a State Plan rate.

# Reporting Cost for Room and Board (R & B) S9976



- **Room and Board cost – includes food and lodging cost.**
- **Provider billed R&B through DMC - needs to prepare 2 cost reports :**

## **1. DMC Cost Report – State Form**

- Enter all DMC cost in Tab # 3 (Overall Detail Cost), include R&B cost in “Food” under ‘Residential’,
- Enter the same R&B cost in “Food” in Tab 17 (Residential Detailed Adjustments), section 1 (DMC Un-reimbursable Costs)

## **2. DMC Room & Board Form – SAPC Form**

- **In order to get paid for R&B, providers need to use this form to report R&B cost and units.**

# General Guidelines

- Separate workbook required for each location with a unique DMC number.
- Must include overall costs related to SUD from all funding sources (DMC and non-DMC), based on general ledger.
- If non-SUD services provided at same location (such as mental health services) and costs are shared or allocated across the two programs, costs for both SUD and non-SUD must be included.
- Organizational costs in general ledger shared or allocated across multiple locations must be shown on the specific locations' workbooks.

# Cost Allocation Considerations

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



# DEFINITIONS

**Direct Cost – Tab 3:** Costs which are directly incurred, consumed, expended and identifiable for the delivery of the specific covered service, objective or cost center. This may include salaries, wages, employee benefits, direct materials, equipment, supplies, professional services and transportation that are directly acquired, consumed, or expended for the delivery of the specific covered service or objective.

**Indirect Cost – Tab 3:** Costs incurred for a common or joint objective benefiting more than one cost center or objective, and are not readily identifiable and assignable to the cost center or objectives specifically benefited, without effort disproportionate to the particular cost center or objective.

**DMC Unreimbursable Costs – Tab 5:** Costs that are not reimbursable or allowable in determining the provider's allowable costs in accordance to the California's Medicaid State Plan, Federal and State laws and regulations, including 2 CFS part 200 Subpart E, CMS Non-Institutional Reimbursement policy and California Code of Regulations Titles 9 and 22. (see next slide for specific details regarding allowable costs)

**Note! Only cells with yellow highlight require data entry.**

Tabs that need data entries:

ODF – Tab's 1,3,5,6 &7

PH – Tab's 1,3,9,10 &11

IOT – Tab's 1,3,13,14 &15

RES – Tab's 1,3,17,18 &19

**The other tabs are formulated and do not require data entry.**

## **ALLOWABLE COSTS (FEDERAL REGISTER (FR) § 200.420)**

The FR establishes the allowability of certain items in determining allowable costs, and factors that affect the allowability of costs.

The factors affecting allowability of costs are referenced in FR: § 200.403 & Appendix XI, FR: Compliance Supplement.

### **A. Compliance Supplement Requirements Part 3 reads in part:**

1. Except where otherwise authorized by statute, cost must meet the following general criteria in order to be allowable under Federal awards:
  - a. Be necessary and reasonable for the performance of the award, and be allocable under the principles in 2 CFR part 200, subpart “E.”
  - b. Conform to any limitations or exclusions set forth in 2 CFR part 200, subpart “E.”

## ALLOWABLE COSTS (FEDERAL REGISTER (FR) § 200.420) (continued)

- c. Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of your agency.
- d. Be accorded consistent treatment, ,i.e. a cost may not be treated as an direct cost if any other cost for the same purpose in like circumstances has been allocated as an indirect cost.
- e. Be determined in accordance with generally accepted accounting principles.
- f. Not be included as a cost or used to meet cost sharing or matching requirements in either the current or a prior period.
- g. Be adequately documented.

## **ALLOWABLE COSTS (FEDERAL REGISTER (FR) § 200.420) (continued)**

2. Except where otherwise authorized by statute, cost must meet the following general criteria in order to be allowable under Medi-Cal:
  - a. **Must be treatment related. (Provider Reimbursement Manual, Chapter 21, section 2102.3).**

### **B. The FR: § 200.420 – 200.475.**

1. Identifies consideration for selected items of cost.
2. Use the FR as an aid to determine allowable cost, which will indirectly identify unreimbursable cost.

# INSTRUCTIONS FOR ENTERING DATA INTO TABS

## Tab 3: Detailed Costs

Column B: Enter the total cost (direct and indirect) from the agency's general ledger for that site for each applicable line item from rows 9 through 51.

Column C: Formulated, no entry required. This is the variance of Column B and J.

Columns D to I: These columns are for "Direct Cost Only." Enter the agency's direct cost that are attributable to each cost center for each applicable line item from rows 9 to 51.

Column J : Formulated, no entry required. This is the sum of Direct cost (Column D to I)

Column D to G: Enter DMC Direct Cost (SAPC DMC Contract, Private pay client) to each applicable.

Column H : Other SUD - This is for SAPC SUD contracts other than DMC.(i.e. CW, Prevention, etc..)

**Tab 3: Detailed Costs (continued)**

- Column I - Non-SUD – this column includes DUI, and Non-SAPC contracts, such as Mental Health, DCFS, etc...
- Column L - Enter an explanation of how direct costs were identified to each applicable line item (rows 9 through 51).
- Row 53 - This is to compute the indirect cost rate by using the total indirect cost (Column C) over the total direct cost (Column J), then apply the percentage to each direct cost center to arrive indirect cost.

## **Tab 5: Detailed Adjustments for DMC Unreimbursable and Direct Costs.**

This worksheet provides the detail breakout of cost for each of the cost centers between the different ODF services, i.e. ODF Individual Non-Perinatal, ODF Group Non-Perinatal, ODF Individual Perinatal, and ODF Group Perinatal.

This worksheet is divided in two sections,

- (1) DMC Unreimbursable Costs, and
- (2) Direct Costs



## Tab 5: Detailed Adjustments for DMC Unreimbursable & Direct Costs (continued)

### (1) DMC **Unreimbursable** Costs will be determined as follows:

These are not treatment related cost. **See “Attachment I“ for definitions of allowable costs.**

- Enter all cost applicable to private pay and Non-DMC patients,

### (2) **Direct Costs:**

These are costs for additional enhance services, such as **Case Management**. For example, a counselor Provided perinatal child care education services, such cost should be reported to applicable columns. If the cost is funded with Non-DMC funding stream, such as SAPT, County funds, Insurance and others, enter cost in “Non-DMC”.



## **Tab 6: ODF Cost Allocation Worksheet**

This worksheet identifies the detail of costs between the different ODF services, and between Private Pay, DMC and Non-DMC costs. This worksheet will calculate the maximum allowable reimbursement cost for DMC service, which will identify the bottom line for determination of the “Lower of Cost or Charges.”

Section 6 - Enter direct staff hours:

- a. ODF Medicated Assisted Treatment Dosing Non-Perinatal (cells N87, O87, P87, Q87, R87)
- b. ODF Medicated Assisted Treatment Dosing Perinatal (cells AD87, AE87, AF87, AG87, AH87)

Section 41: Row a-af: Enter the number of units for Private and Non-DMC

Section 42: Row b: Enter the Provider’s Customary Charge

# WAIVER OT Cost Allocation

ADJUSTED ODF GROSS COSTS TO BE DISTRIBUTED											
<b>ALLOCATE COSTS BETWEEN DIFFERENT MODALITIES</b>	ODF I NP	ODF G NP	ODF CM NP	ODF PC NP	ODF RS I NP	ODF RS G NP	ODF RS RM SAA NP	ODF RS CM NP	ODF 1WM - AWM w/o EOSM NP	ODF 2WM - AWM w EOSM NP	ODF MAT NP
ODF Units of Service	2,825	2,825	2,825	2,825	2,825	2,825	2,825	2,825	2,825	2,825	2,825
DMC Billing Unit of Services: 15 Minutes or Dosing	15	15	15	15	15	15	15	15	15	15	15
Direct staff hours	706.25	706.25	706.25	706.25	706.25	706.25	706.25	706.25	706.25	706.25	706.25
Compute percentages	4.55%	4.55%	4.55%	4.55%	4.55%	4.55%	4.55%	4.55%	4.55%	4.55%	4.55%
Allocate costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

ODF MAT DB NP	ODF MAT DD NP	ODF MAT DN NP	ODF MAT DV NP	ODF MAT DA NP	ODF I P	ODF G P	ODF CM P	ODF PC P	ODF RS I P	ODF RS G P	ODF RS RM SAA P
2,825	2,825	2,825	2,825	2,825	2,825	2,825	2,825	2,825	2,825	2,825	2,825
1	1	1	1	1	15	15	15	15	15	15	15
					706.25	706.25	706.25	706.25	706.25	706.25	706.25
0.00%	0.00%	0.00%	0.00%	0.00%	4.55%	4.55%	4.55%	4.55%	4.55%	4.55%	4.55%
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

ODF RS CM P	ODF 1WM - AWM w/o EOSM P	ODF 2WM - AWM w EOSM P	ODF MAT P	ODF MAT DB P	ODF MAT DD P	ODF MAT DN P	ODF MAT DV P	ODF MAT DA P	Total Non-Dosing	Total Dosing	Grand Total
2,825	2,825	2,825	2,825	2,825	2,825	2,825	2,825	2,825	62,150	28,250	90,400
15	15	15	15	1	1	1	1	1			
706.25	706.25	706.25	706.25						15,537.50	0.00	15,537.50
4.55%	4.55%	4.55%	4.55%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00



# WAIVER OT COST ALLOCATION

41.	UNITS OF SERVICE	PRIVATE	DMC BILLED	DMC DENIED	NET DMC (DMC Billed Less DMC Denied = Approved DMC)	NON DMC	DMC DENIED	NET NON DMC (Non DMC Plus DMC Denied)	TOTAL (PRIVATE, DMC, AND NON-DMC)	TOTAL (DMC AND NON-DMC ONLY)
a.	ODF Individual Non Perinatal		0	0	0		0	0	0	0
b.	ODF Group Non Perinatal		0	0	0		0	0	0	0
c.	ODF Case Management Non Perinatal		0	0	0		0	0	0	0
d.	ODF Physician Consultation Non Perinatal		0	0	0		0	0	0	0
e.	ODF Recovery Services - Individual Non Perinatal		0	0	0		0	0	0	0
f.	ODF Recovery Services - Group Non Perinatal		0	0	0		0	0	0	0
g.	ODF Recovery Services - Recovery Monitoring / Substance Abuse Assistance Non Perinatal		0	0	0		0	0	0	0
h.	ODF Recovery Services - Case Management Non Perinatal		0	0	0		0	0	0	0

  

42.	Cost Per Unit of Service	ODF I NP	ODF G NP	ODF CM NP	ODF PC NP	ODF RS I NP	ODF RS G NP	ODF RS RM SAA NP	ODF RS CM NP
a.	Total Cost Per Unit of Service (Including Private Pay & Non DMC)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b.	Provider's Customary Charge	33.00	33.00	33.00	33.00	33.00	33.00	33.00	33.00

  

43.	DMC Total Allowable Cost	ODF I NP	ODF G NP	ODF CM NP	ODF PC NP	ODF RS I NP	ODF RS G NP	ODF RS RM SAA NP	ODF RS CM NP
a.	DMC Maximum Allowable Cost Based on Total Cost per Unit of Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b.	DMC Maximum Allowable Cost Based on Provider's Customary Charge	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

  

44.	DMC Allowable Cost Eligible for Reimbursement	ODF I NP	ODF G NP	ODF CM NP	ODF PC NP	ODF RS I NP	ODF RS G NP	ODF RS RM SAA NP	ODF RS CM NP
a.	Total DMC Per Unit of Service Cost Eligible for Reimbursement	33.00	33.00	33.00	33.00	33.00	33.00	33.00	33.00
b.	Total DMC Allowable Cost Eligible for Reimbursement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00



## **Tab 7: Units Information:**

Enter data from either -

- (1) State Reconciliation Report,
- (2) SAPC e-PDR, or
- (3) Provider's billings

All units variance will be resolved in the DMC Interim Cost Report Settlement.

# Deadline

SUBMIT FY 2018-19 DMC COST REPORT BY  
**TBA**

TO:

County Of Los Angeles  
Department of Public Health  
Substance Abuse Prevention and Control  
Cost Reporting Unit  
1000 S. Fremont Ave., Building A-9 East  
3<sup>rd</sup> Floor, North Wing, **Unit # 34**  
Alhambra, CA 91803

1. SEND ELECTRONIC FILES TO YOUR ASSIGNED STAFF
2. MAIL ORIGINAL **SIGNATURE PAGE** TO THE ABOVE ADDRESS.  
**(NOTE: PLEASE PRINT IN LEGAL SIZE PAPER)**
3. PLEASE **DO NOT STAPLE OR BIND** COST REPORT.