California Department of Health Care Services

**FISCAL YEAR 2016-17**

**SUBSTANCE USE DISORDER COST REPORT**

**INSTRUCTIONS FOR**

**COMPLETING COST REPORT FORMS**

**A. GENERAL**

Section 14124.24(g) (1) of the Welfare and Institutions Code (WIC) requires that counties and contracted providers (except for those providing only narcotic treatment) submit substance use disorder (SUD) cost reports to the Department of Health Care Services (DHCS) by November 1 for the previous state fiscal year, unless DHCS grants a formal extension.

Beginning with Fiscal Year 2016-17, the structure of the SUD cost report forms have changed to obtain each legal entity’s methodology for allocating costs between the various services provided by the legal entity, separated by provider number. The provider must demonstrate in their cost report the allocation base they used to distribute their total program costs to specific SUD programs and modality types.

There is **one Excel file** that must be completed by the legal entity for each site of service(s) that **has its own Drug Medi-Cal (DMC) number** and DMC certification and maintains its separate accounting records (costs for satellite sites must be included within the parent’s costs). There are 18 worksheet tabs with data entry areas identified in yellow; however, most of the worksheet areas are automatically populated.

**B. DEFINITIONS**

1. “CMS” means the Centers for Medicare and Medicaid Services.
2. “Cost Center” means a department or other unit within an organization to which costs may be charged for accounting purposes.
3. “DHCS” means the California Department of Health Care Services.
4. “Direct costs” means those that are directly incurred, consumed, expanded and identifiable for the delivery of the specific covered service, objective or cost center. An example of direct costs would include unallocated wages/salaries of employees for the time devoted and identifiable specifically to delivery of the covered services or the final cost objective such as intensive outpatient treatment, outpatient drug free treatment. Other direct costs may include 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.
5. “DMC” means Drug Medi-Cal.
6. “DMC unreimbursable costs” means 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 CFR Part 200 Subpart E, CMS non-institutional reimbursement policy and California Code of Regulations Titles 9 and 22.
7. “Indirect costs” means those costs: a) incurred for a common or joint objective benefiting more than one cost center or objective, and b) are not readily identifiable and assignable to the cost center or objectives specifically benefited, without effort disproportionate to the particular cost center or objective.
8. “Indirect cost rate” means a tool for determining the proportion of indirect costs each program should bear. It is the ratio (expressed as a percentage) of the indirect costs to a direct cost base. A provider’s indirect cost rate must be determined and approved by a cognizant agency (federal or state agency).
9. “IOT” means intensive outpatient treatment.
10. “Legal Entity” means an association, corporation, partnership, trust, or individual that has a legal standing and is certified to provide SUD services within the State of California.
11. “NTP” means narcotic treatment program treatment.
12. “ODF” means outpatient drug free treatment.
13. “Percent of Direct Costs” means a tool for determining the proportion of indirect costs each program should bear. It is the ratio (expressed as a percentage) of each modality or cost center’s direct costs to the total direct costs. Percent of Direct Costs is a variation of the Indirect Cost Rate which allows the allocation of indirect costs by line item rather than in aggregate.
14. “SUD” means substance use disorder.

**C. REPORTING REQUIREMENTS**

1. Reimbursement under the DMC program is available only for allowable costs incurred for providing DMC services to eligible Medi-Cal beneficiaries. The allowable costs must be determined in accordance with Medicare cost reimbursement principles in 42 Code of Federal Regulations (CFR) Part 413, CMS-Pub. 15-1, Section 1861 of the Federal Social Security Act (42 USC, Section 1395x); 2 CFR Part 200 Subpart E, CMS non-institutional reimbursement policy, and in Drug Medi-Cal regulations contained in California Code of Regulations (CCR) Title 9 and Title 22.
2. Providers must maintain fiscal and statistical records for the period covered by the cost report that are accurate and sufficiently detailed to substantiate the cost report data. The records must be maintained until the later of: 1) a financial audit is conducted: or 2) a period of three years following the submission of the approved cost report.
3. All records of funds expended and costs reported are subject to review and audit by DHCS and/or the federal government pursuant to the Welfare and Institutions Code Section 14124.24(g)(2) and 14170.
4. Providers must compute allowable costs and determine their allocation methodology in accordance with applicable cost reimbursement principles in 42 CFR Part 413, CMS-Pub 15-1, 2 CFR Part 200 Subpart E, CMS non-institutional reimbursement policy, and CCR Title 9 and Title 22. The cost allocation plan must identify, accumulate, and distribute allowable direct and indirect costs and identify the allocation methods used for distribution of indirect costs. For consistency, efficiency and compliance with federal laws and regulations, the new CMS-approved cost report identifies direct cost categories for each modality and establishes a standard methodology of percentage of total direct cost to allocate indirect costs. This methodology is a variation of the indirect cost rate methodology in 2 CFR Part 225 (OMB Circular A-87) and 2 CFR Part 230 (OMB Circular A-122). DHCS recognizes that there are other allocation bases (such as percentage of direct salaries and wages) that result in an equitable distribution of indirect administrative overhead. However, if a provider wishes to use an allocation basis other than the one prescribed in the cost report, the provider must obtain their respective county’s prior approval. Before granting approval to the provider, the county must seek DHCS’s approval and DHCS will make a final determination of the propriety of the methodology used.

**D. COST REPORT WORKSHEET SECTIONS AT A GLANCE**

|  |  |
| --- | --- |
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| Tab 3 | Overall Detailed Costs |
| Tab 4 | Outpatient Drug Free (ODF) Detailed Costs |
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**E. DETAILED INSTRUCTIONS FOR EACH WORKSHEET TAB**

**Tab 1: Provider Information and Certification Worksheet**

1. Rows 6 through 19: Enter the appropriate provider information.
2. The certification must be signed by a program officer or administrator.
3. The certification must be submitted to DHCS with an original signature.

**Tab 2: Overall Cost Summary Worksheet**

No data entry is necessary in this worksheet; information will automatically populate from the Overall Detailed Costs worksheet.

**Tab 3: Overall Detailed Costs Worksheet**

This worksheet must reflect all costs incurred by the provider related to their SUD services and it must demonstrate the allocation methodologies used by the provider (in accordance with applicable cost reimbursement standards) to distribute their costs across various cost centers.

1. Column B, Rows 9 through 49: From the program’s general ledger, enter the program’s total costs by applicable line item.
2. Columns D through I, Rows 9 through 49: From the program’s total costs, enter those costs that are directly attributable to each cost center for each applicable line item. The remainder of program costs are indirect costs and must be distributed among the various benefiting cost centers using an acceptable allocation methodology. This process is addressed in subsection 4 below.
3. Column K: For each line item, enter an explanation of how direct costs are directly identifiable to each cost center. Add a footnote if necessary.
4. Row 51: The worksheet is set up to compute the indirect cost using the percentage of direct costs for each single clinic or cost center. The worksheet is also set up to distribute total general ledger indirect costs or cognizant agency-approved indirect cost rate using the percentage of total direct program costs. If the provider has a cognizant agency-approved indirect cost rate, the total indirect costs are determined by applying the approved rate to the approved allocation base and is reported in the “Indirect Cost” line item in Schedule of Direct and Indirect Cost Part A of the Overall Detailed Costs. There is no need to itemize any indirect cost elements and no additional indirect cost can be claimed outside of the approved indirect cost rate.
5. Supporting Schedule for Indirect Costs Part B: Rows 58 through 98 are automatically calculated based on percentage of direct costs.
6. Report of Expenditures for Total Costs Part C: Rows 104 through 144 are automatically calculated the total of the two sections Parts A and B.

**Tab 4: Outpatient Drug Free (ODF) Detailed Costs Worksheet**

No data entry is necessary in this worksheet; information will automatically populate from other worksheets.

**Tab 5: ODF Detailed Adjustments Worksheet**

This worksheet provides the breakout of costs for each of the cost categories between the different ODF services (ODF Individual-Non Perinatal, ODF Group-Non Perinatal, ODF Individual-Perinatal, ODF Group-Perinatal).

1. DMC Unreimbursable Costs, Section 1, Rows a through aj: From the program’s general ledger, for both Private and Non-DMC, enter the amount of the ODF cost center in the various cost categories that are not DMC reimbursable (see Definition 6. above).
2. Direct Costs, Section 2, Rows a through aj: From the program’s general ledger, for Private, DMC, and Non-DMC and for each of the different ODF services, enter the amount for the ODF cost center in the various cost categories that are direct charged to this cost center. These costs directly related to services provided to clients funded by the specific program and funding source must be removed before calculating the allowable ODF costs. Then the adjusted gross ODF costs (allowable) are allocated to the different modalities that make up the ODF programs. Then those direct costs are added back to the modality that benefited from the direct cost services. For example, perinatal-related costs such as child care expenses are removed from the total ODF cost and added back to the benefiting program, in this case, the perinatal program.

This information automatically populates data in the ODF Detailed Costs worksheet and the ODF Cost Allocation worksheet.

**Tab 6: ODF Cost Allocation Worksheet**

This worksheet further identifies the breakout of costs between the different ODF services and between Private Pay, DMC and Non-DMC. The worksheet also identifies the maximum reimbursement for DMC services.

1. Section 6, Row a: Enter ODF Individual sessions for each of the following areas:
   1. ODF Group – Non Perinatal (ODF G NP)
   2. ODF Group – Perinatal (ODF G P)
2. Section 6, Row b: Enter the length of session time for each of the following areas:
   1. ODF Individual – Non Perinatal (ODF I NP)
   2. ODF Group – Non Perinatal (ODF G NP)
   3. ODF Individual – Perinatal (ODF I P)
   4. ODF Group – Perinatal (ODF G P)
   5. If the length is less than 50 minutes (Individual) or 90 minutes (Group), it triggers an adjustment to the Statewide Maximum Allowance (SMA). If the length is greater than 50 minutes (Individual) or 90 minutes (Group), the higher amount is used to compute direct staff hours; however, the reimbursement will not exceed the SMA.
3. Section 13, Row a: Enter the number of units for Private and Non-DMC for ODF Individual – Non Perinatal
4. Section 13, Row b: Enter the number of units for Private and Non-DMC for ODF Group – Non Perinatal
5. Section 13, Row c: Enter the number of units for Private and Non-DMC for ODF Individual – Perinatal
6. Section 13, Row d: Enter the number of units for Private and Non-DMC for ODF Group – Perinatal
7. Section 14, Row d: Enter the Statewide Maximum Allowable (SMA) Rate or Customary Charges for each of the following areas:
   1. ODF Individual – Non Perinatal (ODF I NP)
   2. ODF Group – Non Perinatal (ODF G NP)
   3. ODF Individual – Perinatal (ODF I P)
   4. ODF Group – Perinatal (ODF G P)

All other areas are automatically populated based on data entry in other worksheet tabs.

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**Tab 7: ODF Reimbursed Units Worksheet**

This worksheet identifies the specific reimbursement amounts by funding source and grant type category. Enter the information identified below—all other areas are automatically populated from other worksheets. The county will enter the data from this worksheet into the cost report system application.

1. Rows 14 through 41: Enter the approved unit information for each type of service for each grant type category from the reconciliation report provided by DHCS (unless the county or provider has the specific detailed data).
2. Row 44: Enter the denied unit information for each type of service from the reconciliation report provided by DHCS (unless the county or provider has the specific detailed data). Denied units are not broken out by grant category.
3. ODF Individual – Non Perinatal
4. Regular (Program Codes 90, 97, 98, 99, 100): Enter the following dollar amounts:
5. Row 120: Fees/DMC share of cost
6. Row 122: Insurance
7. Minor Consent (Program Code 92): Enter the following dollar amounts:
8. Row 129: Fees/DMC share of cost
9. Row 130: Insurance
10. CalWorks (Program Code 87): Enter the following dollar amounts:
11. Row 136: Fees/DMC share of cost
12. Row 137: Insurance
13. ODF Group – Non Perinatal
14. Regular (Program Codes 90, 97, 98, 99, 100): Enter the following dollar amounts:
15. Row 218: Fees/DMC share of cost
16. Row 220: Insurance
17. Minor Consent (Program Code 92): Enter the following dollar amounts:
18. Row 227: Fees/DMC share of cost
19. Row 228: Insurance
20. CalWorks (Program Code 87): Enter the following dollar amounts:
21. Row 234: Fees/DMC share of cost
22. Row 235: Insurance
23. ODF Individual – Perinatal
24. Regular (Program Codes 91, 95, 96): Enter the following dollar amounts:
25. Row 316: Fees/DMC share of cost
26. Row 218: Insurance
27. Minor Consent (Program Code 93): Enter the following dollar amounts:
28. Row 325: Fees/DMC share of cost
29. Row 326: Insurance
30. CalWorks (Program Code 88): Enter the following dollar amounts:
31. Row 332: Fees/DMC share of cost
32. Row 333: Insurance
33. ODF Group – Perinatal
34. Regular (Program Codes 91, 95, 96): Enter the following dollar amounts:
35. Row 414: Fees/DMC share of cost
36. Row 416: Insurance
37. Minor Consent (Program Code 93): Enter the following dollar amounts:
38. Row 423: Fees/DMC share of cost
39. Row 424: Insurance
40. CalWorks (Program Code 88): Enter the following dollar amounts:
41. Row 430: Fees/DMC share of cost
42. Row 431: Insurance

**Tab 8: ODF Comparison Worksheet**

This document identifies the comparison between the DMC worksheet (Cost Allocation) and the Fiscal Detail Pages in the web based cost report. The county must identify and enter the appropriate information to identify the Service and Program from the DMC Settlement forms with the information entered into the web based cost report. In some instances, more than one Non-DMC or DMC Program Code could be entered (for example, 92 for Minor Consent and 97 for DMC Regular).

In the “Non-DMC Program Codes” field, list the Non-DMC program codes for the cost and unit information shown on these DMC forms that are also entered in the web based cost report; leave blank if no Non-DMC information is reported on the DMC forms.

In the “DMC Program Codes” field, list the DMC program codes for the cost and unit information shown on these DMC forms that is also entered in the web based cost report.

In the “SUDCRS Fiscal Detail” column, record the totals for each type of information from Fiscal Detail Pages from the web based cost report for the listed Non-DMC or DMC programs, as appropriate. One cannot be completed without the other. The DMC cost report forms are incomplete without this information properly filled in by the user.

**Tab 9: Intensive Outpatient Treatment (IOT) Detailed Costs Worksheet**

No data entry is necessary in this worksheet; information will automatically populate from other worksheets.

**Tab 10: IOT Detailed Adjustments Worksheet**

This worksheet provides the breakout of costs between IOT Non-Perinatal and IOT Perinatal.

From the program’s general ledger, enter the information specified below. This information automatically populates data in the IOT Detailed Cost worksheet and the IOT Cost Allocation worksheet.

1. DMC Unreimbursable Costs, Section 1, Rows a through aj: For Private and Non-DMC and for both IOT-Non Perinatal and IOT- Perinatal services, enter the amount for the IOT cost center in the various cost categories that are not DMC reimbursable.(see Definition 6. above).
2. Direct Costs, Section 2, Rows a through aj: For Private, DMC, and Non-DMC and for both IOT Non-Perinatal and IOT- Perinatal, enter the amount for the IOT cost center in the various cost categories that are direct charged to this cost center. These costs directly related to services provided to clients funded by the specific program and funding source must be removed before calculating the allowable IOT costs. Then the adjusted gross IOT costs (allowable) are allocated to the different modalities that make up the ODF programs. Then those direct costs are added back to the modality that benefited from the direct cost services. For example, perinatal-related costs such as child care expenses are removed from the total IOT cost and added back to the benefiting program, in this case, the perinatal program.

**Tab 11: IOT Cost Allocation Worksheet**

This worksheet further identifies the breakout of costs between the IOT Non-Perinatal and IOT Perinatal and between Private Pay, DMC and Non-DMC. The worksheet also identifies the maximum reimbursement for DMC services.

1. Section 6, Row b: enter the time length of session for IOT –Non Perinatal and IOT-Perinatal
2. Section 11, Row a: Enter the number of units for Private and Non-DMC for IOT-Non Perinatal
3. Section 11, Row b: Enter the number of units for Private and Non-DMC for IOT-Perinatal
4. Section 12, Row d: Enter the Statewide Maximum Allowable (SMA) Rate or Customary Charges for IOT-Non Perinatal and IOT-Perinatal

All other areas are automatically populated based on data entry in other worksheet tabs.

**Tab 12: IOT Reimbursed Units Worksheet**

This worksheet identifies the specific reimbursement amounts by funding source and grant type category. Enter the information identified below—all other areas are automatically populated from other worksheets. The county will enter the data from this worksheet into the cost report system application.

1. Rows 14 through 41: Enter the approved unit information for each type of service for each grant type category from the reconciliation report provided by DHCS (unless the county or provider has the specific detailed data).
2. Row 44: Enter the denied unit information for each type of service from the reconciliation report provided by DHCS (unless the county or provider has the specific detailed data). Denied units are not broken out by grant type category.
3. IOT – Non Perinatal
4. Regular (Program Codes 90, 97, 98, 99, 100): Enter the following dollar amounts:
5. Row 149: Fees/DMC share of cost
6. Row 151: Insurance
7. Minor Consent (Program Code 92): Enter the following dollar amounts:
8. Row 159: Fees/DMC share of cost
9. Row 160: Insurance
10. CalWorks (Program Code 87): Enter the following dollar amounts:
11. Row 167: Fees/DMC share of cost
12. Row 168: Insurance

4. IOT - Perinatal

1. Regular (Program Codes 91, 95, 96): Enter the following dollar amounts:
2. Row 278: Fees/DMC share of cost
3. Row 280: Insurance
4. Minor Consent (Program Code 93): Enter the following dollar amounts:
5. Row 288: Fees/DMC share of cost
6. Row 289: Insurance
7. CalWorks (Program Code 88): Enter the following dollar amounts:
8. Row 296: Fees/DMC share of cost
9. Row 297: Insurance

**Tab 13: IOT Comparison Worksheet**

This document identifies the comparison between the DMC worksheet (Cost Allocation) and the Fiscal Detail Pages in the web based cost report. The county must identify and enter the appropriate information to identify the Service and Program from the DMC Settlement forms with the information entered into the web based cost report. In some instances, more than one Non-DMC or DMC Program Code could be entered (for example, 92 for Minor Consent and 97 for DMC Regular).

In the “Non-DMC Program Codes” field, list the Non-DMC program codes for the cost and unit information shown on these DMC forms that are also entered in the web based cost report; leave blank if no Non-DMC information is reported on the DMC forms.

In the “DMC Program Codes” field, list the DMC program codes for the cost and unit information shown on these DMC forms that is also entered in the web based cost report.

In the “SUDCRS Fiscal Detail” column, record the totals for each type of information from Fiscal Detail Pages from the web based cost report for the listed Non-DMC or DMC programs, as appropriate. One cannot be completed without the other. The DMC cost report forms are incomplete without this information properly filled in by the user.

**Tab 14: Residential Detailed Costs Worksheet**

No data entry is necessary in this worksheet; information will automatically populate from other worksheets.

**Tab 15: Residential Detailed Adjustments Worksheet**

This worksheet provides the breakout of costs for Perinatal Residential.

From the program’s general ledger, enter the information specified below. This information automatically populates data in the Residential Detailed Cost worksheet and the Residential Cost Allocation worksheet.

1. DMC Unreimbursable Costs, Section 1, Rows a through aj: For Private and Non-DMC for Perinatal Residential, enter the amount for the Residential cost center in the various cost categories that are not DMC reimbursable. (see Definition 6 above)
2. Direct Costs, Section 2, Rows a through aj: For Private, DMC, and Non-DMC for Perinatal Residential, enter the amount for the Residential cost center in the various cost categories that are direct charges to this cost center. These costs directly related to services provided to clients funded by the specific program and funding source must be removed before calculating the allowable perinatal residential costs. Then the adjusted gross perinatal residential costs (allowable) are allocated to the different modalities that make up the perinatal residential programs. Then those direct costs are added back to the modality that benefited from the direct cost services.

**Tab 16: Residential Cost Allocation Worksheet**

This worksheet further identifies the breakout of costs for Perinatal Residential between Private Pay, DMC and Non-DMC. The worksheet also identifies the maximum reimbursement for DMC services.

1. Section 6, Row b: Enter the length of session time for Perinatal Residential
2. Section 10, Row a: Enter the number of units for Private and Non-DMC for Perinatal Residential
3. Section 11, Row c: Enter the Usual/Customary Charge for Perinatal Residential

All other areas are automatically populated based on data entry in other worksheet tabs.

**Tab 17: Residential Reimbursed Units Worksheet**

This worksheet identifies the specific reimbursement amounts by funding source and grant type category. Enter the information identified below—all other areas are automatically populated from other worksheets. The county will enter the data from this worksheet tab into the cost report system application.

1. Rows 14 through 41: Enter the approved unit information for each type of service for each grant type category from the reconciliation report provided by DHCS (unless the county or provider has the specific detailed data).
2. Row 44: Enter the denied unit information for each type of service from the reconciliation report provided by DHCS (unless the county or provider has the specific detailed data). Denied units are not broken out by grant type category.
3. Residential Perinatal
4. Regular (Program Codes 91, 95, 96): Enter the following dollar amounts:
5. Row 120: Fees/DMC share of cost
6. Row 122: Insurance
7. Minor Consent (Program Code 93): Enter the following dollar amounts:
8. Row 129: Fees/DMC share of cost
9. Row 130: Insurance
10. CalWorks (Program Code 88): Enter the following dollar amounts:
11. Row 136: Fees/DMC share of cost
12. Row 137: Insurance

**Tab 18: Residential Comparison Worksheet**

This document identifies the comparison between the DMC worksheet (Cost Allocation) and the Fiscal Detail Pages in the web based cost report. The county must identify and enter the appropriate information to identify the Service and Program from the DMC Settlement forms with the information entered into the web based cost report. In some instances, more than one Non-DMC or DMC Program Code could be entered (for example, 92 for Minor Consent and 97 for DMC Regular).

In the “Non-DMC Program Codes” field, list the Non-DMC program codes for the cost and unit information shown on these DMC forms that are also entered in the web based cost report; leave blank if no Non-DMC information is reported on the DMC forms.

In the “DMC Program Codes” field, list the DMC program codes for the cost and unit information shown on these DMC forms that is also entered in the web based cost report.

In the “SUDCRS Fiscal Detail” column, record the totals for each type of information from Fiscal Detail Pages from the web based cost report for the listed Non-DMC or DMC programs, as appropriate. One cannot be completed without the other. The DMC cost report forms are incomplete without this information properly filled in by the user.