



County of Santa Cruz

0127

HEALTH SERVICES AGENCY

POST OFFICE BOX 962, 1080 EMELINE AVENUE SANTA CRUZ, CA 95061-0962
(831) 4644066 FAX: (831) 4644770 TDD: (831) 4544123

AGENCY ADMINISTRATIVE DIVISION

May 29, 2001

AGENDA: June 12, 2001

Board of Supervisors
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

SUBJECT: Approval of Revenue Agreement with the State Department of Alcohol and Drug Programs

Dear Members of the Board:

This letter is to request your Board's approval of and authorization for the Health Services Agency (HSA) Administrator to sign a three-year, \$11,859,297 revenue agreement (on file with the Clerk of the Board) with the State Department of Alcohol and Drug Programs for alcohol and drug services, and to sign anticipated amendments to the agreement.

Background

Each year since 1994-95, your Board has approved a revenue agreement with the State for alcohol and drug funds. State statute requires that this revenue agreement be executed by July 31st of the new fiscal year, or the State may contract directly with Drug Medical providers in the County and withhold funds to cover State costs for administering these direct contracts.

In order to meet the July 31st deadline, the State is basing the revenue agreement on its preliminary allocation, and is not requiring the County to include fiscal detail such as subcontractor allocations, units of service, and unit of service rates. When the State budget is adopted, the State will request an amendment to the contract to adjust to the final State allocation and for counties to include detailed subcontractor information.

Proposed Agreement

The agreement provides for \$11,859,297 for three years of funding, including \$3,953,099 for the 2001-02 fiscal year. These funds are included in the recommended 2001-02 County budget, and are consistent with the recommended budget except for Drug Medical funds. State estimates of Federal and State funds needed for Drug Medical entitlement services will be

reconciled when the agreement is amended in the fall of 2001. The agreement requires no new County funds.

The agreement must be amended after the passage of the State Budget Act to incorporate the final State allocation and the fiscal detail for each service provider. This fiscal detail will be consistent with the 2001-02 provider contracts currently being negotiated, which will be presented to your Board for approval. If there are significant changes in the final State allocation that require modification of provider contracts or changes in the County budget, these changes will be presented separately to your Board for approval.

It is therefore **RECOMMENDED** that your Board:

1. Approve the State Standard Agreement for **NNA/Medi-Cal** Alcohol and Drug Program Services, County Contract No. R-574 (on file with the Clerk of the Board), for fiscal years 2001-02 through 2003-04, and authorize the Health Services Administrator to sign; and
2. Authorize the HSA Administrator to sign subsequent amendments to the agreement regarding subcontractor fiscal detail and allocation adjustments.

Sincerely,



Rama Khalsa, Ph.D.
Health Services Administrator

Attachments: ADM-29
Revenue Agreement

RECOMMENDED:



Susan A. Mauriello
County Administrative Officer

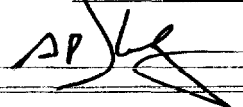
cc: County Administrative Office
Auditor Controller
County Counsel
HSA Administration
Mental Health/Substance Abuse Administration
Alcohol and Drug Program

COUNTY OF SANTA CRUZ

REQUEST FOR APPROVAL OF AGREEMENT

0129

TO: **Board** of Supervisors
 County Administrative Officer
 County Counsel
 Auditor-Controller

FROM: Health Services Agency (Dept.)
 (Signature) 5/24/11 (Date)



The **Board** of Supervisors is hereby requested to approve the attached agreement and authorize the execution of the same.

1. Said agreement is between the Health Services Agency Alcohol. & Drug Program (Agency)
and State Dept. of Alcohol & Drug Programs, 1700 K Street, Sacramento, CA 95814 (Name & Address)
2. The agreement will provide revenue to support alcohol and drug services
3. The agreement is needed to support the above-mentioned services
4. Period of the agreement is from July 1, 2001 to June 30, 2004
5. Anticipated cost is \$ revenue total is \$11,859,297 over three years (Fixed amount; Monthly rate; Not to exceed)
6. Remarks: Revenue agreement
7. Appropriations are budgeted in see attached (Index#) (Subobject)

NOTE: IF APPROPRIATIONS ARE INSUFFICIENT, ATTACH COMPLETED FORM AUD-74

Appropriations are available and have been encumbered. Contract No. R-574 Date 6-1-01
are not available and will be encumbered.
NA - Revenue Agree GARY A. KNUTSON, Auditor - Controller
 By  Deputy

Proposa reviewed and approved. It is recommended that the Board of Supervisors approve the agreement and authorize the to execute the same on behalf of the Health Services Agency
 (Agency).

Remarks:  (Analyst) County Administrative Officer
 By  Date 6/01/01

Distribution:
 Bd. of Supv. - White
 Auditor-Controller - Blue
 County Counsel - initials
 Co. Admin. Officer - Canary
 Auditor-Controller - Pink
 Originating Dept. - Goldenrod
 To Orig. Dept. if rejected.
 ADM - 29 (6/95)

28

State of California)
 County of Santa Cruz) ss
 I ex-officio Clerk of the Board of Supervisors of the County of Santa Cruz,
 State of California, do hereby certify that the foregoing request for approval of agreement was approved by
 said Board of Supervisors as recommended by the County Administrative Officer by an order duly entered
 in the minutes of said Board on _____
 _____ 19 _____ By _____ Deputy Clerk

Attachment A

0130

Fiscal Detail of Revenues in the
2001-02 NNA/MediCal Agreement

<u>Index/Subobject</u>	<u>Description</u>	<u>Amount</u>
364040/0690	State Aid (non-Perinatal)	\$1,202,895
364040/0618	State Aid (Perinatal)	260,661
36404010988	Fed Aid – Drug Block Grant	1,620,329
364020/0994	Fed Aid – Friday Night Live	24,879
36404010622	State Aid – Short Doyle Medical	844,335
	Total	\$3,953,099

0131

AGREEMENT NUMBER

COUNTY44

1. This Agreement is entered into between the State Agency and the Contractor named below

STATE AGENCY'S NAME

DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS (ADP)

CONTRACTOR'S NAME

COUNTY OF SANTA CRUZ

2. The term of this Agreement is: 7/1/01 through 6/30/05

3. The maximum amount of this Agreement is:

\$ 3,953,099 (F.Y. 2001/02) or \$2,3 18,058 (see note below)
\$ 3,953,099 (F.Y. 2002/03) or \$2,3 18,058 (see note below)
\$ 3,953,099 (F.Y. 2003/04) or \$2,3 18,058 (see note below)
\$ 11,859,297 (Total) or \$6,954,174 (see note below)

Note: Per Health and Safety Code Section 11758.46(e)(2), this contract must be approved by County's Board of Supervisors and ADP by 7/31/01 or ADP will assume responsibility of the county's Drug Medi-Cal treatment services and this contract will be reduced by the necessary State General Funds to support those services.

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement:

Exhibit A-1 -- Fiscal Allocation Detail, Budget 1	3	Pages	Effective only if contract is fully approved by 7/31/01 -- see note above.
Exhibit A- 1 -- Fiscal Allocation Detail, Budget 2 (NNA Only)	3	Pages	Effective only if contract is not fully approved by 7/31/01 -- see note above.
Exhibit B -- General Terms and Conditions, Version One, Effective 7/1/01	9	Pages	
Exhibit C -- Part I, Negotiated Net Amount Provisions, Version One, Eff. 7/1/01	16	Pages	
Exhibit D -- Part II, Drug Medi-Cal Substance Abuse Treatment Services Provisions, Version One, Effective 7/1/01	17		Effective only if contract is fully approved by 7/31/01 -- see note above.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

CONTRACTOR'S NAME (If other than an individual, state whether a corporation, partnership, etc.)

COUNTY OF SANTA CRUZ

BY (Authorized Signature)

DATE SIGNED

PRINTED NAME AND TITLE OF PERSON SIGNING

STATE OF CALIFORNIA

AGENCY NAME

DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

BY (Authorized Signature)

DATE SIGNED

PRINTED NAME AND TITLE OF PERSON SIGNING

ANN HORN, DEPUTY DIRECTOR, ADMINISTRATION

ADDRESS

1700 K Street, Sacramento, CA 95814-4037

CALIFORNIA
Department of General Services
 use Only

**Exempt per Dept. of General
 Services' memo dated 7/10/96
 And
 Welfare and Institutions Code
 14087.4**

Exempt per See above

0132

FISCAL ALLOCATION DETAIL
DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
FY 2001 - 2002 **NNA/Drug Medi-Cal** Budget **V.0**

COUNTY: SANTA CRUZ

	AMOUNT	TOTALS	PCA/OBJ
STATE FUNDS 07/01/01 - 6/30/02 (12 Months)			
STATE GENERAL FUNDS			
State General Funds - DMC	\$768,159		50012/702.10
State General Funds - NNA	\$315,902		50010/702.11
Adult Treatment Services Gap	\$68,285		50010/702.11
PERINATAL STATE GENERAL FUNDS			
Perinatal State General Funds - DMC	\$22,547		50011/702.20
Perinatal State General Funds - NNA	\$238,114		50013/702.21
AU CHER STATE GENERAL FUNDS			
Women's and Children's Residential Treatment Services SGF	\$0		50013/702.22
Youth Treatment Services	\$50,549		50013/702.23
TOTAL STATE FUNDS		\$1,463,556	
PAROLEE FUNDS			
Parolee Services Network Funds	\$0		50059/702.18
TOTAL PAROLEE FUNDS		\$0	
FEDERAL FUNDS - (FFY 2002 Award 2 1 Months)			
SAPT BLOCK GRANT - 93.959			
SAPT Discretionary	\$996,957		50063/702.30
Prevention Set-Aside	\$313,784		50062/702.31
SAPT Friday Night Live	\$15,000		50062/702.32
SAFT Club Live	\$15,000		- 3 3
HIV Set-Aside	\$51,853		50063/702.35
Perinatal Set-Aside	\$54,089		50064/702.36
Female Offender Treatment Services	\$0		50063/702.40
SAFT Special Projects Summary of Funds	\$0		Various/702.45
SAFT Special Projects (Limited Term)	\$0		Various/702.45
Adolescent Treatment Services	\$150,000		50063/702.49
Youth Treatment Services	\$23,646		- 0 2 . 4 9
TOTAL SAPT BLOCK GRANT - 93.959		\$1,620,329	
SAFE AND DRUG FREE SCHOOLS & COMMUNITIES FUNDS - 84.186 7/01/01 - 6/30/03 (24 Mos)			
SDFSC - Community Based Prevention (SFY 2001 Award)	\$24,879		50020/702.60
TOTAL COMMUNITY BASED PREVENTION FUNDS		\$24,879	
TOTAL FEDERAL FUNDS ALLOCATED		\$1,645,208	
TOTAL STATE AND FEDERAL FUNDS ALLOCATED			\$3,108,764
FEDERAL DRUG MEDI-CAL FUNDS (REIMBURSEMENT) (12 MONTHS)			
Drug Medi-Cal (Fed Share Only)	\$820,259		7000/50094/702.10
Perinatal Medi-Cal (Fed Share Only)	\$24,076		7000/50095/702.20
TOTAL FEDERAL DRUG MEDICAL FUNDS (REIMBURSEMENT)		\$844,335	
GRAND TOTAL ALL FUNDS			\$3,953,099

FISCAL ALLOCATION DETAIL
DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
FY 2002 - 2003 NNA/Drug Medi-Cal Budget V.0

0133

COUNTY: SANTA CRUZ

	AMOUNT	TOTALS	PCA/OBJ
<u>STATE FUNDS 7/01/02 - 6/30/03 (12 Months)</u>			
STATE GENERAL FUNDS			
State General Funds - DMC	\$768,159		50012/702.10
State General Funds - NNA	\$315,902		50010/702.11
Adult Treatment Services Gap	\$68,285		50010/702.11
PERINATAL STATE GENERAL FUNDS			
Perinatal State General Funds - DMC	\$22,547		50011/702.20
Perinatal State General Funds - NNA	\$238,114		50013/702.21
ALL OTHER STATE GENERAL FUNDS			
Women's and Children's Residential Treatment Services SGF	\$0		500134702.22
Youth Treatment Services	\$50,549		50013/702.23
TOTAL STATE FUNDS		\$1,463,556	
PAROLEE FUNDS			
Parolee Services Network Funds	\$0		50059/702.18
TOTAL PAROLEE FUNDS		\$0	
<u>FEDERAL FUNDS - FFY 2003 Award 10/01/02 - 6/30/04 (21 Months)</u>			
SAPT BLOCK GRANT - 93.959			
SAPT Discretionary	\$996,957		50063/702.30
Prevention Set-Aside	\$313,784		50062/702.31
SAPT Friday Night Live	\$15,000		50062/702.32
SAPT Club Live	\$15,000		50062/702.33
HIV Set-Aside	\$51,853		50063/702.35
Perinatal Set-Aside	\$54,089		50064/702.36
Female Offender Treatment Services	\$0		50063/702.40
SAPT Special Projects Summary of Funds	\$0		Various/702.45
SAPT Special Projects (Limited Term)	\$0		Various/702.45
Adolescent Treatment Services	\$150,000		50063/702.49
Youth Treatment Services	\$23,646		50063/702.49
TOTAL SAPT BLOCK GRANT - 93.959		\$1,620,329	
<u>SAFE AND DRUG FREE SCHOOLS & COMMUNITIES FUNDS - 84.186 7/01/02 - 6/30/04 (24 Mos)</u>			
SDFSC - Community Based Prevention (SFY 2002 Award)	\$24,879		50020/702.60
TOTAL COMMUNITY BASED PREVENTION FUNDS		\$24,879	
TOTAL FEDERAL FUNDS ALLOCATED		\$1,645,208	
TOTAL STATE AND FEDERAL FUNDS ALLOCATED			\$3,108,764
<u>FEDERAL DRUG MEDI-CAL FUNDS (REIMBURSEMENT) (12 MONTHS)</u>			
Drug Medi-Cal (Fed Share Only)	\$820,259		7000/50094/702.10
Perinatal Medi-Cal (Fed Share Only)	\$24,076		7000/50095/702.20
TOTAL FEDERAL DRUG MEDI-CAL FUNDS (REIMBURSEMENT)		\$844,335	
GRAND TOTAL ALL FUNDS			\$3,953,099

28

FISCAL ALLOCATION DETAIL
DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
FY 2003 - 2004 **NNA/Drug Medi-Cal** Budget **V.0**

0134

COUNTY: SANTA CRUZ

	AMOUNT	TOTALS	PCA/OBJ
STATE FUNDS 7/01/03 - 6/30/04 (12 Months)			
STATE GENERAL FUNDS			
State General Funds - DMC	\$768,159		50012/702.10
State General Funds - NNA	\$315,902		50010/702.11
Adult Treatment Services Gap	\$68,285		50010/702.11
PERINATAL STATE GENERAL FUNDS			
Perinatal State General Funds - DMC	\$22,547		50011/702.20
Perinatal State General Funds - NNA	\$238,114		50013/702.21
ALL OTHER STATE GENERAL FUNDS			
Women's and Children's Residential Treatment Services SGF	\$0		50013/702.22
Youth Treatment Services	\$50,549		50013/702.23
TOTAL STATE FUNDS		\$1,463,556	
PAROLEE FUNDS			
Parolee Services Network Funds	\$ 0		50059/702.18
TOTAL PAROLEE FUNDS		\$0	
FEDERAL FUNDS - FFY 2004 Award 10/01/03 - 6/30/05 (21 Months)			
SAPY BLOCK GRANT - 93.959			
SAPT Discretionary	\$996,957		50063/702.30
Prevention Set-Aside	\$313,784		50062/702.31
SAPT Friday Night Live	\$15,000		50062/702.32
SAPT Club Live	\$15,000		- 0 2 . 3 3
HIV Set-Aside	\$51,853		50063/702.35
Perinatal Set-Aside	\$54,089		50064/702.36
Female Offender Treatment Services	\$0		50063/702.40
SAPT Special Projects Summary of Funds	\$0		Various/702.45
SAPT Special Projects (Limited Term)	\$0		Various/702.45
Adolescent Treatment Services	\$150,000		50063/702.49
Youth Treatment Services	\$23,646		50063/702.49
TOTAL SAPT BLOCK GRANT - 93.959		\$1,620,329	
SAFE AND DRUG FREE SCHOOLS & COMMUNITIES FUNDS - 84.186 7/01/03 - 6/30/05 (24 Mos)			
SDFSC - Community Based Prevention (SFY 2003 Award)	\$24,879		50020/702.60
TOTAL COMMUNITY BASED PREVENTION FUNDS		\$24,879	
TOTAL FEDERAL FUNDS ALLOCATED		\$1,645,208	
TOTAL STATE AND FEDERAL FUNDS ALLOCATED		\$3,108,764	
FEDERAL DRUG MEDI-CAL FUNDS (REIMBURSEMENT) (12 MONTHS)			
Drug Medi-Cal (Fed Share Only)	\$820,259		7000/50094/702.10
Perinatal Medi-Cal (Fed Share Only)	\$24,076		7000/50095/702.20
TOTAL FEDERAL DRUG MEDI-CAL FUNDS (REIMBURSEMENT)		\$844,335	
GRAND TOTAL ALL FUNDS		\$3,953,099	

FISCAL ALLOCATION DETAIL
DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
FY 2001 - 2002 NNA/Drug Medi-Cal Budget V.0

0135

COUNTY: SANTA CRUZ

	AMOUNT	TOTALS	PCA/OBJ
STATE FUNDS 7/01/01 - 6/30/02 (12 Months)			
STATE GENERAL FUNDS			
State General Funds - DMC	\$0		50012/702.10
State General Funds - NNA	\$315,902		50010/702.11
Adult Treatment Services Gap	\$68,285		50010/702.11
PERINATAL STATE GENERAL FUNDS			
Perinatal State General Funds - DMC	\$0		50011/702.20
Perinatal State General Funds - NNA	\$238,114		50013/702.21
ALL OTHER STATE GENERAL FUNDS			
Women's and Children's Residential Treatment Services SGF	\$0		50013/702.22
Youth Treatment Services	\$50,549		50013/702.23
TOTAL STATE FUNDS		\$672,850	
PAROLEE FUNDS			
Parolee Services Network Funds	\$0		50059/702.18
TOTAL PAROLEE FUNDS		\$0	
FEDERAL FUNDS - FFY 2002 Award 10/01/01 - 6/30/03 (21 Months)			
SAPT BLOCK GRANT - 93.959			
SAPT Discretionary	\$996,957		50063/702.30
Prevention Set-Aside	\$313,784		50062/702.31
SAPT Friday Night Live	\$15,000		50062/702.32
SAPT Club Live	\$15,000		50062/702.33
HIV Set-Aside	\$51,853		50063/702.35
Perinatal Set-Aside	\$54,089		50064/702.36
Female Offender Treatment Services	\$0		50063/702.40
SAPT Special Projects Summary of Funds	\$0		Various/702.45
SAPT Special Projects (Limited Term)	\$0		Various/702.45
Adolescent Treatment Services	\$150,000		50063/702.49
Youth Treatment Services	\$23,646		50063/702.49
TOTAL SAPT BLOCK GRANT - 93.959		\$1,620,329	
SAFE AND DRUG FREE SCHOOLS & COMMUNITIES FUNDS - 84.186 7/01/01 - 6/30/03 (24 Mos)			
SCFSC - Community Based Prevention (SFY 2001 Award)	\$24,879		50020/702.60
TOTAL COMMUNITY BASED PREVENTION FUNDS		\$24,879	
TOTAL FEDERAL FUNDS ALLOCATED		\$1,645,208	
TOTAL STATE AND FEDERAL FUNDS ALLOCATED			\$2,318,058
FEDERAL DRUG MEDI-CAL FUNDS (REIMBURSEMENT) (12 MONTHS)			
Drug Medi-Cal (Fed Share Only)	\$0		7000/50094/702.10
Perinatal Medi-Cal (Fed Share Only)	\$0		7000/50095/702.20
TOTAL FEDERAL DRUG MEDICAL FUNDS (REIMBURSEMENT)		\$0	28
GRAND TOTAL ALL FUNDS			\$2,318,058

FISCAL ALLOCATION DETAIL
DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
FY 2002 - 2003 NNA/Drug Medi-Cal Budget V.0

0136

COUNTY: SANTA CRUZ

	AMOUNT	TOTALS	PCA/OBJ
STATE FUNDS 07/01/02 - 6/30/03 (12 Months)			
STATE GENERAL FUNDS			
State General Funds - DMC	\$0		50012/702.10
State General Funds - NNA	\$315,902		50010/702.11
Adult Treatment Services Gap	\$68,285		50010/702.11
PERINATAL STATE GENERAL FUNDS			
Perinatal State General Funds - DMC	\$0		50011/702.20
Perinatal State General Funds - NNA	\$238,114		50013/702.21
ALL OTHER STATE GENERAL FUNDS			
Women's and Children's Residential Treatment Services SGF	\$0		50013/702.22
Youth Treatment Services	\$50,549		50013/702.23
TOTAL STATE FUNDS		\$672,850	
PAROLEE FUNDS			
Parolee Services Network Funds	\$0		50059/702.18
TOTAL PAROLEE FUNDS		\$0	
FEDERAL FUNDS - FFY 2003 Award 10/01/02 - 6/30/04 (21 Months)			
SAPT BLOCK GRANT - 93.959			
SAPT Discretionary	\$996,957		50063/702.30
Prevention Set-Aside	8313,784		50062/702.31
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SAPT Club Live	\$15,000		50062/702.33
HIV Set-Aside	\$51,853		50063/702.35
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TOTAL FEDERAL DRUG MEDI-CAL FUNDS (REIMBURSEMENT)		\$0	
GRAND TOTAL ALL FUNDS			\$2,318,058

FISCAL ALLOCATION DETAIL
DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
FY 2003 - 2004 NNA/Drug Medi-Cal Budget V.0

0137

COUNTY: SANTA CRUZ

	AMOUNT	TOTALS	PCA/QBJ
7/01/03 - 6/30/04 (12 Months)			
STATE GENERAL FUNDS			
State General Funds - DMC	\$0		50012/702.10
State General Funds - NNA	\$315,902		50010/702.11
Adult Treatment Services Gap	\$68,285		50010/702.11
PERINATAL STATE GENERAL FUNDS			
Perinatal State General Funds - DMC	\$0		50011/702.20
Perinatal State General Funds - NNA	\$238,114		50013/702.21
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Women's and Children's Residential Treatment Services SGF	\$0		50013/702.22
Youth Treatment Services	\$50,549		50013/702.23
TOTAL STATE FUNDS		\$672,850	
PAROLEE FUNDS			
Parolee Services Network Funds	\$0		50059/702.18
TOTAL PAROLEE FUNDS		\$0	
7/01/03 - 6/30/05 (21 Months)			
SAPT BLOCK GRANT - 93.959			
SAPT Discretionary	\$996,957		50063/702.30
Prevention Set-Aside	\$313,784		50062/702.31
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SAPT Club Live	\$15,000		50062/702.33
HIV Set-Aside	\$51,853		50063/702.35
Perinatal Set-Aside	\$54,089		50064/702.36
Female Offender Treatment Services	\$0		50083/702.40
SAPT Special Projects Summary of Funds	\$0		Various/702.45
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Drug Medi-Cal (Fed Share Only)	\$0		7000/50094/702.10
Perinatal Medi-Cal (Fed Share Only)	\$0		7000/50095/702.20
TOTAL FEDERAL DRUG MEDI-CAL FUNDS (REIMBURSEMENT)		\$0	
GRAND TOTAL ALL FUNDS			\$2,318,058

Exhibit B

General Terms and Conditions

Exhibit B - General Terms and Conditions

Version One, Effective 7/1/01

TABLE OF CONTENTS

	Page(s)
A. Contract Exhibits.....	1
B. Term of Contract.....	1
C. Nullification of Part II.....	1
D. Unenforceable Provisions.....	1
E. Reappropriation of State Funds.....	1
F. Contract Amendments.....	1-2
G. Termination.....	2
H. Audit.....	3-4
I. Certification	4
J. Restrictions on Lobbying.....	4
K. Restrictions on Salaries.....	4
L. Child Support Compliance Act.....	5
M. Year 2000 Compliance.....	5
N. Federal Principles of Effectiveness.....	5
O. Confidentiality of Information.....	5-6
P. Nondiscrimination in Employment.....	6
Q. Nondiscrimination in Services.....	6-7
R. Drug-Free Workplace.....	7-8
S. No Unlawful Use or Unlawful Use Messages Regarding Drugs.....	8
T. Smoking Prohibition Requirements.....	8
U. Hazardous Activities.....	9
V. Noncompliance with Reporting Requirements.....	9
w. Disputes	9
X. Assignment	9
Y. Indemnification.....	9
Z. Independent Contractor	9
AA. Timeliness	9

GENERAL TERMS AND CONDITIONS

0140

A; Contract Exhibits

Exhibit C (Part I) defines the rights and obligations of the parties regarding Negotiated Net Amount (NNA) funds. Exhibit D (Part II) is attached only if applicable and defines the rights and obligations of the parties regarding Medicaid/Medi-Cal funds, as expended through the Drug Medi-Cal (DMC) Program. Exhibit B, entitled "General Terms and Conditions" contains the contract provisions applicable to all counties.

B. Contract Term

The term of this contract shall be from July 1, 2001 through June 30, 2005. Subject to Exhibit C (Part I), Article III, Fiscal Provisions, Section H, Cost Efficiencies, the expenditure period of funds during the contract term shall be as stated on Exhibit AI. The State Department of Alcohol and Drug Programs (hereinafter referred to as the State) is under no obligation to extend or renew this contract.

C. Nullification of Part II (if applicable)

The parties agree that if the identified county (hereinafter referred to as the County) fails to comply with the provisions of Health and Safety Code (hereinafter referred to as HSC) Section 11758.46(e)(2), Part II of this Agreement shall be null and void and severed from the remainder of this Agreement.

In the event Part II becomes null and void and severed from the remainder of this Agreement, Budget #2, NNA only (Exhibit AI) will take effect reflecting the removal of State General Fund (SGF), Perinatal State General Fund (PSGF), and federal Medicaid funds from this contract. Part I of this contract will remain in effect until amended or terminated.

D. Unenforceable Provisions

In the event any provision of this contract is held invalid or unenforceable by any court of competent jurisdiction, the holding will not invalidate or render unenforceable any other provision hereof.

E. Reappropriation of State Funds

Counties may not transfer SGF DMC to SGF discretionary. Counties shall inform ADP of any excess SGF funds by April 1. ADP may reappropriate excess funds by addressing the following considerations:

1. Fund unmet statewide DMC need in current year;
2. Retain reappropriated funds for DMC purposes in the current budget year; or
3. Reallocate funds to counties as discretionary SGF.

SGF provided by the California Department of Corrections shall be subject to specific expenditure requirements (Document 1 D).

F. Contract Amendments

1. Both the County and the State may agree to amend or renegotiate the contract. Contract amendments will be required to change encumbered amounts for each year of a multi-year contract period.
2. If the County contract is based on the preliminary allocation, or rates and requirements issued before the passage of the State FY Budget Act and Trailer Bill(s), the County will

be required to submit a contract amendment within 60 days of the release of the Budget Act allocation with a budget that reflects the revised allocation, rates, a plan for expenditure of prior year unexpended SGF, and other County requirements. In the event the County has not submitted a contract amendment with all required County and subcontractor fiscal detail within 60 days of the release of the Budget Act Allocation, the State will withhold all NNA payments under Part I of this contract until the required amendment is received by the State.

3. Contract amendments may be submitted by the County until May 1 of each contract's fiscal year. An amendment proposed by either party shall be forwarded in writing to the other party.
 - (a) The proposed amendment submitted by the County shall include revised County Prevention and Treatment Programs Fiscal Summary and Detail Forms, Exhibit AI, and a statement of the reason and basis for the proposed change.
 - (b) Amendments are subject to review and signed approval by the County Board of Supervisors (or designee).
4. No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or agreement not incorporated in the Agreement is binding on any of the parties.

G. Termination

1. This contract may be terminated by either party by delivering written notice of termination to the other party at least 30 days prior to the effective date of termination. The notice shall state the effective date of and reason for the termination. In the event of changes in law that affect provisions of this Agreement, the parties agree to amend the affected provisions to conform with the changes in law retroactive to the effective date of such changes in law. The parties further agree that the terms of this Agreement are severable and in the event of changes in law as described above, the unaffected provisions and obligations of this Agreement will remain in full force and effect.
2. The following additional provisions regarding termination apply to Part II of this contract:
 - (a) In the event the federal Department of Health and Human Services (hereinafter referred to as DHHS) the California Department of Health Services (hereinafter referred to as DHS) or the State determines the County does not meet the requirements for participation in the DMC Program, the State will terminate Part II of this contract in accordance with this section.
 - (b) All obligations to provide covered services under this contract will automatically terminate on the effective date of any termination of this contract. The County will be responsible for providing or arranging for covered services to beneficiaries until the termination or expiration of the contract.

The County will remain liable for processing and paying invoices and statements for covered services and utilization review requirements prior to the expiration or termination until all obligations have been met.
 - (c) In the event Part II of this contract is terminated, the County shall refer DMC clients to another appropriate source of care.

H. Audit

1. This contract, and any subcontracts, shall be subject to the examination and audit by the California Bureau of State Audits for a period of three years from the date that final payment is made pursuant to the contract (Government Code, Section 10532). This does not preclude access to records by the State, the Comptroller General of the United States, or any of their authorized representatives.
2. The County agrees that the State will have the right to review, obtain, and copy all records pertaining to the performance of this contract. The County agrees to provide the State with any and all relevant information requested.
3. The County agrees to comply with the additional provisions contained in Document 2N entitled "State of California, Department of Health Services, Additional Provisions (For Federally Funded Subvention Aid/Local Assistance Cost Reimbursement Contracts/Grants)," and is incorporated by this reference. In instances where inconsistencies occur, the provisions of the contract shall apply.
4. All expenditures of State and federal funds furnished to the County and the County's subcontractors pursuant to Part I are subject to audit by the State. Such State audits shall consider and build upon external independent audits performed pursuant to audit requirements of the Office of Management and Budget (OMB) Circular A-1 33 (Revised June 1997). Objectives of such State audits may include, but not be limited to, the following:
 - (a) to determine whether units of service claimed/reported are properly documented by service records and accurately accumulated for claiming/reporting;
 - (b) to validate data reported by the County for prospective contract negotiations;
 - (c) to provide technical assistance in addressing current year activities and providing recommendations on internal controls, accounting procedures, financial records, and compliance with laws and regulations;
 - (d) to determine the cost of services, net of related patient and participant fees, third-party payments, and other related revenues and funds;
 - (e) to determine that expenditures are made in accordance with applicable State and federal laws and regulation and contract requirements; and/or
 - (f) to determine the facts in relation to analysis of data, complaints, or allegations, which may be indicative of fraud, abuse, willful misrepresentation, or failure to achieve the contract objectives of Part I or Part II.
5. The County shall comply, and shall require that subcontractors comply, with all terms and conditions of this contract and all pertinent State and federal statutes and regulations. The State, DHS, DHHS, Comptroller General of the United States, or other authorized state or federal agencies and representatives, will be allowed to inspect or otherwise evaluate the quality, appropriateness, and timeliness of services performed under this contract. Any and all books, records, and facilities maintained by the County and its subcontractors related to these services may be audited at any time during normal business hours. Unannounced visits may be made at the discretion of the State. Employees who might reasonably have information related to such records may be interviewed.

6. The refusal of a county or subcontractor to permit access to and inspection of books, records, and facilities as described in this part constitutes an express and immediate breach of this Agreement.

0143

I. Certification

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions (Reference: Title 45, Code of Federal Regulations (hereinafter referred to as CFR), Appendix B to Part 76)

The official signing for the county certifies, to the best of his or her knowledge and belief, the following:

The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

The county agrees that it will include the above debarment clause, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

Lower tier covered transactions are defined as:

1. Any transaction between a participant and a person other than a procurement contract for goods or services, regardless of type, under a primary covered transaction.
2. Any procurement contract for goods or services between a participant and a person, regardless of type, expected to equal or exceed the Federal procurement small purchase threshold fixed at 10 United States Code (USC) 2304(g) and 41 USC 253(g) (currently \$25,000) under a primary covered transaction.
3. Any procurement contract for goods or services between a participant and a person under a covered transaction, regardless of amount, under which that person will have a critical influence on or substantive control over that covered transaction. Such persons are:
 - (a) Principal investigators
 - (b) Providers of Federally-required audit services
 - (c) Researchers

J. Restrictions on Lobbying

Contractor agrees that no part of any federal funds provided under this contract shall be used by the Contractor or any subcontractor to support lobbying activities to influence proposed or pending Federal or State legislation or appropriations. This prohibition is related to the use of Federal Grant funds and is not intended to offset your right, or that of any other organization, to petition Congress, or any other level of Government, through the use of other resources. (Reference: 31 USC 1352)

K. Restrictions on Salaries

Contractor agrees that no part of any federal funds provided under this contract shall be used by the Contractor or any subcontractor to pay the salary of an individual at a rate in excess of \$145,100 per year.

L. Child Support Compliance Act

3144

County acknowledges, in accordance with Public Contract Code Section 7110 (Document 1 E), that:

1. the County recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family Code; and
2. the County, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

M. Year 2000 Compliance

County warrants and represents that the services delivered under this contract are "Year 2000 compliant." For purposes of this contract a service is Year 2000 compliant if it will continue to function fully before, at, and after the Year 2000 without interruption and, if applicable, with full ability to accurately and unambiguously process, display, compare, calculate, manipulate and otherwise utilize date information. This warranty and representation supersedes all warranty disclaimers and limitations and all limitations on liability provided by or through the county.

N. Federal Principles of Effectiveness (applies to Safe and Drug Free Schools and Communities funding)

County is considered a "grant recipient" for purposes of this clause and agrees to comply with the federal Principles of Effectiveness listed below:

3. A grant recipient shall base its program on a thorough assessment of objective data about the drug and violence problems in the schools and communities served;
2. A grant recipient shall, with the assistance of a local or regional advisory council, which includes community representatives, establish a set of measurable goals and objectives and design its activities to meet those goals and objectives;
3. A grant recipient shall design and implement its activities based on research or evaluation that provides evidence that the strategies used prevent or reduce drug use, violence, or disruptive behavior; and
4. A grant recipient shall evaluate its program periodically to assess its progress toward achieving its goals and objectives and use its evaluation results to refine, improve, and strengthen its program to refine its goals and objectives as appropriate.

O. Confidentiality of Information

1. The County shall conform to and monitor compliance with all State and federal statutes and regulations regarding confidentiality, including the confidentiality of information requirements at Part 2, Title 42, CFR; Welfare and Institutions Code (hereinafter referred to W&IC), Section 14100.2; Section 11977, Division 10.5 of the HSC; and Title 22, California Code of Regulations (hereinafter referred to as CCR), Section 51009.

2. The County shall ensure that no list of persons receiving services under this contract is published, disclosed, or used for any purpose except for the direct administration of this program or other uses authorized by law that are not in conflict with requirements for confidentiality contained in Title 42, CFR, Part 2; W&IC, Section 14100.2; HSC, Section 1977; and Title 22, CCR, Section 5 1009.

P. Nondiscrimination in Employment

1. During the performance of this Agreement, Contractor and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. Contractor and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment, Contractor and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporate into this Agreement by reference and made a part hereof as if set forth in full. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the agreement.

2. The County agrees to post, and further agrees to require its subcontractors to post, in conspicuous places, notices available to all employees and applicants for employment setting forth the provisions of the Equal Opportunity Act 142 USC 2000(e)] in conformance with Federal Executive Order No. 1 1246. The County agrees to comply, and further agrees to require its subcontractors to comply, with the provisions of the Rehabilitation Act of 1973 (29 USC 794).

Q. Nondiscrimination in Services

1. By signing this contract the County certifies under the laws of the State of California that the County and its subcontractors shall not unlawfully discriminate in the provision of services because of race, color, creed, national origin, sex, age, or physical or mental disability as provided by State and federal law and in accordance with Title VI of the Civil Rights Act of 1964 [42 USC 2000(d)]; Age Discrimination Act of 1975 (42 USC 6101); Rehabilitation Act of 1973 (29 USC 794); Education Amendments of 1972 (20 USC 1681); Americans with Disabilities Act of 1990 (42 USC 12132); Title 45, CFR, Part 84; provisions of the Fair Employment and Housing Act (Government Code Section 12900 et seq.); and regulations promulgated thereunder (Title 2, CCR, Section 7285.0 et seq.); Title 2, Division 3, Article 9.5 of the Government Code, commencing with Section 11 135; and Title 9, Division 4, Chapter 6 of the CCR, commencing with Section 10800.
2. For the purpose of this contract, discriminations on the basis of race, color, creed, national origin, sex, age, or physical or mental disability include, but are not limited to, the following: denying a participant any service or providing a benefit to a participant which is different, or is provided in a different manner or at a different time from that provided to other participants under this contract; subjecting a participant to segregation or separate treatment in any matter related to the receipt of any service; restricting a participant in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service or benefit; and/or treating a participant

differently from others in determining whether the participant satisfied any admission, enrollment, eligibility, membership or other requirement or condition which individuals must meet in order to be provided any service or benefit.

3. The County shall, on a cycle of at least every three years, assess, monitor, and document each subcontractor's compliance with the Rehabilitation Act of 1973 and Americans with Disabilities Act of 1990 to ensure that recipients/beneficiaries and intended recipients/beneficiaries of services are provided services without regard to physical or mental disability. The County shall also monitor to ensure that beneficiaries and intended beneficiaries of service are provided services without regard to race, color, creed, national origin, sex, or age.

The County shall include nondiscrimination and compliance provisions in all subcontracts. The County shall establish written procedures under which service participants are informed of their rights including their right to file a complaint alleging discrimination or a violation of their civil rights. Participants shall be provided a copy of their rights that shall include the right of appeal and the right to be free from sexual harassment and sexual contact by members of the treatment, recovery, advisory, or consultant staff.

- 4: The County shall conduct a self-evaluation and, where appropriate, a transition plan in accordance with the requirements contained in Title 28, CFR, Section 35.105, and Title 45, CFR, Section 84.6. The self-evaluation shall include an assessment of residential alcohol and other drug services consistent with the Voluntary Compliance Agreement between the Office of Civil Rights, DHHS, and the State. For services provided pursuant to a contract, the County may perform the self-evaluation or require the subcontractor perform the self-evaluation. The County agrees to comply with the terms and conditions contained in any applicable voluntary compliance agreements.
5. The County shall keep records to document compliance with the provisions referenced in Article II, Division C, and copies of the required Notice of Client's Rights, in order for the State to determine compliance with Article II, Division C, and with the State and federal legal requirements including the Voluntary Compliance Agreement. Upon request by the State, the County shall provide such records and other data, which may include a valid and appropriate fire clearance for residential facilities, to the State within 30 calendar days.
6. No state or federal funds shall be used by the County or any subcontractors to provide direct, immediate or substantial support to any religious activity.
7. Noncompliance with Article II, Section C, subdivisions 1 through 6, may result in withholding of payments under this contract or termination of any part of a subcontractor's reimbursement.

R. Drug-Free Work Place

By signing this contract the County certifies that the County will comply, and require that subcontractors comply, with the requirements of the Drug-Free Work Place Act of 1990 (Government Code Section 8350 et seq.) and will provide a drug-free work place by taking the following actions:

1. Publish a statement notifying all employees that the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited in the person's or organization's work place and specifying the actions that will be taken against employees for violations of the prohibitions as required by the Government Code, Section 8355(a).

2. Establish a drug-free awareness program as required by the Government Code? ¹⁴⁷
Section 8355(b) to inform all employees about all of the following:
 - (a) the dangers of drug abuse in the work place;
 - (b) the person's or organization's policy of maintaining a drug-free work place;
 - (c) any available drug counseling, rehabilitation, and employee assistance programs; and
 - (d) the penalties that may be imposed upon employees for drug abuse violations.
3. Provide, as required by the Government Code, Section 8355(c), that every employee engaged in the performance of the contract:
 - (a) be given a copy of the County's drug-free policy statement; and
 - (b) as a condition of employment on the contract, agree to abide by the terms of the statement.
4. Failure to comply with these requirements for a drug-free work place may result in suspension of payments under the contract or termination of the contract or both, and the County or its subcontractors may be ineligible for future State contracts if the State determines that any of the following has occurred:
 - (a) the County has made false certification; or
 - (b) the County has violated the certification by failing to carry out the requirements as noted above.

S. No Unlawful Use or Unlawful Use Messages Regarding Drugs

The County agrees that information produced through these funds, and which pertains to drug- and alcohol-related programs, shall contain a clearly written statement that there shall be no unlawful use of drugs or alcohol associated with the program. Additionally, no aspect of a drug- or alcohol-related program shall include any message on the responsible use, if the use is unlawful, of drugs or alcohol (Health and Safety Code Section 11999). By signing this Agreement, the County agrees that the County and its subcontractors will enforce these requirements.

T. Smoking Prohibition Requirements

The County shall comply, and require that subcontractors comply, with Public Law 103-227, also known as the Pro-Children Act of 1994, which requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, day care, early childhood development services, education, or library services to children under the age of 18 if the services are funded by federal programs either directly or through State or local governments, by federal grant, contract, loan, or loan guarantee. The law also applies to children's services that are provided in indoor facilities that are constructed, operated, or maintained with such federal funds. The law does not apply to children's services provided in private residences; portions of facilities used for inpatient drug or alcohol treatment; service providers whose sole source of applicable federal funds is Medicare or Medicaid; or facilities where Women, Infants, and Children (WIC) coupons are redeemed.

U. Hazardous Activities

0148

The County shall have liability insurance sufficient to cover hazardous activities pursuant to Section 7.40 of the State Contracting Manual (Document 1 S). To the extent the County subcontracts for the provision of transportation services, the County is liable to determine that the subcontractor has sufficient liability insurance to meet the requirements of Section 7.40 of the State Contracting Manual.

V. Noncompliance with Reporting Requirements

The County agrees that the State has the right to withhold County payments until the County has submitted any required data and reports to the State.

w. Disputes

County shall continue with the responsibilities under this Agreement during any disputes.

X. Assignment

This Agreement is not assignable by the contractor, either in whole or in part, without the consent of the State in the form of a formal written agreement.

Y. Indemnification

Contractor agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by Contractor in the performance of this Agreement.

Z. Independent Contractor

Contractor, and the agents and employees of Contractor, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the state.

AA. Timeliness

Time is of the essence in this Agreement.

Exhibit C

Part I – Negotiated Net **Amount** Provisions

Exhibit C (Part I) – Negotiated Net Amount Provisions

Version One, Effective 7/1/01

TABLE OF CONTENTS

	Page(s)
Article I. Formation and Purpose	
A. Authority.....	1
B. Control Requirements.....	1-3
C. Contract Negotiation	3
Article II. Definitions.....	4-5
Article III. Fiscal Provisions	
A. Funding Authorization.....	6
B. Payment Provisions.....	6-7
C. Accrual of Interest.....	7
D. Transfer of Money.....	7
E. Additional Audit Requirements.....	7-9
F. Revenue Collection.....	9
G. County Match Requirements.. ..	9
H. Cost Efficiencies	10
I. Expenditure of SAPT Block Grant Funds and SDFSC Funds.....	10-11
Article IV. Performance Provisions	
A. Monitoring.....	12
B. Performance Requirements	12
Article V. Reporting Requirements	
A. Financial Reports	13
B. Additional Reports.....	13
Article VI. General Provisions	
A. Records.....*	14
B. Dispute Resolution Process.	14-15
List of Part I Documents Incorporated by Reference.....	16

PART I

NEGOTIATED NET AMOUNT

ARTICLE I. FORMATION AND PURPOSE

A. Authority

The State and County enter into Part I by authority of Chapters 3 and 3.3, Part 1, Division 10.5 of the HSC and with approval of the County Board of Supervisors (or designee) for the purpose of providing alcohol and drug services, which will be reimbursed through this contract. The parties identified are the only parties to the contract.

B. Control Requirements

1. Performance under Part I is subject to all applicable federal and State laws, regulations, and standards. In accepting the State drug and alcohol combined program allocation pursuant to HSC, Sections 11757(a) and (b), the County shall establish, and shall require subcontractors to establish, written accounting procedures consistent with the following requirements, and shall be held accountable for audit exceptions taken by the State against the County and its subcontractors for failure to comply with these requirements:

- (a) HSC, Division 10.5;
- (b) Title 9, California Code of Regulations, Division 4;
- (c) Government Code, Article 1.7, Federal Block Grants, Chapter 2, Part 2, Division 4, Title 2, commencing at Section 16366.1;
- (d) Government Code, Article 7, Federally Mandated Audits of Block Grant Funds Allocated to Local Agencies, Chapter 1, Part 1, Division 2, Title 5, commencing at Section 53130;
- (e) Title 42, United States Code (USC), Section 300x-5; Reports and Audits for Block Grants;
- (f) Block Grant [Public Law 102-321 (Title 42, USC, commencing at Section 101)];
- (g) Single Audit Act of 1984 (Public Law 98-502) and the Single Audit Act Amendments of 1996 (Public Law 104-156) and corresponding OMB Circular A-133 (Revised June 30, 1997);
- (h) Title 45 Code of Federal Regulations, Part 96, Subparts B, C, and L, Substance Abuse Prevention and Treatment Block Grant;
- (i) Title 21, CFR, Part 291 (Food and Drug Administration Requirements for Narcotic Treatment Programs);
- (j) Title 21, CFR, Part 1300, et. seq. (Drug Enforcement Administration Requirements for Food and Drugs); and
- (k) State Administrative Manual, Chapter 7200

The County shall be familiar with the above laws and regulations and shall assure that the County's subcontractors are also familiar with such laws.

2. The provisions of Part I are not intended to abrogate any provisions of law or regulation, or any standards existing or enacted during the term of this contract. 0152
3. Title 45, CFR, Part 96, Subpart L, contains the minimal provisions that are to be adhered to by the County in the expenditure of the Substance Abuse Prevention and Treatment Block Grant funds. Document IA, 45 CFR 96, Subpart L, is incorporated by reference.
4. This contract is subject to any additional restrictions, limitations or conditions enacted by the federal or State government that affect the provisions, terms, or funding of this contract in any manner.
5. Documents 1 B, 1 C, 1 D and 1 U, which are incorporated by this reference, contain additional requirements that shall be adhered to by those counties that receive the types of funds referenced in Exhibits AI and A2, which are incorporated by this reference. These exhibits and documents are:
 - Exhibit AI, County Prevention and Treatment Programs Fiscal Summary and Detail Forms;
 - Exhibit A2, Minor Remodeling Costs and Criteria;
 - Document 1B, Safe and Drug-Free Schools and Communities (SDFSC) Act Requirements and 1 U, Research-Based Prevention Requirements;
 - Document 1 C, Driving Under the Influence Program Requirements; and
 - Document 1 D, Services to California Department of Corrections (CDC) - Parolee Services Network Projects and Female Offender Treatment Project.
6. Document 1 F, which is incorporated by this reference, describes "Requirements for Data by Date."
7. Document 1 G, "Perinatal Services Network Guidelines," contains the requirements for perinatal programs funded under Part I, which includes submission of the "Perinatal Services Monthly Report," is incorporated by reference.
8. Document' 1T, "Prevention Activities Data System (PADS) Forms" collects information required in the SDFSC Act and SAPT Block Grants. Reports are required from primary prevention providers on a yearly basis.
9. Document 1 V, "Youth Treatment Guidelines," is provided for use by the County in developing and implementing youth treatment programs funded under Part I.
10. Only SGF DMC and SGF DMC Perinatal may be used to match FFP. The County must use all available SGF DMC to fund Minor Consent prior to accessing the reserve. Counties may access the Contingency Reserve Fund when all allocated regular SGF DMC or SGF DMC Perinatal is expended.
11. If the county applied for and received an award for California Mentor Initiative (CMI) funds, the county agrees to comply with (a) terms and conditions of Document IQ, "Conditions for Use of Funding Received Under the Mentor Initiative Allocation," (b) ADP's CMI Request for Applications, (c) the County-specific proposal, and (d) any amendments to that proposal. If the county received funds for this program in a prior contract with ADP, these documents are on file at ADP and incorporated by this reference. If funds are being added for the first time through this contract, these documents are attached hereto and incorporated by this reference.

12. If the county applied for and received an award for Drug Court-Related Substance Abuse Treatment funds, the county agrees to comply with (a) the department's Drug Court-Related Substance Abuse Treatment Request for Applications, (b) the County-specific proposal, and (c) amendments to that proposal. If the county received funds for this program in a prior contract with ADP, these documents are on file at ADP and incorporated by this reference. If funds are being added for the first time through this contract, these documents are attached hereto and incorporated by this reference.

C. Contract Negotiation

Contract negotiations shall be conducted between the County and the State through their authorized representative(s) each year of the multi-year contract period. Negotiations will be conducted at State headquarters at 1700 K Street, Sacramento, once during the multi-year contract period. In the alternative, negotiations may be conducted by correspondence. However, in the event the County and the State, through their authorized representative(s), cannot resolve issues of disagreement by correspondence, the State reserves the right to require the attendance of the County-authorized representative(s) at State headquarters for the limited purpose of resolving issues of disagreement. Any failure by the State- or the County-authorized representative(s) to attend any scheduled headquarters negotiation at the scheduled time and designated location will constitute a delay by the State or the County, respectively, pursuant to HSC, Section 11758.12(b)(2).

ARTICLE II. DEFINITIONS

0154

- A. The words and terms of this contract are intended to have their usual meanings unless a particular or more limited meaning is associated with their usage pursuant to HSC, Section 11750 et seq., and Title 9, CCR, Section 9000 et seq. The following definitions shall apply to Part I:
1. "Available Capacity" means the total number of units of service (bed days, hours, slots, etc.) that a county actually makes available in the current fiscal year.
 2. "County" means (a) the County identified in the Standard Agreement or (b) the department authorized by the County Board of Supervisors to administer alcohol and drug programs.
 3. "Dedicated Capacity" means the historically calculated service capacity, by modality, adjusted for the projected expansion or reduction in services, which the County agrees to make available to provide non-DMC drug and alcohol services to persons eligible for county services.
 4. "Encumbered Amount" means the amount reflected on the Standard Agreement of this contract and supported by Exhibit AI, the County Prevention and Treatment Programs Fiscal Summary and Detail Forms, as the NNA less the required County match.
 5. "Final Allocation" means the amount of funds identified in the last allocation letter issued by the State for the current fiscal year.
 6. "Modality" means those necessary general activities identified in the Dedicated Capacity Reports included in the County Prevention and Treatment Programs Fiscal Summary and Detail Forms, Exhibit AI, to provide alcohol and/or drug prevention or treatment that conform to the services available pursuant to Division 10.5 of the HSC.
 7. "Negotiated Net Amount (NNA)" means the contracted amount for services agreed to by the State and the County, less funds budgeted for DMC. The net amount reflects only those funds allocated to the County and the required county match for SGF as reflected in the County Prevention and Treatment Programs Fiscal Summary and Detail Forms, Exhibit AI; and Minor Remodeling Costs and Criteria, Exhibit A2. The NNA does not include other revenue budgeted by the County such as client fees or county revenue in excess of the required match for SGF. The cost per unit for the dedicated capacity to be provided for each service modality identified in the contract will be based on the net amount of the contract. Exhibits AI and A2 will be used as negotiating documents.
 8. "Performance" means (a) providing the dedicated capacity in accordance with Exhibit AI; (b) complying with the terms of the expenditures associated with allowable costs for minor remodeling as detailed in Exhibit A2; and (c) abiding by the terms of Articles I and II of the Introduction of this contract including all applicable State and federal statutes, regulations, and standards in expending funds for the provision of alcohol and drug services.
 9. "Revenue" means income from sources other than the State allocation and the required county match.
 10. "Service Element" is the specific type of service performed within the more general service modalities. A list of the service modalities and service elements and service elements codes is incorporated into this contract as Document 1H, "Service and Program Codes, and Service Code Descriptions."
 11. "State" means the California Department of Alcohol and Drug Programs.

12. “Unit of Service” means the type of unit used to quantify the service modalities/elements in the dedicated capacity reports. The units of services are listed below: 0155

Support Services	staff hours
Primary and Secondary Prevention Services	staff hours
Nonresidential Services	
Outpatient	staff hours
Aftercare	staff hours
Day Care Habilitative	visit days
Residential Treatment Service	bed days
Narcotic Treatment Program	
Inpatient Detoxification	bed days
Outpatient Detoxification	slot days
Narcotic Replacement Therapy	slot days
Methadone	
Levo-alpha-acetyl-methadol (LAAM)	
Ancillary Services	staff hours
California Mentoring Initiative	staff hours
Driving Under-the-Influence	clients served

13. “Utilization” means the total actual units of service used by clients and participants.

ARTICLE III. FISCAL PROVISIONS

A. Funding Authorization

0156

1. Part I is valid and enforceable subject to sufficient funds being made available to the State by the United States Government and subject to authorization and appropriation of sufficient funds pursuant to the State's Budget Act.
2. In the event the United States Government and/or the State Government do not authorize and appropriate sufficient funds for the State to allocate amounts pursuant to the Payment Provisions of Part I, it is mutually agreed that the contract shall be amended to reflect any reduction in the Payment Provisions and the Performance Provisions.
3. The participating County shall bear the financial risk in providing any alcohol and/or drug service to the population described and enumerated in Part I within the NNA.

B. Payment Provisions

1. The NNA shall be based on the projected cost of services less the projected revenues. The projected cost of services shall be based on historical data of actual costs and current capacity provided to the State by the County.
2. The total amount payable by the State to the County under Part I shall not exceed the encumbered amount for each fiscal year. The funds identified for the fiscal years covered by Part I are subject to change depending on the availability of the appropriations by the Legislature and the Federal Government. The amount of funds available for expenditure by the County shall be limited to the amount identified in the final allocations issued by the State for that fiscal year or the NNA, whichever is less. Changes to encumbered funds will require written amendment to the contract. The State may settle costs for NNA services based on the year-end cost settlement report as the final amendment to the approved single state/county contract.
3. In the event a contract amendment is required pursuant to Subdivision 2 above, the County shall submit to the State any contract exhibits requested by the State to initiate the contract amendment. Any such requested exhibits shall be forwarded to the State 60 days after the State issues a notice of the State Budget Act allocation or any revised allocation with the exception of the final allocation. To the extent the County is notified of the State Budget Act allocation prior to the execution of the contract, the State and the County may agree to amend the contract after the issuance of the first revised allocation.
4. The State shall reimburse the County monthly in arrears based upon the amount encumbered for Part I or the Governor's Budget allocation, whichever is less.

The monthly payment shall be at least one twelfth of the NNA portion of the contract.

However, based on the expenditure information submitted by the counties in the Quarterly Federal Financial Management Report, monthly payments of encumbered federal funds may be adjusted to extend the length of time (not to exceed 21 months) payments will be made.

5. Monthly disbursements to the participating County at the beginning of each FY of the contract shall be based on the preliminary allocation of funds by the State as detailed in Exhibit AI, County Prevention and Treatment Programs Fiscal Summary Detail. Final allocations will reflect any increases or reductions in the appropriations as enacted by the Budget Act allocation and any subsequent allocation revisions and shall commence with approval of the contract or contract amendment. To the extent the amendment encumbers an amount that is less than the final allocation, the monthly disbursements will reflect the lesser amount.

6. Monthly payments may be withheld for late submission of reports required pursuant to Article V, or noncompliance with the provisions of Article II, Section H, of the Introduction to this contract. Upon receipt of the report, or compliance with Article II, Section H, the County's monthly payment shall commence with the next scheduled monthly payment, and shall include any funds withheld due to late submission of the report. 0157

Monthly payments will be withheld if the County fails to submit the Budget Act amendment, which includes the County and subcontractor fiscal detail data, due to the State 60 days after the release of the Budget Act allocation.

7. Adjustments may be made to the total NNA of the contract, and amounts may be withheld from payments made pursuant to Subdivision 4 above, for nonperformance to the extent that nonperformance involves fraud, abuse, or failure to achieve the objectives of Part I.

C. Accrual of Interest

Counties are not allowed to retain more than \$100 in interest earned on federal funds per year per Title 45, CFR, 92.21 (I). Interest earned in excess of this amount is to be returned to the State.

D. Transfer of Money

Transfers of 10 percent or more of the contracted amount per fiscal year between modalities included in Part I will require an amendment to the contract. Transfers of less than 10 percent of the contracted amount per fiscal year are subject to prior written approval by the State when the transfers are between modalities and are subject to subsequent reporting by the County to the State consistent with Article V reporting requirements when the transfers are between service elements. Determinants for prior approval will include identification of the amount to be transferred, the location of the transfers, the need for the transfers, and the effect on the negotiated service delivery.

E. Additional Audit Requirements

1. Pursuant to OMB Circular A-1 33, the County shall require and ensure that providers expending \$300,000 or more in Federal Awards in a year, have a single or program-specific audit performed pertaining to Part I.
 - (a) The audit shall be performed in accordance with OMB Circular A-1 33 (revised June 24, 1997), Audits of States, Local Governments, and Non-Profit Organizations.
 - (b) The audit shall be conducted in accordance with generally accepted auditing standards and Government Auditing Standards, 1994 Revision, issued by the Comptroller General of the United States.
 - (c) A copy of the audit performed in accordance with OMB Circular A-133 shall be submitted to the State within thirty (30) days of completion, but no later than thirteen (13) months following the end of the provider's fiscal year. However, pursuant to OMB Circular A-1 33 (Revised June 1997), Subpart C, Section .320(a), the submission deadline was shortened to nine (9) months starting with fiscal years beginning after June 30, '1998.
 - (d) The cost of the audit made in accordance with the provisions of OMB Circular A-133 can be charged to applicable Federal awards. Where apportionment of the audit cost is necessary, such apportionment shall be made in accordance

with generally accepted accounting principles, but shall not exceed the proportionate amount that the award represents of the provider's total revenue.

- (e) The work papers and the audit reports shall be retained for a minimum of three years from the date of the audit reports, and longer if the independent auditor is notified in writing by the State to extend the retention period.
 - (f) Audit work papers shall be made available upon request to the State, and copies shall be made as is reasonable and necessary.
 - (g) The County, in coordination with the State, shall ensure the provider is responsible for follow-up and corrective action on any material audit findings in the single or program-specific audit report.
2. Pursuant to OMB Circular A-133, the State may impose sanctions against a County for not submitting required single or program-specific audit reports. The sanctions shall include:
- (a) Withholding a percentage of Federal awards until the audit is completed satisfactorily;
 - (b) Withholding or disallowing overhead costs;
 - (c) Suspending Federal awards until the audit is conducted; or
 - (d) Terminating the Federal award.
3. Pursuant to OMB Circular A-133, the Counties are required to monitor the activities of their providers expending less than \$300,000 in total Federal funds in a year. This is necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements, and that performance goals are achieved.

Limited scope audits, on-site visits, and reviews of documentation supporting requests for reimbursement are monitoring procedures that would be acceptable to OMB in meeting county monitoring objectives. Also, OMB would allow counties to charge Federal awards for the cost of these monitoring procedures.

- (a) Limited scope audits as they are defined in the Circular only include agreed-upon procedures engagements conducted in accordance with either the American Institute of Certified Public Accountant's generally accepted auditing standards or attestation standards, that are paid for and arranged by pass-through entities (counties) and address only one or more of the following types of compliance requirements: (1) activities allowed or unallowed; (2) allowable costs/cost principles; (3) eligibility; (4) matching, level of effort and earmarking; and (5) reporting.
- (b) On-site visits focus on compliance and controls over compliance areas. The reviewer makes site visits to the subrecipient's location(s), and documents the visits using a checklist or program focusing on the compliance areas. All findings noted during the on-site monitoring are handled in the same manner as any exceptions noted during single or program-specific audits.
- (c) Reviews of supporting documentation submitted by providers include, but are not limited to, copies of invoices, canceled checks, and time sheets. Prior to reimbursement the reviewer determines if the costs are allowable under the terms of the Federal award.

4. Audit reports by the State shall reflect any findings, recommendations, adjustments, and corrective action as a result of its findings in any areas.
5. The County shall be responsible for any disallowances taken from the Federal government, the State, or the Bureau of State Audits, as a result of any audit exception that is related to the County's responsibilities herein. The County agrees to develop and implement any corrective action plans in a manner acceptable to the State in order to comply with recommendations contained in the audit report. Such corrective action plans shall include time specific objectives to allow for measurement of progress and are subject to verification by the State within one year from the date of the plan.
6. If differences cannot be resolved between the State and County regarding the terms of the final audit settlements for funds expended under Part I, the County may request an appeal in accordance with the appeal process described in Document 1 J, "Audit Appeals Process," incorporated by this reference.

F. Revenue Collection

The County shall conform to revenue collection requirements in Division 10.5 of the HSC, Sections 11841 and 11991.5.

G. County Match Requirements

The County shall comply with the following requirements pursuant to HSC, Sections 1 1840, 11840.1, and 11987.4:

1. Counties with populations over 100,000:
 - (a) SGF allocations, if any, not used as DMC match shall be funded on the basis of 90 percent SGF and 10 percent County funds, except local hospital inpatient costs to the extent there are allocations made for local hospital inpatient costs, which shall be funded on a basis of 85% SGF and 15% County funds; and
 - (b) State Hospital programs shall be funded on the basis of 85 percent SGF and 15 percent County funds.
2. Counties with populations under 100,000:

State Hospital programs shall be funded on the basis of 90 percent SGF and 10 percent County funds, to the extent that allocations of SGF are made available for State Hospital programs.
3. Perinatal Services Network counties with populations over 100,000:

Perinatal Services Network programs shall be funded on the basis of 90 percent Perinatal State General Fund (PSGF) and 10 percent County funds. The 10 percent County funds match to PSGF funds must be used for perinatal-related activities. The 70 percent County match requirement does not apply to the Women and Children's Residential Treatment Services funds.)
4. Youth Treatment Programs in counties with populations over 100,000:

Youth Treatment Programs shall be funded on the basis of 90 percent SGF and 10 percent County funds. The 10 percent County funds match to SGF must be used for youth treatment activities.

H. Cost Efficiencies

0160

1. It is intended that the cost to the County in maintaining the dedicated capacity and units of service shall be met by the total funding available for these services. The total funding shall be derived from the negotiated net amounte and other revenues. Amounts awarded pursuant to Part I shall not be used for services where payment has been made, or can reasonably be expected to be made under any other state or federal compensation or benefits program, or where services can be paid for from revenues.
2. Pursuant to HSC, Sections 11758.12 (e), (f), (g), and (h), savings of discretionary State General Funds (SGF) provided through this contract shall be treated as follows:
 - (a) The County shall notify the State by April 1 of the current fiscal year of the estimated amount of retained unspent discretionary SGF to be expended in the next fiscal year beginning July 1.
 - (b) Any savings redirected from the current fiscal year to the next fiscal year plus any accrued interest (see Article III, Section C) shall be included on the identified lines of the budget summary for the next fiscal year contract.
 - (c) Unspent SGF may be retained by the County, less:
 - i. amounts reimbursable to the California Department of Corrections pursuant to Document 1 D;
 - ii. amounts deemed necessary by the county to fund allowable DMC costs which exceed DMC maximum rates.
 - (c) Retained SGF may only be spent on identifiable drug and alcohol services in accordance with this contract and shall be included on the identified lines of the budget summary for the subsequent fiscal year.

I. Expenditure of SAPT Block Grant Funds and SDFSC Funds

1. SAPT Block Grant funds are allocated based upon the Federal Grant award period. The expenditure of these funds is subject to the availability period of the grant award. Any SAPT Block Grant funds that have not been expended by a county at the end of the expenditure period identified below, shall be returned to the State. The SAPT Block Grant funds are not subject to the provisions of Section H.
 - (a) For State Fiscal Year (SFY) 2001/2002, 100% of the Federal Fiscal Year (FFY) 2002 award will be allocated. The expenditure period of the FFY 2002 award is October 1, 2001 through June 30, 2003.
 - (b) For State Fiscal Year (SFY) 2002/2003, 100% of the Federal Fiscal Year (FFY) 2003 award will be allocated. The expenditure period of the FFY 2003 award is October 1, 2002 through June 30, 2004.
 - (c) For State Fiscal Year (SFY) 2003/2004, 100% of the Federal Fiscal Year (FFY) 2004 award will be allocated. The expenditure period of the FFY 2004 award is October 1, 2003 through June 30, 2005.
2. SDFSC funds are allocated based upon the SFY. The expenditure of these funds is subject to the availability period of the grant award. Any SDFSC funds that have not been expended by a county at the end of the expenditure period identified below, shall be returned to the State. The SDFSC funds are not subject to the provisions of Section H.

- (a) The FFY 2001 award will be allocated in SFY 200112002. The expenditure⁰¹⁶¹ period of the SFY award is July 1, 2001 through June 30, 2003.
- (b) The FFY 2002 award will be allocated in SFY 2002/2003. The expenditure period of the SFY award is July 1, 2002 through June 30, 2004.
- (c) The FFY 2003 award will be allocated in SFY 2003/2004. The expenditure period of the SFY award is July 1, 2003 through June 30, 2005.

ARTICLE IV. PERFORMANCE PROVISIONS

0162

A. Monitoring

1. The County's performance under Part I shall be monitored during the term of this contract. Monitoring criteria shall include, but not be limited to:
 - (a) whether the quantity of work or services are being performed as identified in Part I, Exhibits A1 and A2;
 - (b) whether the County has established quality standards and is monitoring them;
 - (c) whether the County is abiding by all the terms and requirements of this contract: and
 - (d) whether the County is abiding by the terms of the Perinatal Services Network Guidelines.
2. Failure to comply with the provisions of Article IV, Section A, Subsections (a) through (c) above, may subject the County to suspension of payments and/or recovery of payments made, subject to the right of appeal as referenced in these requirements, or may result in termination of the contract or both.

B. Performance Requirements

1. The County's NNA dedicated capacity is the agreed upon available capacity by service modality and capacity, negotiated by the County and the State, identified in Exhibit A1. These services shall be available to persons eligible for alcohol and drug programs, as required by the contract.
2. The County shall provide accessible and appropriate services in accordance with federal and state statutes and regulations to all eligible persons. The County shall assure that in planning for the provision of services, the following barriers to accessible services are considered and addressed:
 - (a) lack of educational materials or other resources for the provision of services;
 - (b) geographic isolation and transportation needs of persons seeking services or remoteness of services;
 - (c) institutional or cultural barriers;
 - (d) language differences;
 - (e) lack of service advocates; and
 - (f) failure to survey or otherwise identify the barriers to service accessibility.
3. The County shall comply with the additional requirements, if any, identified in referenced documents.
4. Amounts awarded pursuant to Part I shall be used exclusively for providing alcohol and/or drug program services consistent with the purpose of the funding.

ARTICLE V. REPORTING REQUIREMENTS

0163

A. Financial Reports

1. Fiscal forms, provided as Exhibit AI, the County Prevention and Treatment Programs Fiscal Summary and Detail Forms, are required in accordance with the State's drug and alcohol fiscal reporting system requirements. The County agrees to submit Exhibit AI with the original contract and with each contract amendment.
2. The County agrees to submit Quarterly Federal Financial Management reports and end-of-year cost data in the form of year-end cost settlement reports, including Document 2P(c), "County Certification Cost Report Year-End Claim for Reimbursement" with an original signature of the County's authorized designee in accordance with Document 1 F, "Requirements for Data by Date."

B. Additional Reports

1. The County agrees to submit to the State in accordance with HSC, Section 1 1758.12(d), information required by the State. The information shall include, but is not limited to, utilization reports, compliance reports, financial reports, treatment and prevention services reports, demographic characteristics of service recipients, and data as required in Documents 1 K, 1 L, 1 M, 1 N and 1 R. These documents are incorporated by this reference as follows:

Document 1 K: Drug and Alcohol Treatment Access Report (DATAR) (which includes and incorporates data from the Provider Waiting List Record);

Document 1L: California Alcohol and Drug Data System (CADDs) Participant (Admission and Discharge) Records;

Document 1 M: California Alcohol and Drug Data System (CADDs) Provider Summary;

Document 1 N: National Survey of Substance Abuse Treatment Services (formerly "Drug and Alcohol Services Information System [DASIS] Uniform Facilities Data Set [UFDSI]";

Document 1R Perinatal Services Monthly Report; and

Document 1T Prevention Activities Data System (PADS) Forms, ADP7235A-G.

2. The County agrees by signing this contract to submit data requested pursuant to this section in a manner identified or on forms provided by the State, and to submit data by the due dates identified herein or in Document 1 F, "Requirements for Data by Date."

ARTICLE VI. GENERAL PROVISIONS

0164

A. Records

The County shall maintain sufficient books, records, documents, and other evidence necessary for the State to audit contract performance and contract compliance. The County will make these records available to the State, upon request, to evaluate the quality and quantity of services, accessibility and appropriateness of services, and to ensure fiscal accountability. These records shall be sufficient to determine the reasonableness, allowability, and allocability of cost incurred by the County regardless of the location or ownership of such records.

1. The County's contracts with audit firms shall have a clause to permit access by the State to the working papers of the external independent auditor, and copies shall be made as is reasonable and necessary.
2. The County shall keep adequate and sufficient financial records and statistical data to support the year-end documents filed with the State.
3. Accounting records and supporting documents shall be retained for a three-year period from the date the year-end cost settlement report was approved by the Department for interim settlement. When an audit has been started before the expiration of the three-year period, the records shall be retained until completion of the audit and final resolution of all issues that arise in the audit. Final settlement shall be made at the end of the audit and appeal process. If an audit has not begun within three years, the interim settlement shall be considered as the final settlement.
4. Financial records shall be kept so that they clearly reflect the source of funding for each type of service for which reimbursement is claimed. These documents include, but are not limited to, all ledgers, books, vouchers, time sheets, payrolls, appointment schedules, client data cards, and schedules for allocating costs.
5. The County shall require by written contract provisions that subcontractors comply, and require by contract that any subsequent subcontractors comply, with Section A. Records, above, and subdivisions 1 through 4 of thereof.
6. Should a subcontractor of the County discontinue their contractual agreement with the County, or ceases to conduct business in its entirety, the County assumes responsibility to retain fiscal and program records of the subcontractor for the required retention period. The State Administrative Manual (SAM) contains statutory requirements governing the retention, storage, and disposal of records pertaining to State funds.

The County shall follow the statutory requirements contained in SAM as noted in Title 45 CFR, Part 96, Block Grants, Subpart C, Financial Management, Section 96.30, Fiscal and Administrative Requirements, which states in part, "Except where otherwise required by Federal law or regulation, a State shall obligate and expend block grant funds in accordance with the laws and procedures applicable to the obligation and expenditure of its own funds."

If the County cannot physically maintain the fiscal and program records of the subcontractor, then arrangements shall be made with the State to take possession and maintain all records.

B. Dispute Resolution Process

1. In the event of a dispute arising out of Part I, other than an audit dispute, the disputant shall provide written notice of the particulars of the dispute to the other party before

exercising any other available remedy. Written notice shall include the contract number. The Director (or designee) of the State and the County Drug or Alcohol Program Administrator (or designee) shall meet to discuss the means by which they can effect an equitable resolution to the dispute. The disputant shall receive a written response from the respondent within 60 days of the notice of dispute. The written response shall reflect the issues discussed at the meeting and recommend a resolution to the dispute.

2. In the event of a dispute over financial audit findings between the State and the County, the County may appeal the audit in accordance with the "Audit Appeals Process" (Document 1 J), HSC, Sections 11817.8(d) and 11991.6(e), and pursuant to Chapter 5 (commencing with Section 11500) of the Government Code.
3. To ensure that necessary corrective actions occur, both management audit findings and financial audit findings either uncontested or upheld in appeal, may be used by the State during prospective contract negotiations.

LIST OF EXHIBIT C (PART I) DOCUMENTS INCORPORATED BY REFERENCE*
FISCAL YEAR 2001/02

The following documents are hereby incorporated by reference into Exhibit C (Part I) and as applicable into Exhibit D (Part II) of this contract though they may not be physically attached to the contract.

Document 1A: Title 45, Code of Federal Regulations 96, Subpart L, Substance Abuse Prevention and Treatment Block Grant Requirements

Document 1B: Safe and Drug-Free Schools and Communities (SDFSC) Act Requirements

Document 1 C: Driving-Under-the-Influence Program Requirements

Document 1D: Services to California Department of Corrections (CDC) - Parolee Services Network Projects and Female Offender Treatment Project

Document 1 E: California Public Contract Code, Section 71 10

Document 1 F: Requirements for Data by Date

Document 1 G: Perinatal Services Network Guidelines (Non-Drug Medi-Cal)

Document 1H: Service and Program Codes and Service Code Descriptions

Document 1 J: Audit Appeals Process

Document 1 K: Drug and Alcohol Treatment Access Report (DATAR) (which includes and incorporates data from the Provider Waiting List Record)

Document 1L: California Alcohol and Drug Data System (CADDs) Participant (Admission and Discharge) Records

Document 1 M: California Alcohol and Drug Data System (CADDs) Provider Summary

Document 1N: National Survey of Substance Abuse Treatment Services (formerly "Drug and Alcohol Services Information System [DASIS] Uniform Facilities Data Set [UFDS]")

Document 1P: Program Standards: Alcohol and/or Other Drug Program Certification Standards and Standards for Drug Treatment Programs

Document 1Q: Conditions for Use of Funding Received Under the California Mentor Initiative Allocation (ADP-RFA-CMI)

Document 1R: Perinatal Services Monthly Report

Document 1S: State Contracting Manual Section 7.40 – Insurance Requirements

Document 1T: Prevention Activities Data System (PADS) Forms, ADP 7235A-G

Document 1 U: Research-Based Prevention Requirements

Document 1 V: Youth Treatment Guidelines

*Document identifiers 1 "I" and 1 "O" were not used to avoid confusion with numbers.

Exhibit D

Part II – Drug Medi-Cal Substance Abuse Treatment Services Provisions

Exhibit D (Part II) – Drug Medi-Cal Substance Abuse Treatment Services Provisions

Version One, Effective 7/1/01

TABLE OF CONTENTS

	Page(s)
Article I. Formation and Purpose.....	1
Article II. Definitions	2-5
Article III. Provision of Service	
A. Covered Services.....	6
B. Federal and State Mandates.....	6-8
C. Provider Certification, Recertification, and Appeals.....	8
Article IV. Fiscal Provisions	
A. Reimbursements	9
B. Return of Unexpended Funds.....	9
C. Availability of Funds,	9
D. Additional Restrictions.....	10
E. Amendment or Cancellation due to Insufficient Appropriation.....	10
F. Exemptions.....	10
G. Payment for Covered Services.....	10
H. Allowable Costs.....	10
I. Records and Additional Audit Requirements.....	10-12
Article V. Invoice/Claim and Payment Procedures	
A. Interim Payments	13
B. Monthly Claims and Reports.....	13-14
C. Year-End Cost Settlement Reports and Performance Reports.....	14
Article VI. Postservice Postpayment Utilization Review.....	15
List of Part II Documents Incorporated by Reference.....	16-17

PART II**DRUG MEDI-CAL SUBSTANCE ABUSE TREATMENT SERVICES****ARTICLE I. FORMATION AND PURPOSE**

- A. Part II of this contract is entered into by and between the State and the County for the purpose of identifying and providing for covered Drug Medi-Cal (DMC) services for substance abuse treatment in the County service area pursuant to Sections 11987.3 and 11987.5(b) and (c) and Sections 11758.40 through 11758.47 of the Health and Safety Code (hereinafter referred to as HSC), Title 22, CCR (hereinafter referred to as Title 22), Sections 51341 .1, 51490.1, and 51516.1 and consistent with the Interagency Agreement between the Department of Health Services (DHS) and the State.
- B. It is further agreed that Part II of this contract is controlled by applicable provisions of Welfare and Institutions Code (hereinafter referred to as W&IC), Chapter 7, Sections 14000, et seq., in particular, but not limited to, Sections 14021, 14021.5, 14021.6, 14043, et seq. and 14132.90 and Title 9, California Code of Regulations (hereinafter referred to as CCR), Division 4.
- C. It is understood and agreed that nothing contained in Part II shall be construed to impair the single state agency authority of DHS as set out in W&IC, Section 14100.1.
- D. The objective of Part II is to make available substance abuse treatment services to Medi-Cal beneficiaries through utilization of Title XIX of the Social Security Act, reimbursable covered services offered by certified DMC service providers.

ARTICLE II. DEFINITIONS

0170

The words and terms of this contract are intended to have their usual meaning unless a specific or more limited meaning is associated with their usage pursuant to HSC, Title 9, and Title 22, CCR. Definitions of covered treatment modalities and services are found in Title 22, Document 2C, attached and incorporated by this reference. The following definitions shall apply to Part II of this contract:

- A. "Administrative Costs" means the County's direct costs to administer the program or an activity to provide service to the DMC program. Administrative costs do not include the cost of treatment or other direct services to the beneficiary. Administrative costs may include, but are not limited to, the cost of training, program review, and activities related to billing.
- B. "Beneficiary" means a person who has been determined eligible for Medi-Cal and is not prohibited from benefits under federal law by virtue of institutionalization. A beneficiary who is eligible for DMC services must have a substance-related disorder per the "Diagnostic and Statistical Manual of Mental Disorders III (DSM)," and/or DSM IV criteria, and meet the admission criteria for the covered services in Part II.
- C. "County" means (1) the department authorized by the County Board of Supervisors to administer alcohol and drug programs, or (2) the County identified in the Standard Agreement.
- D. "Covered Services" means DMC services authorized by Title XIX of the Social Security Act; Title 22, CCR, Section 51341 .1 ; the W & I Code; and California's Medicaid State Plan. Covered services are Naltrexone treatment, outpatient drug-free treatment, narcotic replacement therapy, day care habilitative, and perinatal residential substance abuse treatment.
- E. "Drug Medi-Cal Program" means the State system wherein eligible beneficiaries receive covered services from DMC certified substance abuse treatment providers who are reimbursed for the services with SGF and federal Medicaid funds.
- F. "Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Program" means the federally mandated Medicaid benefit for full-scope Medi-Cal-covered beneficiaries under 21 years of age that provides any Medicaid service necessary to correct or ameliorate a defect, mental illness or other condition, such as a substance-related disorder, discovered during a health screening.

"EPSDT (Supplemental Service)" means the supplemental individual outpatient drug-free (ODF) counseling services provided to a beneficiary under the age of 21 years who have full scope Medi-Cal coverage. Supplemental individual ODF counseling consists of any necessary individual alcohol and other drug (AOD) counseling not included in the ODF counseling modality under the Drug Medi-Cal program.
- G. "Final Settlement" means permanent settlement of actual allowable costs or expenditures as determined at the time of audit, which shall be completed within three years of the date the year-end cost settlement report was accepted for interim settlement by the state. If the audit has not begun within three years, the interim settlement shall be considered as the final settlement.
- H. "Interim Payment" means the one-twelfth (1 / 12) monthly payment in arrears of SGF from the State to the County for projected costs of providing and/or arranging for covered services described in Part II.
- I. "Interim Settlement" means temporary settlement of actual allowable costs or expenditures reflected in the year-end cost settlement report, exclusive of Title 22, CCR, disallowances and units of service denied by DHS for the period covered by Part II.

- J. "Medical Necessity" means substance abuse treatment services or in the case of EPSDT, 0171 services that meet the criteria specified in Title 22, CCR, Section 5 1431, which are reasonable and necessary to protect life, prevent significant illness or disability, or alleviate severe pain through the diagnosis and treatment of a disease, illness, or injury.
- K. "Minor Consent Drug Medi-Cal Services" means drug and alcohol abuse treatment and counseling services and other services mandated by the California Family Code, which provides that a person age 12 through 20 may, without parental consent, receive services related to drug and alcohol abuse. Except for full-scope Medi-Cal beneficiaries age 12 through 20 who have a zero share-of-cost Medi-Cal card, and who are only using the confidentiality provisions of the minor consent regulations, reimbursements for minor consent services are 100 percent State General Fund. Federal financial participation is limited to perinatal clients.
- "(Perinatal) Minor Consent DMC" means pregnancy-related and family planning DMC services that may include drug and alcohol abuse services. The services must be relevant to the pregnancy and not covered as stand alone services. These services will be reimbursed at 51.67 percent FFP and 48.33 percent SGF until October 1, 2000 at which time the split will become 51.25 percent FFP and 48.75 percent SGF. For more information see ADP Letter 97-52, "New Minor Consent Aid Codes and Minor Consent Services to Pregnant/Postpartum Youth," dated September 17, 1997 (Document 2W).
- L. "Narcotic Treatment Program " means an outpatient service that provides narcotic replacement therapy using methadone and/or levoalphacetylmethadol (LAAM), directed at stabilization and rehabilitation of persons who are opiate addicted and have a substance abuse diagnosis.
- M. "Performance Report" means an annual report based on information submitted by NTPs via the program's DMC monthly claim form that is incorporated into a report in lieu of cost reports.
- N. "Postpartum," (as defined for DMC purposes) means the sixty (60) day period beginning on the last day of pregnancy, regardless of whether other conditions of eligibility are met. Eligibility shall end on the last day of the calendar month in which the 60th day occurs.
- O. "Postservice Postpayment Utilization Review" means the review for program compliance and medical necessity after service was rendered and the claim paid. The State may take appropriate steps to recover payments made if subsequent review uncovers evidence that the claim should not have been paid.
- P. "Projected Units of Service" means the number of reimbursable DMC units of service, based on historical data and current capacity, the County expects to provide during each month.
- Q. "Protected Population" means (1) EPSDT eligible Medi-Cal beneficiaries under age 21 and (2) pregnant and postpartum women.
- R. "Provider of DMC Services" means any public or private agency that provides direct substance abuse treatment services and is certified by the State as meeting applicable standards for participation in the DMC Program as defined in the "DMC Certification Standards for Substance Abuse Clinics," Document 2E.
- S. "Recipient County" means a county that has received SGF in excess of the County's Fiscal Year 1993-94 SGF allocation for the purpose of funding their projected units of services to beneficiaries.
- T. "Service Area" means the geographical area under the jurisdiction of the County wherein the beneficiaries will have access to DMC covered services.

- U. "Statewide Maximum Allowances (SMA)" means the maximum amount authorized to be paid by DMC for each covered unit of service for outpatient drug free, day care habilitative, perinatal residential, and Naltrexone treatment services. Rates are subject to change annually. The SMA for FY 2000-01 are listed in the "Unit of Service" table in Article II, Section Y.
- V. "Subcontractor" means an agency which enters directly or through another subcontractor into an agreement with the County to be a direct provider of covered services to eligible beneficiaries or to be a vendor with a procurement agreement to provide any of the administrative functions related to fulfilling the obligations under the terms of Part II.
- W. "Subcontract" means any agreement between the County and the subcontractor for providing administrative services for the County or for providing direct services to the beneficiaries. The subcontractor is prohibited from subcontracting out direct services to another subcontractor.
- X. "Uniform Statewide Monthly Reimbursement (USMR) Rate" means the rate for an NTP which is based on a unit of service that is a calendar month of treatment service provided pursuant to Title 22, CCR, Section 51341 .1, and Title 9, CCR, Chapter 4 commencing with Section 10000. See Title 22, Section 51516.1, for NTP services and the following table for the FY 2000-01 USMR.

Service	Type of Unit of Service (UOS)	Non-perinatal UOS (*)	Perinatal UOS (*)	Rate
NTP-Methadone	Daily	\$9.08	\$10.35	Maximum
	Monthly	\$276.18	\$314.81	
NTP-LAAM	Dose	\$22.46	N/A	Maximum
	Monthly	\$291.98	N/A	
NTP-Individual Counseling (**)	One 10 minute increment	\$12.78	\$21.85	Maximum
NTP Group Counseling (**)	One 10 minute increment	\$3.40	\$5.60	Maximum

(*) The combined daily rates for methadone core, lab work, and dosing include \$.83 for non-perinatal services and \$.95 for perinatal services for County administrative cost. The combined daily rates for LAAM core, lab work, and dosing include \$2.06 for County administrative cost. The rate for individual counseling includes \$1.17 for non-perinatal services and \$2.01 for perinatal services for County administrative costs. The rate for group counseling includes \$.31 for non-perinatal services and \$.51 for perinatal services for County administrative costs. The subcontractor's claims shall be adjusted to reimburse the County for these costs.

(***) The NTP subcontractors may be reimbursed for up to 200 minutes (20 10-minute increments) of individual and/or group counseling per calendar month per beneficiary.

Y. "Unit of Service" means a face-to-face contact on a calendar day for outpatient drug free, day care habilitative, perinatal residential, and Naltrexone treatment services. Only one face-to-face service contact per day is covered by DMC except emergencies when an additional face-to-face contact may be covered for crisis intervention. To count as a unit of service, the second contact shall not duplicate the services provided on the first contact, and each contact shall be clearly documented in the beneficiary's record. Units of service and SMA for FY 2000-01 are listed as follows:

Service	Type of Unit of Service (UOS)	Non-perinatal u o s	Perinatal UOS	Rate
Day Care Habilitative	Face-to-Face Visit	\$67.93 EPSDT only	\$70.62	Maximum Allowance
Naltrexone Treatment	Face-to-Face Visit	\$21.83	N/A	Maximum Allowance
Outpatient Drug Free Treatment	Face-to-Face Individual Group	\$63.90 \$30.60	\$109.26 \$50.40	Maximum Allowance
Perinatal Residential	Residential Day	N/A	\$76.18	Maximum Allowance

ARTICLE III. PROVISION OF SERVICE

0174

A. Covered Services

1. The County shall establish assessment and referral procedures to arrange, provide for, or subcontract for the provision of covered substance abuse treatment services for beneficiaries in need of such services in the County service area. Covered services include:
 - (a) outpatient drug-free treatment;
 - (b) narcotic replacement therapy;
 - (c) Naltrexone treatment;
 - (d) day care habilitative; and
 - (e) perinatal residential substance abuse treatment services.
2. In the event of a conflict between the definition of services contained in Article II of Part II and the definition of services in Sections 51341 .1, 51490.1, and 51516.1 of Title 22, CCR, the provisions of Title 22 shall govern.
3. A preprogrammed diskette for entry of the county budget and cost report of expenditures and revenues, entitled "County Prevention and Treatment Fiscal Detail," for covered services as established by the County for current subcontractors will be provided by the State.

B. Federal and State Mandates

1. The County, to the extent applicable, shall comply with Document 2A "Sobky v. Smoley, Judgment," signed February 1, 1995, in 855 F. Supp. 1123 (E.D. Cal 1994), incorporated by this reference.
2. The County shall comply with any additional legal requirements including any court ordered requirements or statutory or regulatory amendments to existing law including changes in covered services that are imposed subsequent to the execution of this contract and the contract shall be amended to reflect these requirements, amendments, or changes.
3. The County shall comply with federal laws and Title 22, CCR, to provide substance abuse treatment services deemed medically necessary for Medi-Cal eligible: (1) pregnant and postpartum women and (2) youth under age 21 who are eligible under the EPSDT Program.
4. The County shall comply with the California Family Code to provide Minor Consent Medi-Cal Services per Title 22.
5. The County shall maintain continuous availability and accessibility of covered services, facilities, service sites, and personnel to provide the covered services in the County service area. Such services shall not be artificially limited due to budgetary constraints.
 - (a) When a request for covered services is made by a beneficiary, the County shall require services to be initiated with reasonable promptness.
 - i. The County will have a documented system for monitoring and evaluating accessibility of care, including a system for addressing problems that develop regarding waiting times and appointments.

- ii. The County shall comply, and shall require that subcontractors comply, with Documents 2B, "Provider Waiting List Record" and 1 K, "Drug and Alcohol Treatment Access Report (DATAR)," which are incorporated by this reference. Beneficiary specific information from Document 2B shall be incorporated as aggregate data in Document 1 K. Document 1 K shall be submitted to the State monthly, by the tenth of each month following the month for which the data is collected, in accordance with the capacity/waiting list management user manual that the State will provide to the County.
 - iii. The County shall comply, and shall require that subcontractors comply, with Document IL, the "California Alcohol and Drug Data System (CADDs)" Participant Record (ADP Form 7360), and Document 1 M, the "California Alcohol and Drug Data System Provider Summary Report (ADP Form 73651, samples of which are incorporated by this reference. Documents 1 L and 1 M shall be submitted in accordance with the instruction manual or all cartridge, diskette or Internet based submission specifications that the State will provide to the County.
 - iv. The County shall comply, and shall require that subcontractors comply, with Document IN, the "Drug and Alcohol Services Information System (DASIS)" and the "Uniform Facility Data Set (UFDS)," a sample of which is incorporated by this reference. Data shall be submitted in accordance with the instructions that the State will provide to the County.
- (b) The County shall require that treatment programs are accessible to people with disabilities in accordance with Title 45, Code of Federal Regulations (hereinafter referred to as CFR), Part 84.
- 6. Covered services, provided either directly by the County or through subcontracts with private programs, in the County service area will be provided to beneficiaries without regard to the beneficiaries' county of residence.
 - 7. In the event the County fails to comply with subdivisions 1 through 6 of this Section, the State may exercise its rights under subdivision 12.
 - 8. The County shall notify the State in writing prior to reducing the provision of covered services to be provided in the County service area under this contract. In addition, a proposal to change the location for the provision of covered services, or to reduce their availability, shall be provided in writing to the State 60 days prior to the proposed effective date. Implementing the proposed changes are prohibited if the State denies the County's proposal to make changes.
 - 9. The County shall amend County/subcontractor contracts to provide sufficient SGF DMC to match allowable federal Medicaid reimbursements for any increase in provider DMC services to beneficiaries.
 - 10. The County shall require that providers of perinatal DMC treatment services are certified to provide these services and comply with the requirements contained in Services for Pregnant and Postpartum Women of Title 22, CCR, Section 51341.1, incorporated by this reference. The County shall submit to the State, Document 2D, "Perinatal Services Monthly Report," incorporated by this reference, no later than 30 days after the last day of the reporting month.

11. Any county failing to provide covered services in accordance with federal or State statutes and regulations or in accordance with the provisions of this Agreement shall risk forfeiture of the DMC SGF allocation and surrender its authority to function as the administrator of covered services in the County service area.
12. Failure to comply with Section B, Subdivision 3, of this Article will be deemed a breach of this contract sufficient to terminate this contract in accordance with Article I, Section G, Subsection 2, of the Introduction.

C. Provider Participation, Certification, Recertification, and Appeals

1. The State shall review and certify the providers to participate in the DMC Program. Certification agreements will not be time limited. Recertification on-site visits will be conducted at clinics for circumstances identified in the "Drug Medi-Cal Certification Standards for Substance Abuse Clinics," Document 2E, which is incorporated by this reference.
 - (a) Document 2E contains the appeal process in the event the State disapproves a provider's request for certification or recertification and shall be included in the County's subcontract with the provider.
 - (b) The County shall include a provision in the County's subcontract notifying the provider that assistance may be sought from the State in the event of a dispute over the terms and conditions of the County's subcontract.
2. The County shall require that the providers of services are licensed, registered, certified and approved as required by the appropriate agencies. Where applicable, the County shall require as a condition of County subcontracts that providers comply with the following regulations and guidelines:
 - (a) Title 21, CFR, Parts 291 and 1300, et seq. and Title 9, CCR, Chapter 4, Sections 10,000, et seq.;
 - (b) Drug Medi-Cal Certification Standards for Substance Abuse Clinics, Document 2E;
 - (c) Title 22, CCR, Sections 51341.1, 51490.1, and 51516.1, Document 2C; and
 - (d) Standards for Drug Treatment Programs, Document 1P, incorporated by this reference; and
 - (e) Title 9, CCR, Chapter 5, Section 10500, et seq.

In instances where inconsistencies occur, the provisions of Title 22, CCR shall apply.

3. If, at any time, the provider's license, registration, certification, or approval to operate a substance abuse treatment program is revoked, suspended, modified, or not renewed, the State may amend this Agreement as described in the Introduction, Article I, Section F, herein.

ARTICLE IV. FISCAL PROVISIONS

A. Reimbursements

To the extent the County provides the required services in a satisfactory manner, the State agrees to pay the County SGF and federal Medicaid funds according to the procedures delineated in Article V, Invoice/Claim and Payment Procedures, of Part II. The County shall be reimbursed federal Medicaid funds for allowable expenditures as established by the federal government and approved by DHS, subject to the availability of such funds, for the cost of services rendered to beneficiaries.

1. Reimbursement for covered services shall be made in accordance with applicable provisions of Title 22, CCR, Sections 51431 .I, 51516.1, 51490.1, and all other currently applicable policies and procedures.
2. It is understood and agreed that failure by the County to comply with applicable federal and state requirements in rendering the covered services under Part II shall be sufficient cause for the State to deny payments to and/or recover payments from the County. If the State, DHS, or DHHS disallows or denies payments made to the County for any claim submitted by the County, the County shall repay to the State, federal Medicaid funds, and SGF for all claims so disallowed or denied.

Before such denial, recoupment, or disallowances are made, the State shall provide the County with written notice of its proposed action. Such notice shall include the reason for the proposed action and shall allow the County 60 days to submit additional information before the proposed action is taken.

3. If, during the term of this contract, allowable DMC services for beneficiaries exceed the maximum amount of Part II, the County shall submit a request to the State, in writing for additional SGF DMC funding to meet the requirements of Article III.
3. The County may apply to the State for additional SGF DMC to provide allowable DMC services in accordance with the provisions of this Agreement if the County has utilized all available SGF appropriated for DMC for the purposes of DMC match.
5. This contract encumbers a specific amount of SGF DMC to be used in accordance with the County's allocation as described in the State's final allocation notice. This amount is intended to cover all anticipated need for SGF DMC for Part II of this contract. If the need for allowable DMC services for beneficiaries is less than anticipated in any particular fiscal year, the State may transfer unspent SGF DMC to SGF discretionary services through a contract amendment, the cost settlement process, or other available process.

B. Return of Unexpended Funds

The County assumes the total cost of providing covered services listed in Part II, Article III, herein on the basis of the payments delineated in Part II, Article V, herein. Any federal Medicaid funds and SGF DMC for DMC services paid to the County, but not expended by the County after having fulfilled all obligations under this contract will be returned to the State.

C. Availability of Funds

For the mutual benefit of both parties, it is understood that this contract may have been written before ascertaining the availability of congressional appropriation of funds in order to avoid program and fiscal delays that would occur if the agreement were executed after that determination.

D. Additional Restrictions

This Agreement is valid and enforceable only if sufficient funds are made available to the State by the United States Government for the purpose of this program. This Agreement is subject to any additional restrictions, limitations, or conditions enacted by the Congress, or any statute enacted by the Congress, which may affect the provisions, terms, or funding of this Agreement in any manner.

E. Amendment or Cancellation Due to Insufficient Appropriation

It is mutually agreed that if the Congress does not appropriate sufficient funds for this program that this Agreement will be amended to reflect any reduction in funds. The State has the option to void this Agreement under the 30-day cancellation clause or to amend the Agreement to reflect any reduction of funds.

F. Exemptions

Exemptions to the provisions in Article IV, Sections C through E above, may be granted by the California Department of Finance provided that the Director of DHS certifies in writing that federal funds are available for the term of the contract.

G. Payment for Covered Services

The State and County agree that any payment for covered services rendered in accordance with Part II shall only be made pursuant to applicable provisions of Title XIX of the Social Security Act; the W&IC; California's Medicaid State Plan; and Sections 51341 .I, 51490.1, 51516.1, and 51532 of Title 22, CCR.

1. The County shall be reimbursed by the State on the basis of the County's actual net reimbursable cost, including any allowable County administrative costs, not to exceed the unit of service maximum rate.

Reimbursement to NTP providers shall be limited to the lower of either the uniform statewide monthly reimbursement rate, pursuant to HSC, Section 11758.42 (c), or the provider's usual and customary charge to the general public for the same or similar service.

2. Pursuant to HSC, Section 11987.5(a)(2), the County shall reimburse providers that receive a combination of Medi-Cal funding and other federal or State funding for the same service element and location based on actual costs in accordance with Medi-Cal reimbursement requirements. Payments at negotiated rates shall be settled to actual cost at year-end.

H. Allowable Costs

Allowable costs, as used in Section 51516.1 of Title 22, CCR shall be determined in accordance with Title 42, CFR, Parts 405 and 413, and HCFA-15, "Provider Reimbursement Manual." Funds allocated under Part II, including perinatal funding for perinatal services inclusive of case management services, as defined in "Services for Pregnant and Postpartum Women," Title 22, Section 51341 .1, may not be used as match for targeted case management services (W&IC, Section 14132.44) or claiming for Medi-Cal administrative activities (W&IC, Section 14132.47).

I. Records and Additional Audit Requirements

1. Accurate fiscal records and supporting documentation shall be maintained by the County and its subcontractors to support all claims for reimbursement.

2. Should a contractor of the County discontinue operations, the County assumes the responsibility to retain fiscal and program records of that contractor for the required 0179 retention period.
3. Accounting records and supporting documents shall be retained for a three-year period from the date the year-end cost settlement report was approved by the Department for interim settlement. When an audit has been started before the expiration of the three-year period, the records shall be retained until completion of the audit and final resolution of all issues that arise in the audit. Final settlement shall be made at the end of the audit and appeal process. If an audit has not begun within three years, the interim settlement shall be considered as the final settlement.
4. In addition to the requirements set forth in Article I of the Introduction, the State may also conduct financial audits of DMC programs, exclusive of NTP services provided on or after July 1, 1997 to accomplish any or all, but not limited to, the following audit objectives:
 - (a) To review reported costs for validity, appropriate allocation methodology, and compliance with Medicaid laws and regulations;
 - (b) To ensure that only the cost of allowable DMC activities are included in reported costs;
 - (c) To determine the provider's usual and customary charge to the general public in accordance with HCFA-15 (Provider Reimbursement Manual) for comparison to the DMC cost per unit;
 - (d) To review documentation of units of service and determine the final number of approved units of service;
 - (e) To determine the amount of clients' third-party revenue and Medi-Cal share of cost to offset allowable DMC reimbursement; and
 - (f) To compute final settlement based on the lower of actual allowable cost, the usual and customary charge, or the maximum allowance, in accordance with Title 22, CCR, Section 51516.1.
5. For NTP services on or after July 1, 1997, audits will address items 4(c) through 4(e) above, except that the comparison in 4(c) will be to the DMC uniform monthly rate in lieu of DMC cost per unit. In addition, these audits will include, but not be limited to:
 - (a) For those NTP providers required to submit a cost report pursuant to HSC, Section 11758.46(h)(2), a review of cost allocation methodology between NTP and other service modalities, and between DMC and other funding sources;
 - (b) A review of actual costs incurred for comparison to services claimed;
 - (c) A review of counseling claims to ensure that the appropriate group or individual counseling rate has been used;
 - (d) A review of the number of clients in group sessions to ensure that sessions include no less than four and no more than ten clients;
 - (e) Computation of final settlement based on the lower of the uniform monthly rate or the usual and customary charge to the general public; and
 - (f) A review of supporting service, time, and financial records to verify validity of counseling claims.

6. Audit reports by the State and/or DHS shall reflect any findings, recommendations, adjustments, and corrective action as appropriate as a result of its findings in any areas. 0180
7. The County shall be responsible for any disallowances taken by the federal government, the State, the Bureau of State Audits, or DHS as a result of any audit exception that is related to the County's responsibilities herein.
8. The County agrees to develop and implement any corrective action plans in a manner acceptable to the State in order to comply with recommendations contained in the audit report. Such corrective action plans shall include time specific objectives to allow for measurement of progress and are subject to verification by the State within one year from the date of the plan.
9. The County, in coordination with the State, must provide follow-up on significant findings in the audit report and submit the results to the State.
10. If differences cannot be resolved between the State and/or DHS and the County regarding the terms of the final audit settlements for funds expended under Part II, the County may request an appeal in accordance with the appeal process described in the "Audit Appeals Process," Document 1 J, incorporated by this reference.

ARTICLE V. INVOICE/CLAIM AND PAYMENT PROCEDURES

0181

A. Interim Payments

1. The State shall reimburse the County:
 - (a) a monthly interim payment in arrears of one twelfth (1 / 12) of the approved contract amount (Exhibit AI) for SGF DMC funds for the period July through September. Beginning with October, the SGF DMC payments will be based on approved services. When the DMC services are for Minor Consent, the State shall pay the County a monthly interim payment from SGF of 100 percent of the projected cost of the projected units of service. In the event the contract is approved for the State fiscal year period subsequent to July 1, the State will pay the County an interim payment to pay the provider for DMC beneficiary services retroactive to July 1.
 - (b) the federal Medicaid amount upon approval by the DHS of the monthly claims and reports submitted in accordance with Section B, Subdivision 1 of this Article.
 - (c) the federal Medicaid and SGF at the fixed rate for NTPs and at a rate that is the lesser of the projected cost or the maximum rate allowance for other DMC modalities.
2. The State will adjust subsequent reimbursements to the County to actual allowable costs. Actual allowable costs are defined in the Health Care Financing Administration's (HCFA) Provider Reimbursement Manual.

B. Monthly Claims and Reports

1. In accordance with Title 22, CCR, Section 51516.1, counties or NTPs that exclusively bill the State or the County for services identified in HSC, Section 11758.42 are required to submit claim forms by paper or electronic submission. These forms include Documents 2G, 2H, 2J, 2K and 2L, which are incorporated by this reference:

Document 2G, DMC Eligibility Work Sheet (ADP Form 1584)

Document 2H, Monthly Claim for DMC Reimbursement and Monthly Provider Service and Revenue Summary (ADP Form 1592);

Document 2J, Provider Report of DMC Claims Adjustments (ADP Form 5035C – Revised 9/99); and

Document 2K, Multiple Billing Override Certification (ADP Form 7700)

Document 2L, Good Cause Certification (ADP Form 6065).
2. Except for good cause stated on Document 2L, Good Cause Certification (ADP Form 6065), failure to submit claims within 30 days of the end of the month of service shall result in the denial of such claims for payment.
3. Good cause shall be determined and approved by the State in accordance with W&IC, Section 14115 and Title 22, CCR, Section 5 1008.

4. Monthly claims for reimbursement shall include only those case management services, as defined in Services for Pregnant and Postpartum Women, Title 22, CCR, Section 51341 .1 and administrative charges not claimed pursuant to W&IC, Sections 14132.44 and 14132.47.

C. Year-End Cost Settlement Reports and Performance Reports

1. The State will not accept year-end cost settlement reports from subcontractor(s) directly. Pursuant to HSC, Section 11758.46 (h)(2) the County shall submit to the State, on November 1 of each year, the following documents incorporated by this reference and/or a diskette representative.
 - (a) Document 2M(a) through 2M(h), DMC Fiscal Detail, Program Cost Summary (7990 Forms).
 - (b) Document 2P(c), County Certification Year- End Claim for Reimbursement (Form ADP 17885).
 - (b) Document 2Q(a) through 2Q(j), DMC Fiscal Detail, Report of Expenditures and Revenues (7895 Forms).
 - (d) Document 2T(a), NTP DMC Cost Summary – Alcohol and Drug Services (Form ADP 7990NAC 7990NTP-AD-C)
 - (e) Document 2T(p), NTP DMC Cost Summary – Perinatal Services (Form ADP 7990NPC 7990NTP-P-C)

The following documents are required only if a provider receives both NNA and DMC funding for the provision of ODF or DCH services:

- (f) Document 2S(g-1) and 2S(g-2), Cost Report Funding Application Worksheets For ODF-Group
 - (g) Document 2S(l-1) and 2S(l-2), Cost Report Funding Application Worksheets for ODF-Individual
 - (h) Document 2S(d-1) and 2S(d-2), Cost Report Funding Application Worksheets for DCH
1. The State may settle costs for DMC services based on the year-end cost settlement report as the final amendment to the approved single state/county contract.
 2. NTPs that bill the State or the County exclusively for services identified in HSC, Section 11758.42 shall be exempt from the requirements of paragraph CI above. The State shall develop performance reports based on data submitted by these providers by November 1 of each fiscal year.
 4. Reimbursement for alcohol and drug treatment services provided under Part II shall be limited to the lower of: (a) the provider's usual and customary charges to the general public for the same or similar services; (b) the provider's actual allowable costs; or (c) the DMC SMA for the appropriate modality.
 5. Reimbursement to NTPs that meet the Subsection 3 requirement, shall be limited to the lower of either the USMR rate, pursuant to HSC, Section 11758.42, or the provider's usual and customary charge to the general public for the same or similar service.

ARTICLE VI. POSTSERVICE POSTPAYMENT UTILIZATION REVIEW

- A. Title 22, CCR, Section 51341 .1, describes the utilization controls applied to all DMC services. Service and payment audit controls, which are reviewed for medical necessity and program coverage after services are rendered and the claim paid', will apply to covered services provided under Part II.**
- B. The State shall take appropriate steps to recover payments made if subsequent investigation uncovers evidence that the claim(s) should not have been paid or that DMC services have been improperly utilized.**
- C. The State shall monitor the subcontractor's compliance with postservice postpayment utilization review requirements in accordance with Title 22, CCR. DHS and the federal government may also review the existence and effectiveness of the State's utilization review system in accordance with federal requirements**
- D. The County shall implement and maintain compliance with the system of review described in Title 22, CCR, Section 51341 .1, to review the utilization, quality, and appropriateness of covered services funded by Part II and to ensure that applicable Medi-Cal requirements are met.**

**LIST OF EXHIBIT D (PART II) DOCUMENTS
INCORPORATED BY REFERENCE*
FISCAL YEAR 2001/02**

0184

The following documents are hereby incorporated by reference into Exhibit D (Part II) of the combined County contract though they may not be physically attached to the contract.

Document 2A:	Sobky v. Smoley, Judgement, Signed February 1, 1995
Document 2B:	Provider Waiting List Record
Document 2C:	Title 22, California Code of Regulations
Document 2D:	Perinatal Services Monthly Report
Document 2E:	Drug Medi-Cal Certification Standards for Substance Abuse Clinics
Document 2F:	Monthly Interim Payment Claim for Drug Medi-Cal State General Funds (applicable to direct providers only)
Document 2G:	Drug Medi-Cal Eligibility Work Sheet
Document 2H:	Monthly Claim for DMC Reimbursement, Monthly Provider Service and Revenue Summary
Document 2J:	Report of Drug Medi-Cal Disallowances by Provider
Document 2K:	Multiple Billing Override Certification
Document 2L:	Good Cause Certification
Documents 2M(a) through 2M(h):	ADP DMC Fiscal Detail, DMC Program Cost Summary (7990 Forms]
Document 2N:	State of California, Department of Health Services Additional Provisions (for Federally Funded Subvention Aid/Local Assistance Cost Reimbursement Contracts/Grants)
Document 2P(c):	County Certification - Cost Report Year-End Claim For Reimbursement
Document 2P(d):	Direct Provider Certification - Year-End Claim for Reimbursement
Documents 2Q(a) through 2Q(j):	ADP DMC Fiscal Detail, Report of Expenditures (7895 Forms)
Documents 2S(g-1) and 2S(g-2):	Cost Report Funding Application Worksheets for ODF-Group
Documents 2S(l-1) and 2S(l-2):	Cost Report Funding Application Worksheets for ODF-Individual

***Document** identifiers 2"I" and 2"O" were not used in order to avoid confusion with numbers.
Document identifier 2"R" is not being used at this time.

LIST OF EXHIBIT D (PART II) DOCUMENTS

0185

(cont'd.)

**Documents 2S(d-1)
and 2S(d-2):** Cost Report Funding Application Worksheets for DCH

Document 2T(a): NTP DMC Cost Summary – Alcohol and Drug Services (Form ADP 7990 NTP-AD-C)

Document 2T(p): NTP DMC Cost Summary – Perinatal Services (Form ADP 7990 NTP-P-C)

Document 2V: Narcotic Treatment Programs Quarterly Performance Report (report generated by ADP)

Document 2W: ADP Letter 97-52, "New Minor Consent Aid Codes and Minor Consent Services to Pregnant/Postpartum Youth"

*Document identifier 2"U" was not used in order to avoid confusion with 2"V."