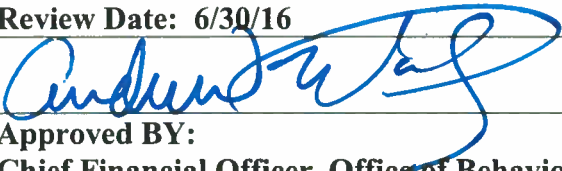


**Office of Behavioral Health (OBH)  
Finance & Data Protocols**

<b>Protocol Number:</b> <u>5</u> <b>Amendment #1</b>	<b>Subject: Capacity based Protocol</b>
<b>Effective Date:</b> July1, 2015 <b>Amendment#1 Effective Date:</b> <b>January 1, 2016</b> <b>Distribution Date:</b> March 1, 2016. <b>Review Date:</b> 6/30/16	<b>Related Mandates, Statutes, Standards or Executive Orders:</b>
	
<b>Approved BY:</b> <b>Chief Financial Officer, Office of Behavioral Health, Community Programs</b>	

**Background:** The Office of Behavioral Health contracts with providers that operate “capacity-based” facilities and programs that are funded from a variety of funding sources including Medicaid, Medicare, local funding, private insurance, State and other sources of funding. Many of the contracts that the Office of Behavioral Health administers require that total costs for these services are offset by other funding sources prior to invoicing the Office of Behavioral Health.

For the purposes of this protocol, “capacity” may cover a variety of factors and conditions such as expenses incurred for clients that: do not have a payer source, emergencies/crisis response, service components that are not client specific but are a necessary component of “best practice” service delivery, and necessary behavioral health infrastructure to serve local communities.

Capacity based facilities and programs that are recognized by the Office of Behavioral Health include: Crisis Stabilization Services, Crisis Residential Services, Crisis Respite Services, Crisis Hotline and Warm-line, Assertive Community Treatment, Vocational Services programs, detoxification centers, inpatient hospitals, Acute Treatment Units or other individual stand alone cost centers.

**Capacity Based Business Model:**

The capacity based business model utilizes a cost and revenue center approach whereby total costs and revenues are isolated, accumulated, adjusted by cash receipts from other payers. The remainder of the costs are the unfunded costs covered by the Office of Behavioral Health (OBH) to maintain service capacity. The unfunded costs covered by OBH are limited to the not-to-exceed amount of the contract(s).

**Purpose:**

This protocol is intended to provide OBH contractors with a specific procedure for accounting for revenues, expenses and adjustments utilizing the “capacity based business model.” All calculations shall be based on actual revenues and expenses. Estimates are generally not allowed and must be pre-approved by OBH prior to invoicing.

**Accounting:**

1. Contractors and subcontractors must follow the State’s Accounting and Auditing Guidelines in accounting for these service dollars. The most current State Behavioral Health’s Accounting and Auditing Guidelines (Guidelines) may be found on the following internet web address:  
<https://www.colorado.gov/pacific/sites/default/files/Accounting%20%26%20Auditing%20Guidelines%202015.pdf>
2. Capacity based services contractors and subcontractors must maintain individual cost/revenue centers in their accounting systems. Unique cost/revenue centers should be used exclusively for each individual capacity based service and should be segregated from general outpatient services and/or other capacity based costs centers. Co-mingling with other cost centers is unallowable.
3. Journal entries of costs and revenues must be traceable and properly documented. Documentation must include descriptions and rationale for the journal entries. The journal entries must follow Chapter 2: Cost Accounting Standards of the Guidelines.
4. Any cost that benefits more than one business activity shall be allocated in accordance with the Guidelines. The contractor must quantify and describe any costs that will be allocated from other companies or the Contractor’s other lines of business. This plan must itemize the costs in a table format and describe the basis of allocation. The basis of the allocation must follow OMB 2 CFR 200.
5. Invoices provided to OBH must be traceable to the contractor’s and subcontractor’s accounting systems.
6. The contractor must establish and maintain effective internal controls to provide reasonable assurance that the contractor is managing the State’s contract in compliance with State statutes, regulations and the terms and conditions of the contract.

**Business Practices:**

1. Unless otherwise stated in the contract, contractors shall invoice the State utilizing the invoicing template format attached (Attachment 1).
2. The contractor and subcontractors shall account for OBH invoicing offsets by reducing invoice submissions by cash received from other payer sources including but not limited to Medicaid capitation and fee for service, Medicare, private insurance, co-payments or other patient revenue, grants, etc.
3. The following revenue sources are exempt from the revenue offset requirement of this protocol: private grant funds, private support or donations, in-kind donations and local hospital funds. These funds must be reported in the “exempt” section of the funding invoicing template format.

4. Estimates of cash received for Medicaid and Indigent encounters are based on the current year's OBH Base Unit and Relative Value Unit Fee for Service table. This is individualized by each provider. Subcontractors must utilize their own provider rates specified in the table.



Provider Name:				
Program Name:				
Contract Period:				
		Budget	YTD Actual	Variance
<b>EXPENSES</b>				
<b>Personnel:</b>				
	Clinical	-	-	-
	Support	-	-	-
	Kitchen	-	-	-
	Operations	-	-	-
	Other	-	-	-
	<b>Total Personnel</b>	-	-	-
<b>Client Expenses:</b>				
	Kitchen Supplies	-	-	-
	Client Food	-	-	-
	Client Transportation	-	-	-
	Medications	-	-	-
	Medical Supplies	-	-	-
	Personal Hygiene Items	-	-	-
	Laundry/Linens	-	-	-
	Client Recreation	-	-	-
	Purchased Services	-	-	-
	Contractors	-	-	-
	Other	-	-	-
	<b>Total Client Expenses</b>	-	-	-
<b>Occupancy:</b>				
	Janitor	-	-	-
	Supplies	-	-	-
	Utilities	-	-	-
	Phone	-	-	-
	Rent	-	-	-
	Equipment Lease	-	-	-
	Building Maintenance	-	-	-
	Grounds Maintenance	-	-	-
	Other	-	-	-
	<b>Total Occupancy</b>	-	-	-
<b>Operating:</b>				
	Insurance	-	-	-
	Auto Expense	-	-	-
	Staff Development	-	-	-
	Employee Training	-	-	-
	Travel & Lodging	-	-	-
	Business Meals	-	-	-
	Mileage	-	-	-
	Computer Supplies/Equipment	-	-	-
	Office Supplies	-	-	-
	Postage	-	-	-
	Printing	-	-	-
	Dues, Fees & Licenses	-	-	-
	Equipment & Furnishings	-	-	-
	Renovation & Construction	-	-	-
	Depreciation	-	-	-
	Advertising	-	-	-
	Public Relations	-	-	-
	Legal	-	-	-
	Audit	-	-	-
	Consultants	-	-	-
	Other	-	-	-

Provider Name:				
Program Name:				
Contract Period:				
		Budget	YTD Actual	Variance
<b>Total Operating</b>		-	-	-
<b>Indirect:</b>				
Finance & Accounting		-	-	-
Contracting & Purchasing		-	-	-
IT System & Services		-	-	-
Legal		-	-	-
Human Resources		-	-	-
<b>Total Indirect</b>		-	-	-
<b>Grand Total Expenses</b>		-	-	-
<b>Revenue Offsets</b>				
<b>Client Services:</b>				
Medicaid Fee for Service Cash		-	-	-
Medicaid Capitation Encounters *		-	-	-
OBH Indigent Encounters *		-	-	-
3rd Party Insurance Cash Receipts		-	-	-
Medicare Cash		-	-	-
Self-Pay		-	-	-
Cash from Other Sources		-	-	-
<b>Total Client Service Cash</b>		-	-	-
* Encounters valued using the current year's fee for service schedule issued by OBH and not to exceed contract amount				
<b>Contracts and Grants:</b>				
MISO Revenue (from other OBH contract budget lines)				
Non-Governmental Contracts				
Other State Revenue/Accrual				
Local Funds/Accrual - 1 -				
Federal Grant Funds/Accrual				
Public Support				
Other Funds (Specify below)				
Description				
<b>Total Contracts and Grants</b>		-	-	-
<b>Grand Total Revenue Offsets</b>		-	-	-
<b>Net Cost Invoiced**</b>				
**Net Cost Invoice may not exceed the OBH Contract to exceed price for this capacity based contract exhibit or contract.		-	-	-
<b>Exempt Revenue Offsets</b>				
Private Grant Funds				
Private support or donations				
In-kind donations				
Local Hospital funds				