

# Substance Abuse Prevention and Control (SAPC)

## Cost Report Submission

**NON- DRUG MEDI-CAL**

**Fiscal Year 2019-20**

# SUBSTANCE ABUSE PREVENTION AND CONTROL

<http://publichealth.lacounty.gov/sapc>

## NON-DRUG MEDI-CAL

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

# COST REPORTING UNIT

## COST REPORTING UNIT

Vella Louie	(626) 299-4165	<a href="mailto:vlouie@ph.lacounty.gov">vlouie@ph.lacounty.gov</a>
Zenaida Arenas	(626) 299-4584	<a href="mailto:zarenas@ph.lacounty.gov">zarenas@ph.lacounty.gov</a>
Jasmin Sun	(626) 299-3221	<a href="mailto:jsun@ph.lacounty.gov">jsun@ph.lacounty.gov</a>
Nang Noon	(626) 299-4158	<a href="mailto:nnoon@ph.lacounty.gov">nnoon@ph.lacounty.gov</a>
Jeremy Cheng	(626) 299-3215	<a href="mailto:chcheng@ph.lacounty.gov">chcheng@ph.lacounty.gov</a>
Ivy Jung	(626) 299-4156	<a href="mailto:ijung@ph.lacounty.gov">ijung@ph.lacounty.gov</a>

## DMC INQUIRIES CONTACT:

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

## FISCAL COMPLIANCE CONTACT:

Emily Chan	(626) 299-4173	<a href="mailto:emchan@ph.lacounty.gov">emchan@ph.lacounty.gov</a>
Jonathan Jang	(626) 299-4154	<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.medical.ca.gov/Eligibility/login.asp](http://www.medical.ca.gov/Eligibility/login.asp)

# 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.
2. Compare and reconcile the amount of funds paid to the actual costs of providing services from providers.
3. Document how state/federal funds were spent.
4. 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.

## 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.

# TOPICS OF DISCUSSION

1. ALLOWABLE COST CALCULATION METHODOLOGY
2. COST REPORT SETTLEMENT – Lower of costs or charges
3. SUBMISSION GUIDELINE
4. SOURCE DOCUMENTS
5. NON-PROVISIONAL RATE (NPR) CONTRACT SETTLEMENT
6. TYPES OF CONTRACTS
7. TYPE OF FORMS
8. NON-DMC COST REPORT FORM INSTRUCTIONS
9. COMMON ERRORS
10. DEADLINE



# ALLOWABLE COST CALCULATION METHODOLOGY

## Cost Reconciliation Not Cost Reimbursement

SAPC contracts are now reimbursed at the lesser of costs or charges. This means at the end of the fiscal year; final payment will be based on cost reconciliation not cost reimbursement.



**Cost Reconciliation:** Settle up to, but not to exceed, the rate for services delivered to patients where allowable costs align with SAPC requirements including business and clinical capacity efforts outlined in the DHCS approved Fiscal and Rates Plan. This means if fee-for-service claims for patients served are below incurred costs, SAPC does not pay the difference (e.g., a loss).



**Cost Reimbursement:** Settle up to the substantiated costs of delivering services to patients which may exceed the established rates. This meant if fee-for-service claims for patients served was below incurred costs, SAPC paid the difference. This process ended for all SAPC contract agencies as of June 30, 2017.





# Non-Provisional Rate (NPR) Contract Settlement



Reimbursement is limited to the provider's actual costs in accordance with the line items of the budget, less any reported revenues, such as Participant /client fees, third party revenue(insurance paid) etc., **up to the maximum contract amount.**

The standard contract allows providers to revise the amount of any existing line item(s) by a maximum of 10% of the gross budget without prior written approval from program director.

# Illustrations – Cost Reimbursement

SOW Amount: \$500,000

Scenario #1: Cost Higher than SOW Amt

<b>Net Cost</b>	<b>\$600,000</b>
<b>SOW Amount</b>	<b>\$500,000</b>
<b>Amount Paid</b>	<b>\$420,000</b>
<b>Bal. Due Provider</b>	<b>\$80,000</b>

Scenario #2: Cost Lower than SOW Amt

<b>Net Cost</b>	<b>\$380,000</b>
<b>SOW Amount</b>	<b>\$500,000</b>
<b>Amount Paid</b>	<b>\$400,000</b>
<b>Bal due County</b>	<b>(\$20,000)</b>

# Submission Guideline

**Providers must submit their cost reports:**

**By Site**

# Source Documents

## ➤ DOCUMENTS NEEDED FOR COMPLETING COST REPORT

1. THE LATEST COUNTY APPROVED BUDGET : attach the latest county approved budget (see next slide)
  
2. CONTRACT PERFORMANCE REPORT :  
SAGE Reports -  
Slide # 16: Contract Performance Report (Detail)  
Slide # 17: Contract Performance Report (Summary)
  
3. FINANCIAL RECORDS
  - \* General Ledgers
  - \* Books of original entry (cash receipts/register, cash disbursements journal etc.
  - \* All records of funds expended and costs reported are subjected to review and audit.

# Approved Budget – Non Provisional Rate Contract

## Cost Reimbursement

Period of 07/01/18 to 06/30/19

1. Salaries	\$	<u>241,888</u>
2. Facilities Rent/Lease	\$	<u>10,085</u>
3. Equipment Leases	\$	<u>0</u>
4. Services and Supplies	\$	<u>35,185</u>
5. Administrative Overhead	\$	<u>37,984</u>
6. Gross Budget	\$	<u>325,142</u>

County reserves the right to withhold payments to Contractor for reasons set forth In this Contract, including, but not limited to Paragraph 5, Subparagraph H of the CONTRACT.

# Types of Cost Report Forms

1. Non-DMC Cost Report Long form - Outpatient (OT), Intensive Outpatient (IOT), Residential, Room & Board, RBH, Case Management, etc.
1. Non-DMC Cost Report Short Form – Contract - Prevention (CPS & EPS), APS, CENS (Client Engagement and Navigation Svc), Correctional Health Svcs., CW-API, CW-FSC, CCERP, Evaluation, In-Custody, etc..
3. NPR 10% Gross Budget Adj. Worksheet

➤ **EXPENDITURES MUST BE ALLOCATED TO EACH SERVICE PROVIDED.**

# 10% Gross Budget Adjustment Worksheet

This is the maximum ten percent (10) of the gross budget amount that can be received to cover any “over” budget line item(s) expense given that there is also an existing “under” budget line items(s). Therefore, any increase in any line item(s) shall be offset by a corresponding decrease in the other line item(s) of the budget. In an event, any revision(s) made in the gross budget, shall not result in any increase in county’s maximum obligation during the term of this Agreement. Any revision made that is more than ten percent (10%) and not more than twenty-five percent (25%) of the gross budget will require prior written approval of Director or his authorized designee.



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 on the 1<sup>st</sup> row)
- Click “**PROVIDER MANUAL AND FORMS**” (1<sup>st</sup> box)
- Click “**COST REPORT FORMS AND INSTRUCTIONS**” (under “Finance Related Forms and Documents”)
- Click **Yellow Highlighted** for NON-DMC Forms

# Non-DMC Cost Report Form Instructions

## **TAB 1: PROVIDER INFO AND CERTIFICATION**

- Enter data in the blue highlighted cells
- Items: Provider Name, Site Address, Admin Address, Provider #, Name and Phone # of Contact Person, Name of Person Signing Certification Statement

## **TAB 3: OVERALL COST SUMMARY**

- Displays the totals for all the levels of care
- All formulated; no data entry necessary

# Non-DMC Cost Report Form Instructions (cont.)

## **TAB 2: OVERALL 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 13 through 55.
- Column C: Formulated, no entry required. This is the variance of Column B and O.
- Columns D to O: These columns are for "Direct Cost Only." Enter the agency's direct cost that are attributable to each level of care for each applicable line item from rows 13 to 55.
- Column N: Formulated, no entry required. This is the sum of Direct Cost (Column D to O).

# Non-DMC Cost Report Form Instructions (cont.)

## **TAB 2: OVERALL DETAILED COSTS (CONT.)**

Column R: Enter an explanation of how direct costs were identified to each applicable line item (rows 13 through 55).

Row 57: This is to compute the indirect cost rate by using the total indirect cost (Column C) over the total direct costs (Column P), then apply the percentage to each direct cost center to arrive at indirect cost.

# Non-DMC Cost Report Form Instructions (cont.)

## TAB 2: REVENUE SECTION

- 1: **Grand Total Cost:** Formulated, no entry required.
  
- 2: **Revenue:** Client Fees, Share Cost, Public Assistance (Food Stamps)  
Enter the total revenue to Columns D to O if any.
  
- 3: **Revenue:** Insurance Paid
  
- 4: **Total Revenue:** total of #2 and #3
  
- 5: **Net Cost:** Total Cost less revenues of #2 and #3

**Revenue:** Fund Raising/Donation/Private Funding/Other Provider Revenue  
(Information Only) Enter data to Columns B to L if there is any.

# Non-DMC Cost Report Form Instructions (cont.)

## TAB 2: UNITS OF SERVICES

- 13a. Total # of units – Enter units on respective Level of Care and SAGE reports
- 13b. Total # of Sessions Provided:  
Individual Counseling – **15 to 60** minutes per session  
Group Counseling – **60 to 90** minutes per session  
Enter the total group sessions under the column OT – Group Counseling
- 13c. Total # of Participants: Total number of people attending the different level of care. Get the Information from **Client's Sign-in-sheet**.
- 13d. Total Counseling Hours : Formulated. Convert minutes to hours

# Common Errors:

## 1. Provider Information and Certification

- Provider Number does not match with facility address
  - Missing Contact Information
  - Missing signature on Certification Statement
  - Missing County Approved Budget Information when applicable
- ✓ The signature confirms that all information is correct and corresponds to the Agency's financial records. Please make sure that the Certification Statement is signed by the authorized person.

## 2. Units of Service Information

- Missing units of service information.
- ✓ Please always provide the unit information. The unit information on Tab 2 of the new form Non-DMC Cost Report form can be obtained from Sage report.
- ✓ Staff Hour Rate/FFS contract - actual units of service/staff hours in accordance with the contract modality is required for reporting purposes.
- ✓ Billings submitted after October 30 will be settled through cost report settlement.



# Mandatory

## Units of Services

All cost reports must have the units of service/staff hours reported before submission except Prevention contract.

**PLEASE DO NOT LEAVE THIS INFORMATION BLANK.**



# DEADLINE

**SUBMIT FY 2019-20 NON DMC COST REPORT BY**

**AUGUST 30, 2021**

TO:

COUNTY OF LOS ANGELES  
DEPARTMENT OF PUBLIC HEALTH  
SUBSTANCE ABUSE PREVENTION AND CONTROL  
1000 SOUTH FREMONT AVENUE  
BUILDING A-9 EAST, 3rd FLOOR, NORTH WING, **UNIT 34**  
ALHAMBRA, CA 91803

1. Send electronic files (in Excel format) to your assigned staff.
2. Mail Original **SIGNATURE PAGE** to the above address.
3. Please **DO NOT STAPLE OR BIND** Cost Report(s)



# THANK YOU!!!



[This Photo](#) by Unknown Author is licensed under [CC BY-SA-NC](#)