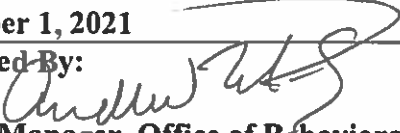


**Office of Behavioral Health (OBH)
Finance & Data Protocols
Final**

Protocol Number: <u> 5 </u>	Subject: Capacity-based Protocol
Effective Date: July 1, 2018 Distribution Date: October 1, 2018 Scheduled Review Date: December 1, 2021	Related Mandates, Statutes, Standards or Executive Orders: N/A
Approved By:  Budget Manager, Office of Behavioral Health, Community Programs	

Background: The Office of Behavioral Health (OBH) 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 OBH administers require that total costs for these services are offset by other funding sources prior to invoicing OBH.

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 recognized by OBH include but are not limited to 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. OBH covers the unfunded remainder of the costs 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 invoice 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 (A&A Guidelines) may

be found on the following internet web address:
<https://www.colorado.gov/pacific/cdhs/forms-20>

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 A&A Guidelines Chapter 2: Cost Accounting Standards.
4. Any cost that benefits more than one business activity shall be allocated in accordance with the A&A 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 document and submit program budgets utilizing the budget template format attached (Attachment 1)
2. Unless otherwise stated in the contract, contractors shall invoice OBH utilizing the invoicing template format attached (Attachment 2).
3. The contractor and subcontractors shall account for offsets by reducing invoice submissions to OBH 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.
4. Estimates of cash received for OBH Indigent encounters are based on the current year's OBH Base Unit and Relative Value Unit Fee for Service table. This is individualized for each contractor or subcontractor that submits a base unit cost report to the State. Estimates of cash received for Medicaid clients are based on Medicaid Capitation Encounters valued at the Cost per Unit of Service according to unit cost reports or negotiated rates received from the Regional Accountable Entity (RAE). The contracted rate that the contractor or subcontractor receives from the RAE must be used to offset costs on the capacity-based invoice form.



Please complete areas highlighted in yellow below.

Provider Name: [REDACTED]
 Program Name: [REDACTED]
 Contract Period: [REDACTED]

		Budget	YTD Actual Expenses	Variance
EXPENSES				
Program Costs	Personnel Cost: Salary/Benefits	-	-	-
	Client Costs	-	-	-
	Contract Services (Subcontracts)	-	-	-
	Occupancy	-	-	-
	Operating	-	-	-
	Depreciation/Amortization	-	-	-
	Professional Fees	-	-	-
	MSO Provider Fee	-	-	-
	Total Direct Costs	-	-	-
	Modified Total Direct Expenses (where applicable)*	-	-	-
	<i>*Deduct unallowable expenses per OMB 2 CFR § 200 if utilizing de minimum rate</i>			
Indirect:	Indirect Costs**	-	-	-
	<i>**Attach copy of current approved Indirect Cost Rates</i>			
	Grand Total Expenses	-	-	-

		Budget	YTD Actual	Variance
Revenue Offsets				
Client Services:	Medicaid Fee for Service Cash	-	-	-
	Medicaid Capitation Encounters valued at the Cost per Unit of Service per unit cost report or Negotiated Rates received from Regional Accountable Entity (RAE)***	-	-	-
	OBH Indigent Encounters *	-	-	-
	3rd Party Insurance Cash Receipts	-	-	-
	Medicare Cash	-	-	-
	Self-Pay/Client Fees	-	-	-
	Cash from Other Sources	-	-	-
	Total Client Service Cash	-	-	-

* Encounters valued using the current year's fee for service schedule issued by OBH and not to exceed contract amount
 ***The rate that your entity is receiving must be used to offset costs.

Contracts and Grants:	Other OBH contracts	-	-	-
	Non-Governmental Contracts	-	-	-
	Other State Revenue/Accrual	-	-	-
	Local Funds/Accrual	-	-	-
	Federal Grant Funds/Accrual	-	-	-
	Public Support	-	-	-
	Other Funds (Specify below)	-	-	-
	Description	-	-	-
	Description	-	-	-
	Total Contracts and Grants	-	-	-
	Grand Total Revenue Offsets	-	-	-

Net Cost **	-	-	-
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**Net Cost Invoiced may not exceed the OBH maximum contract amount for this budget line.

To be Signed by Contractor/Vendor

I/We affirm the claimed expenses accurately reflect costs incurred and documented in our official accounting system, comply with the budget provisions of the contract, relevant progress or other reports have been filed, and all other payer sources have been invoiced. I/We further affirm our accounting system reports costs by facility type and subcontractor location.

 Print Name, Title & Sign Date

Provider/Subcontractor Name: -
 Program Name: -
 Contract Period: -

Please complete the table below.

	Item/Description	Budget	YTD Expenses Total
	Client Costs:		
1			-
2			-
3			-
4			-
5			-
	TOTAL CLIENT COSTS:	\$ -	-
	Contract Services (Subcontracts):		
1			-
2			-
3			-
4			-
5			-
	TOTAL CONTRACT SERVICES (Subcontracts):	\$ -	-
	Occupancy:		
1			-
2			-
3			-
4			-
5			-
6			-
7			-
8			-
	TOTAL OCCUPANCY:	\$ -	-
	Operating:		
1			-
2			-
3			-
4			-
5			-
6			-
7			-
8			-
9			-
10			-
11			-
12			-
13			-
	TOTAL OPERATING:	\$ -	-
	Depreciation/Amortization:		
1			-
2			-
3			-
	TOTAL DEPRECIATION:	\$ -	-
	Professional Fees:		
1			-
2			-
3			-
	TOTAL PROFESSIONAL FEES:	\$ -	-
	MSO Provider Fees:		
1			-
2			-
3			-
	TOTAL MSO PROVIDER FEES:	\$ -	-
	GRAND TOTAL:	\$ -	-

Provider/Subcontractor Name:
 Program Name:
 Contract Period:

Please complete the table below.

	Title of Position/Position Classification	Employee Name	Start Date	FTE	Budget			YTD ACTUAL Expenses			
					Salary	Benefits	Total	Salary	Benefits	Total	
1											
2											
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											
13											
14											
15											
16											
17											
TOTAL PERSONNEL:					\$	-	\$	-	\$	-	\$