FISCAL REQUIREMENTS

1. Independent Audit

The Contractor and any of its sub-contractors who receive more than Three Hundred Thousand Dollars ($300,000.00) in reimbursement from the Contractor for services as part of the sub-state area network shall make a provision for an independent financial audit to be performed annually. To the maximum practicable extent, the audit shall identify, examine, and report the income and expenditures specific to operation of the services described in this contract. The audit will be presented in the format specified in the "Accounting and Auditing Guidelines" for Colorado Department of Human Services, Division of Behavioral Health.

The collection and review of provider audits is the responsibility of the Contractor. The sub-contractor shall furnish one copy of each audit report, together with associated special reports and the management letter and/or auditor's opinion letter, if any, to the MSO, no later than seven months after the close of the sub-contractor's fiscal year. A waiver, of the aforementioned due date, may be requested in writing of Division of Behavioral Health (DBH), Fiscal Unit. The tools for review by the MSO of the independent audits will be provided to the Contractor by the State. DBH will provide a matrix and "Desk Review Checklist" to be used to track the sub-contractor's audits posted to the DBH website. A copy of the completed matrix is to be sent to the Division of Behavioral Health (DBH), Fiscal Unit by April 30, each year.

If a subcontractor receives less than $300,000 from this contract, and has an independent financial audit performed, the State requests that said audit be submitted to the Fiscal Unit, no later than seven months after the close of the Contractor's fiscal year.

2. Cost/Revenue Report

If formal audit reports are not required, or if formal audit reports are provided but do not adequately identify both the costs of and associated revenues for (a) alcohol and other drug detoxification and (b) other alcohol and drug treatment services described in this contract, the Contractor and any subcontractor shall provide annual reports reflecting total cash and non-cash revenues and costs of the detox and treatment services described in this contract, in a format prescribed by the State posted to the DBH website. The reports shall be based on Contractor and its subcontractor's financial records and shall be in agreement with the Contractor and its subcontractor's internal financial statements, provided that adjustments may be made to conform to requirements of the aforementioned format. An annual report including expenditures and revenues covering July 1 - June 30 will be due to the Fiscal Unit by January 31 of the year in which the end of the fiscal year is included.

3. Cost Savings and Cost Overruns

If the State determines from the audits of the Contractor and its subcontractors performed pursuant to paragraph above, that total payments made to the Contractor by the State hereunder plus cost-sharing revenues as described in the above paragraph ("total revenues") exceed the total costs of providing and arranging for all services under this contract ("excess revenues"), in the next year of this contract, without cost to the State, the Contractor shall provide an expansion and/or improvement of the services provided hereunder, equal in value to the amount by which the excess revenues exceed five percent of the total revenues. The Contractor, with the State, shall coordinate the specific expansion and/or improvement of services and shall be subject to the State's approval, which approval the State shall not unreasonably withhold.

4. Income From Sources Other Than This Contract

If income from DBH for substance use disorder services is less than 80% of the total contractor income, the contractor must develop and report to the Fiscal Unit a cost allocation plan for distribution of salaries, operating and other indirect costs.

5. Laboratory Testing for Aid to Needy Dependent (A.N.D.) Clients

Payment of General Fund monies to Contractors performing substance abuse testing on Aid to the Needy and Disabled (A.N.D.) clients, will be made as billed, from available funds of Six Thousand Nine Hundred Twelve Dollars ($6,912.00). It is further understood and agreed that the maximum amount of funds available for payment to all programs statewide for this fiscal year for this purpose is Six Thousand Nine Hundred Twelve Dollars ($6,912.00).

6. Client Fees

In providing the services described herein, the Contractor or any subcontractor will charge fees to adult clients based on a sliding fee schedule that shall include zero dollar fees, or, have a process by which the full fee can be waived. The lack of the intake fee may not be used as a barrier to admission to treatment for IC clients. After admission, fees can be charged per the sliding fee schedule unless the client meets the qualification for State Aid to the Needy and Disabled, in which case the fee shall be waived. Fees shall be reasonable and are subject to review by the Fiscal Unit. Clients under the age of 18 (minors) who are admitted to treatment with the knowledge and consent of their parents may have fees charged to their family/guardians based on their family/guardians' income and number of dependents. Clients under the age of 18 (minors) who are admitted to treatment without the knowledge and consent of their parents, may have fees charged based on their income. Fees must be communicated to clients in writing as part of the admission process or, in the case of detox, as soon as possible thereafter.

7. Monies Shall be Identified

All DBH monies for substance use disorder services allocated to the sub-contractor/provider shall be identified as cash, general fund, and/or federal funds. Payment to subcontractors/providers shall identify payments for CORE Services and AFS separately.

8. On-Site Financial Review

Over a three-year period the MSO will conduct at least one on-site financial review using the state approved format of each sub-contractor/provider and report the results to the Fiscal Unit in a format prescribed by the state and posted to the DBH website.

A copy of the completed on-site financial review is to be sent to the Division of Behavioral Health (DBH), Fiscal Unit by April 30, each year.

10. Confidentiality Agreement Audit And Evaluation Activities

In accordance with the provisions of 42 C.F.R. Part 2 §2.53(b), the State of Colorado Department of Human Services, the Division of Behavioral Health ("DBH") hereby agrees that all patient identifying information requested, received, copied or removed from the premises of the contractor or sub-contractor as required under the contracts with the Managed Services Organizations or otherwise at the direction of DBH is only done so pursuant to the performance of an audit or evaluation activity that includes matching clients with needed services, tracking clients as they move through the state's network of treatment and other services, evaluating services, monitoring service delivery and utilization, engaging in health planning, collecting and analyzing data to compare outcomes or track activities of programs or clients over time, and:

(1) All patient identifying information copied or removed from the premises of the contractor or sub-contractor as required under the contracts with the Managed Services Organizations or otherwise at the direction of DBH will be maintained in accordance with the security requirements provided in 42 C.F.R. Part 2 §2.16 (or such other more stringent requirements as may apply);
(2) All patient identifying information will be destroyed upon completion of the audit or evaluation for which they have been copied or removed; and,
(3) Patient identifying information disclosed under this Agreement will
    a. be disclosed only back to the program from which it was obtained; and,

b. used only to carry out an audit or evaluation purpose or to criminally investigate or prosecute criminal or other activities as authorized by a court order entered under §2.66 of 42 C.F.R. Part 2.

(4) Patient identifying information disclosed under this Agreement may be used for the purposes of Medicaid or Medicare audit or evaluation in accordance with 42 C.F.R. Part 2 §2.53(c),

It is further agreed that the provision of patient identifying information for other purposes, i.e. other than for audit or evaluation purposes, will only be done with a proper signed authorization to release information in compliance with 42 C.F.R. Part 2 §2.31.

11. Additional Definitions

a. Independent financial audit means a financial audit conducted by a certified public accounting firm or certified public accountant (CPA) in accordance with generally accepted accounting principles and applicable federal regulations. The CPA or firm must be independent of the contractor. Independent means not a regular full-time or part-time employee of the contractor and not receiving any form of compensation from the contractor other than that they receive for the conduct of the financial audit.

b. Provider or Sub-Contractor means an organization that provides direct services to a client paid for in whole or in part by this contract. This could be the Contractor or a sub-contractor.

c. Total approved costs means the total cost of activities under this contract that are recognized by the state as necessary for the performance of this contract under applicable federal and state laws and regulations.