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Expenditure of the Substance Use Prevention, Treatment, and Recovery Services Block Grant Policy

Effective Date	05/29/2012	DocuSigned by: Dr. Georgina Yoshioka 7DF8077EFA674B2...
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Policy

It is the policy of Department of Behavioral Health (DBH), Substance Use Disorder and Recovery Services (SUDRS) to ensure compliance with the requirements of the Substance Use Prevention, Treatment, and Recovery Services Block Grant (SUBG) regulations.

Purpose

The purpose of this policy is to provide instruction to DBH SUDRS staff for ensuring funds from the Substance Use Prevention, Treatment, and Recovery Services Block Grant (SUBG) are expended in accordance with Title 45 Code of Federal Regulations (CFR), including serving as the payment of last resort for services per 45 CFR 96.137.

Definitions

Expenditure: A payment to purchase goods or services recorded at a single point in time.

Extramural: Existing or functioning outside or beyond the walls, boundaries, or precincts of an organized unit (such as a school or hospital).

First-Tier Subrecipients/Contractors: A non-federal entity that expends federal awards received from a pass-through entity to carry out a federal program. California counties are considered first-tier subrecipients of SUBG. They are also referred to by Department of Health Care Services (DHCS) as Contractors in relation to SUBG County Application. Counties, as Contractors, are required to assume the obligations pertaining to SUBG, as they are passed down through SUBG County Application.

Pass-Through Entity: An agency, such as Department of Health Care Services (DHCS), who provides SUBG funding to local non-federal governments to either provide SUD services directly or by contracting with local SUD providers.

SUBG Funding Period: California State Fiscal Year (SFY), July 1 through June 30.

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Definitions, Continued

Second-Tier Subrecipients/Subcontractors: A non-federal entity that expends federal awards received from a First Tier Subrecipient to carry out a federal program. Contracted county providers are referred to by DHCS as subcontractors. Providers who contract with counties to provide SUBG funded SUD services are considered second-tier subrecipients. Counties are required to pass down all Federal statutes, implementing regulations, State laws and DHCS policies and procedures pertaining to the SUBG program to all subrecipients and/or subcontractors through contractual obligation.

Single State Agency (SSA): DHCS is the designated Single State Agency (SSA), responsible for applying for and administering the SUBG program in California. As the designated SSA, DHCS acts as a pass-through agency to provide SUBG funding to local non-federal governments to either provide SUD services directly or by contracting with local SUD providers.

Substance Use Prevention, Treatment, and Recovery Services Block Grant (SUBG): A formulary grant provided to California through the Federal Substance Abuse and Mental Health Services Administration (SAMHSA) to address substance use disorders (SUDs). States use the SUBG program for prevention, treatment, recovery supports, and other services that supplement services covered by Medicaid, Medicare, and private insurance.

SUBG General Guidelines

DBH SUDRS staff must assure that DBH and contract providers are in compliance with the following to receive SUBG funding:

- Have not been debarred or suspended;
- Will not use SUBG funds for lobbying activities;
- Have enacted a drug-free workplace policy, and
- Have enacted an indoor anti-smoking policy in all SUD facilities.

SUBG funding uses:

- Fund priority treatment and support services for individuals without insurance or for whom coverage is terminated for short periods of time;
- Fund those priority treatment and support services that demonstrate success in improving outcomes and/or supporting recovery that are not covered by Medicaid, Medicare, or private insurance;
- Fund primary prevention by providing universal, selective, and indicated prevention activities and services for persons not identified as needing treatment, and
- Collect performance and outcome data to determine the ongoing effectiveness of behavioral health promotion, treatment, and recovery support services.

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SUBG General Guidelines, continued

Any treatment services provided with SUBG funds must follow the treatment priorities below established in 45 CFR 96.131:

- Pregnant Intravenous Drug Users (IVDUs);
- Pregnant substance abusers;
- IVDUs, and
- All other eligible individuals.

The Public Health Service (PHS) Act § 1931(a)(1) and § 1916(a)(5), and SUBG implementing regulations, 45 CFR § 96.135(a)(5), prohibit the use of SUBG funds to provide financial assistance to any entity other than a public or private non-profit entity. Drug Medi-Cal (DMC) funds will be applied as first funding source for certain programs with SUBG funds being secondary.

Restrictions on SUBG Expenditures

SUBG funding cannot be used for the following services or activities:

- To provide inpatient services;
- To make cash payments to intended recipients of health services;
- To purchase or improve land, purchase, construct, or permanently improve (other than minor remodeling) any building or other facility, or purchase major medical equipment;
- To satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds;
- To provide financial assistance to any entity other than a public or private non-profit entity;
- To pay the salary of an individual through a grant or other extramural mechanism at a rate in excess of level II of the Executive Salary Schedule for the award year (see http://grants.nih.gov/grants/policy/salcap_summary.htm);
- To provide individuals with hypodermic needles or syringes so that such individuals may use illegal drugs, unless the Surgeon General of the Public Health Service determines that a demonstration needle exchange program would be effective in reducing drug abuse and the risk that the public will become infected with the etiologic agent for Acquired Immunodeficiency Syndrome (AIDS);
- To purchase treatment services in penal or correctional institutions, and
- To supplant state funding of programs to prevent and treat substance abuse and related activities.

Note: DHCS and SUBG Notice of Award Special Terms and Conditions restrict funds provided under this grant to pay the salary of an individual through this grant at a rate in excess of Level II of the Executive Salary Schedule for the award year.

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SUBG Single Audit Requirement

DBH requires providers receiving $750,000 or more in federal funds (cumulative across all contracts) in a fiscal year to have a single or program-specific audit conducted by DBH SUDRS Program Coordinators for that fiscal year.

- Guidance on this requirement can be found in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance (UG)) in 45 CFR 75.501.

SUBG Funding of Last Resort

SUBG funds administered by DHCS are to be used by agencies as the last source of payment for a client.

- If a client qualifies for Medi-Cal funding, has full or partial insurance, or private funds available, these sources are primary and should be billed first.
- Title 45, CFR, Part 96, §96.137, also emphasizes that SUBG is the funding of last resort for services authorized under §300x-22(b), which pertains to services to pregnant women and women with dependent children and tuberculosis services. First-Tier Subrecipients and/or contractors who receive SUBG funding and provide these services must make every reasonable effort, including the establishment of systems for eligibility determination, billing, and collection, to:
  - Collect reimbursement for the costs of providing such services to persons who are entitled to insurance benefits under the Social Security Act, including programs under Title XVIII and Title XIX, any State compensation program, and other public assistance program for medical expenses, any grant program, any private health insurance, and any other benefit program, and
  - Secure from clients' payments for services in accordance with their ability to pay.

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SUBG Funding of Last Resort, continued

- Providers will keep financial records that 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.

Exception to Inpatient Hospital Service

SUBG funds can be used to cover inpatient hospital services as follows:

- DHCS (acting through the Director of the principal agency) **may** expend a grant for inpatient hospital-based substance use disorder programs subject to the limitations of paragraph 2 of section 45 CFR 96.135, only when it has been determined by a physician that the:
  - Primary diagnosis of the individual is substance abuse, and the physician certifies this fact, and individual cannot be safely treated in a community-based, non-hospital, residential treatment program.
  - Service can reasonably be expected to improve the individual's condition or level of functioning.
  - Hospital-based substance use disorder program follows national standards of substance use disorder professional practice.
- In the case of an individual for whom a grant is expended to provide inpatient hospital services described above, the allowable expenditure shall conform to the following:
  - The daily rate of payment provided to the hospital for providing the services to the individual will not exceed the comparable daily rate provided for community-based, non-hospital, residential programs of treatment for substance abuse.
  - The grant may be expended for such services only to the extent that it is medically necessary, i.e., only for those days that the client cannot be safely treated in a residential, community-based program.

Reference(s)

- Code of Federal Regulations, Title 45, § 96.135
- Public Health Service (PHS) Act § 1931(a)(1) and § 1916(a)(5)
- Code of Federal Regulations Title 45 Part 96