Office of Behavioral Health (OBH) Finance & Data Protocols

Protocol Number: 5 Amendment #1	Subject: Capacity based Protocol
Effective Date: July1, 2015	Related Mandates, Statutes, Standards or
Amendment#1 Effective Date:	Executive Orders:
January 1, 2016	
Distribution Date: March 1, 2016.	
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Approved BY:	
Chief Financial Officer, Office of Behavior	ral Health, Community Programs

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
	EXPENSES			
Personnel:				
	Clinical		1	•
	Support	-	1	
	Kitchen		1 1	
	Other		1	3
	Total Personnel	•	•	
Client Expenses:				
	Kitchen Supplies			
	Client Food		•	•
	Client Transportation		1	
	Medications			
	Medical Supplies			
	Laundry/Linens		1	•
	Client Recreation		1	
	Purchased Services		1	
	Contractors			4 1
	Total Olivet Evapores			
	Total Crieffic Experises			
Occupancy:				
	Janitor		•	
	Utilities		1	J .
	Phone		ı	
	Rent		ı	
	Equipment Lease			
	Grands Maintenance		1 0	
	Other		1	•
	Total Occupancy		•	
Operating:	*			
	Insurance Ando Expansa		1 1	
	Staff Development			
	Employee Training		•	•
	Travel & Lodging		1	1
	Business Meals		•	1
	Mileage Computer Supplies/Fortingent		1 1	
	Office Supplies		,	•
	Postage		1	a
	Printing		,	4
100	Dues, Fees & Licenses			
	Renovation & Construction		1	•
	Depreciation			
	Advertising		1	
	Public Relations		1 1	
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	Other		-	1

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