

DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

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**ADP BULLETIN**

Title Clarification of Cost Report Settlement Issues Related to CalWORKs Funding and Services		Issue Date: Expiration Date: Until Notified	Issue No. 98-47
Deputy Director Approval GLORIA J. MERK, II Program Operations Division	Function <input type="checkbox"/> Information Management <input type="checkbox"/> Quality Assurance <input type="checkbox"/> Service Delivery <input checked="" type="checkbox"/> Fiscal <input type="checkbox"/> Administration	Supersedes Bulletin/ADP Letter No. 98-06 98-14	

PURPOSE

This is to address concerns raised by the county alcohol and drug program administrators regarding the manner in which the Department of Alcohol and Drug Programs (ADP) intends to deal with California Work Opportunity and Responsibility to Kids (CalWORKs) program funding and services for interim cost report settlements, and, subsequently, audits.

DISCUSSION

The effect of including CalWORKs funding and unit of service information in the year-end cost reports to ADP is the focus of concern. Specifically, the county administrators want to know how the Department views cost shifting issues in relation to this additional funding source and how the interim cost report settlement process would be affected.

In response to these concerns, we offer the following:

- ◆ The county contract budget and cost report forms have separate program codes for reporting CalWORKs funds allocated by the Department of Social Services (DSS), including Substance Abuse Prevention and Treatment (SAPT) Block Grant funds. Also, there are separate program codes identified for CalWORKs Drug/Medi-Cal (D/MC) funds and services. ADP Bulletin #98-09 identifies the program codes developed for CalWORKs funding and services.
- ◆ Units of service, costs, and funding sources reflected for **funds allocated by DSS** will not be combined with negotiated net amount (NNA), D/MC, and/or CalWORKs D/MC to compute an average cost per unit of service for determining D/MC costs. The CalWORKs costs identified for interim settlement as reported by the counties will be accepted by ADP.

This is similar to how ADP settles costs for a program that provides both alcohol and drug and perinatal services at the same site. The costs are accepted as reported and each are settled separately.

- ◆ Units of service and costs reflected for CalWORKs D/MC **funds allocated by ADP** must be combined with NNA and D/MC costs and units to compute an average cost per unit of service for determining D/MC costs. The ADP cost report Form 7990, "Drug/Medi-Cal Program Cost Summary," has been revised to reflect CalWORKs D/MC units and the determination of CalWORKs D/MC costs.

There are no special CalWORKs activities or costs that can be charged to D/MC. Additional services provided to CalWORKs clients that are not reimbursable by D/MC can be charged to funds allocated by DSS, including SAPT Block Grant. CalWORKs D/MC costs that exceed the maximum rate may be backfilled **only** with State General Fund allocated by DSS.

- ◆ The verification of the CalWORKs costs will be an audit issue. CalWORKs participation will not be a criterion for selection of providers for audit. When a provider is selected for audit and that provider also happens to be a CalWORKs provider, no special audit procedures will be necessary. As usual, most costs will be common to all funding sources and should be allocated using a common and equitable basis. It is expected that counties and providers will adhere to the principles of proper use of public funds, no supplantation of funds, and that costs unique to a particular funding source will be traceable to the provider's accounting records.
- ◆ CalWORKs D/MC funds will be discontinued in Fiscal Year (FY) 1998-99. In FY 1997-98, \$1.5 million in SGF was available to counties to use as match for D/MC services provided to CalWORKs recipients. The \$1.5 million SGF will continue to be available to counties; however, it will not be used as match to claim federal Medicaid dollars.

Counties and providers will still be able to provide D/MC services to CalWORKs recipients, and the services will continue to be billed to the non-D/MC CalWORKs funds or to the D/MC Program (i.e., the non-CalWORKs D/MC funds). The claims should continue to be submitted as described in ADP Bulletin #98-14, i.e., if the welfare-to-work plan requires the CalWORKs recipient to receive alcohol and other drug treatment services, the D/MC claims and summary forms should be completed separately from regular D/MC Program claims and summary forms.

The overall goal for ADP is to be able to report to the Legislature and other interested parties on the alcohol and other drug treatment services received by and outcomes of those services provided to CalWORKs clients. The above processes support the ability of the counties and

ADP to account for the program services provided, ensure the funds are expended as intended, and respond to various requests for information.

REFERENCES

[ADP Bulletin #98-06](#)

[ADP Bulletin #98-07](#)

[ADP Bulletin #98-09](#)

[ADP Bulletin #98-14](#)

HISTORY

Not Applicable

QUESTIONS/MAINTENANCE

Please direct any questions regarding cost reports or claims to Susan Wilson in the Fiscal Management Branch at (916) 323-6698 and questions regarding audit issues to Andy Dill in the Audit Services Branch at (916) 324-6406.

EXHIBITS

None

DISTRIBUTION

County Alcohol and Drug Program Administrators
County Fiscal Representatives
Wagerman Associates, Inc.
Director's Advisory Council

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