BOARD OF SUPERVISORS

Gloria Molina
First District

Yvonne Brathwaite Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

May 20, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

APPROVAL OF A NEW NEGOTIATED NET AMOUNT AND DRUG MEDI-CAL AGREEMENT WITH THE STATE DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS FOR FISCAL YEARS 2004-05 THROUGH 2007-08
(All Districts) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Chairman to sign the attached new Negotiated Net Amount and Drug Medi-Cal Agreement No. NNA19, Exhibit I, from the State Department of Alcohol and Drug Programs, to support alcohol and drug program services within Los Angeles County, effective July 1, 2004 through June 30, 2008, in the amount of $279,527,238.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

In approving this action, the Board is authorizing the acceptance of a new Negotiated Net Amount (NNA) and Drug/Medi-Cal (D/MC) Agreement No. NNA19 (NNA Agreement) from the State Department of Alcohol and Drug Programs (SDADP), in the amount of $279,527,238, to provide continued financial support to the Department of Health Services' (Department) Alcohol and Drug Program Administration (ADPA).

Board approval of the recommended new four-year NNA Agreement is required by the SDADP and will comply with Health and Safety Code section 11758.46, subdivision (g)(2), which requires that counties providing D/MC reimbursable services execute new State/County agreements by July 31, 2004. For the County to be eligible for reimbursement of D/MC services, the NNA Agreement needs to be approved by the Board and returned to the SDADP by June 11, 2004. If the deadline is not met, ADPA will not be eligible for the D/MC portion of the funds, in the amount of $67,041,828.

Current County policy and procedures require the timely submission of agreements and amendments for Board approval. However, this Agreement was not scheduled for the Board agenda three weeks prior to its expiration due to critical DHS staffing shortage.

FISCAL IMPACT/FINANCING:

There are no net County costs associated with this action.

The new NNA Agreement has a four-year term, effective July 1, 2004 through June 30, 2008. The State's total maximum obligation for this NNA Agreement is $279,527,238 (consisting of $183,889,122 in Federal Block grant funds, $62,117,202 in State General funds, and $33,520,914 in Federal D/MC funds), $93,175,746 for FY 2004-05; $93,175,746 for FY 2005-06; and $93,175,746 for FY 2006-07. Although the term of Agreement No. NNA19 is four years, through June 30, 2008, the NNA Agreement provides funding only for FY 2004-05 through FY 2006-07. The FY 2007-08 is unfunded and will be comprised of unspent Federal funds from prior State fiscal years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

For many years, funding from the State to the County was based on the Los Angeles County Plan for Alcohol and Drug Services (Plan). Senate Bill 627, Chapter 64, Statutes of 1993, amended sections of the Health and Safety Code to establish provisions of law that mandated the NNA Agreement. On November 9, 1993, the Board approved the last Plan required by the SDADP (FY 1993-94) in preparation for the transition to NNA contracting. The NNA Agreement is based on negotiations between parties and determined by mutual agreement regarding dedicated capacity. Both the State and County may amend or renegotiate the NNA Agreement at any time to reflect changes in levels of funding or dedicated capacity.

On December 13, 1994, the Board approved the original NNA Agreement with the SDADP in the amount of $117,395,489 and subsequently approved Amendment Nos. 1 through 7 to increase or decrease funding during the four-year agreement term. On July 21, 1998, the Board approved the FY 1998-2001 NNA Agreement with the SDADP in the amount of $222,507,110 and subsequently approved Amendment Nos. 1 through 6 to increase or decrease funding during the three-year agreement term.

On July 17, 2001, the Board approved the FY 2001-04 NNA Agreement with the SDADP in the amount of $295,708,401 and subsequently approved five amendments.

The recommended NNA Agreement represents another four-year commitment by the SDADP to provide funding support for the provision of alcohol and drug services in Los Angeles County.

The Department of Health Services System Redesign will not impact the NNA Agreement with the State and there is no net County cost associated with this action.

County Counsel has approved the attached NNA Agreement (Exhibit I) for FY 2004-05 through FY 2007-08 as to form.

Attachment A provides additional information.

CONTRACTING PROCESS:

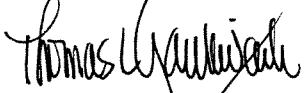
Since the recommended NNA Agreement provides for allocation of State monies directly to the County, advertisement on the Los Angeles County Online Web Site as a contracting opportunity for alcohol and drug abuse services providers is not appropriate.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Alcohol and drug services will continue to be provided to residents throughout Los Angeles County.

When approved, this Department requires three signed copies of the Board's action and three signed and certified copies of the NNA Agreement face sheets for transmittal to the State.

Respectfully submitted,



Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:lb

Attachments (2)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

blcd3357.lb

ATTACHMENT A

SUMMARY OF AGREEMENT

1. TYPE OF SERVICE:

The Negotiated Net Amount (NNA) and Drug/Medi-Cal (D/MC) Agreement provides for State Department of Alcohol and Drug Programs funding support for the provision of alcohol and drug services in Los Angeles County.

2. AGENCY ADDRESS AND CONTACT PERSON:

State of California
Department of Alcohol and Drug Programs
Program Operations Division
1700 K Street
Sacramento, California 95814
Attention: Kathy Anderson, Contracts Office
Telephone: (916) 323-2066

3. TERM:

The term of this agreement begins on July 1, 2004 and continues through June 30, 2008.

4. FINANCIAL INFORMATION:

The NNA and D/MC Agreement funding consists of Federal Block Grant funds, Federal D/MC funds, and State Funds, as follows:

	State Funds	Federal Block Grant Funds	Federal DMC Funds	Total
FY2004-05	$20,705,734	$ 61,296,374	$11,173,638	$ 93,175,746
FY2005-06	$20,705,734	61,296,374	11,173,638	93,175,746
FY2006-07	$20,705,734	61,296,374	11,173,638	93,175,746
Total	$62,117,202	$183,889,122	$33,520,914	$279,527,238

FY 2007-08 is unfunded to accommodate unspent Federal funds from prior State Fiscal Year.

5. GEOGRAPHIC AREA TO BE SERVED:

Countywide.

6. ACCOUNTABLE FOR MONITORING AND EVALUATION:

Patrick L. Ogawa, Chief, Alcohol and Drug Administration

7. APPROVALS:

Public Health:	John F. Schunhoff, Ph.D., Chief of Operations
Alcohol and Drug Program Administration:	Patrick L. Ogawa, Director
Contract Administration:	Irene E. Riley, Director
County Counsel (approval as to form):	Stephanie Jo Farrell, Deputy Counsel

EXHIBIT I

STATE OF CALIFORNIA
STANDARD AGREEMENT
STD. 213 (Rev 6/03)

[X] CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED 68 Pages

AGREEMENT NUMBER
NNA19
REGISTRATION NUMBER

1. This Agreement is entered into between the State Agency and the Contractor named below
STATE AGENCY'S NAME
DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS (ADP)
CONTRACTOR'S NAME
COUNTY OF LOS ANGELES

2. The term of this Agreement is: 7/1/2004 through 6/30/2008

3. The maximum amount of this Agreement is:

$ 93,175,746	(F.Y. 2004/05)	or	$ 70,828,470	(see note below)
$ 93,175,746	(F.Y. 2005/06)	or	$ 70,828,470	(see note below)
$ 93,175,746	(F.Y. 2006/07)	or	$ 70,828,470	(see note below)
$ 279,527,238	(Total)	or	$212,485,410	(see note below)

Note: Per Health and Safety Code Section 11758.46(e)(2), this contract must be approved by County's Board of Supervisors and ADP by 7/31/04 or ADP will assume responsibility of the county's Drug Medi-Cal treatment services and this contract will be reduced by the necessary State General Funds to support those services.

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement:

Exhibit A-1 – Fiscal Allocation Detail, Budget 1	3	Pages	Effective only if contract is fully approved by 7/31/04 – see note above.
Exhibit A-1 – Fiscal Allocation Detail, Budget 2 (NNA Only)	3	Pages	Effective only if contract is **not** fully approved by 7/31/04 – see note above.
Exhibit B – General Terms and Conditions Effective 7/1/04	22	Pages	
Exhibit C – Negotiated Net Amount Provisions Effective 7/1/04	20	Pages	
Exhibit D – Drug Medi-Cal Substance Abuse Treatment Services Provisions Effective 7/1/04	22	Pages	Effective only if contract is fully approved by 7/31/04 – see note above.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

CONTRACTOR'S NAME *(If other than an individual, state whether a corporation, partnership, etc.)*
COUNTY OF LOS ANGELES

BY *(Authorized Signature)* | DATE SIGNED

PRINTED NAME AND TITLE OF PERSON SIGNING

STATE OF CALIFORNIA

AGENCY NAME
DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

BY (Authorized Signature) | DATE SIGNED

PRINTED NAME AND TITLE OF PERSON SIGNING
Alan Smith, Manager, Fiscal & Administrative Services Branch, Div. of Administration

ADDRESS
1700 K Street, Sacramento, CA 95814-4037

CALIFORNIA
Department of General Services
Use Only

Exempt per Dept. of General Services' memo dated 7/10/96 and Welfare and Institutions Code 14087.4

[X] Exempt per: See above

COUNTY: LOS ANGELES

Exhibit A1
Budget 1

FISCAL ALLOCATION DETAIL
DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
Fiscal Year 2004-05 Negotiated Net Amount/Drug Medi-Cal Budget V.0

State Funds (July 1, 2004 to June 30, 2005) (12 Months)	Amounts	Totals/ PCA/Object Code
Regular State General Funds		
State General Funds - NNA	$ 1,776,525	50410/702.11
State General Funds - DMC	$ 10,800,790	50412/702.10
Total Regular State General Funds		$ 12,577,315
Perinatal State General Funds		
State General Funds - NNA	$ 3,807,569	50413/702.21
State General Funds - DMC	$ 372,848	50411/702.20
Total Perinatal State General Funds		$ 4,180,417
Other State General Funds		
Women and Children's Residential Treatment Services Funds	$ 2,369,562	50413/702.22
Parolee Services Network Funds	$ 1,578,440	50459/702.18
Total Other State General Funds		$ 3,948,002
TOTAL STATE GENERAL FUNDS		$ 20,705,734
Federal Funds		
SAPT Block Grant - 93.959 (FFY 2005 Award) (October 1, 2004 to June 30, 2006 - 21 Months)		
SAPT Female Offender Treatment Services - FFY 2005 Award	$ 386,784	50563/702.40
SAPT Discretionary - FFY 2005 Award	$ 36,483,904	50563/702.30
SAPT Adolescent/Youth Treatment Program - FFY 2005 Award	$ 1,562,943	50563/702.49
SAPT Friday Night Live - FFY 2005 Award	$ 75,000	50562/702.33
SAPT Club Live - FFY 2005 Award	$ 75,000	50562/702.33
SAPT Primary Prevention Set-Aside - FFY 2005 Award	$ 12,823,657	50562/702.31
SAPT HIV Set-Aside - FFY 2005 Award	$ 3,728,911	50563/702.35
SAPT Perinatal Set-Aside - FFY 2005 Award	$ 3,666,949	50564/702.36
SAPT Special Projects - FFY 2005 Award	$ 187,500	Various/702.45
SAPT SATTA Funding (Discretionary/Drug Testing) - FFY 2005 Award	$ 2,305,726	50563/702.52
Total SAPT Block Grant - FFY 2005 Award		$ 61,296,374
Federal Drug Med-Cal Funds (Reimbursement) (July 1, 2004 to June 30, 2005) (12 Months)		
Drug Medi-Cal (Federal Share Only)	$ 10,800,790	7000/50494/702.10
Perinatal Drug Medi-Cal (Federal Share Only)	$ 372,848	7000/50495/702.20
Total Federal Drug Medi-Cal Funds		$ 11,173,638
TOTAL FEDERAL FUNDS		$ 72,470,012
GRAND TOTAL - ALL FUNDS		$ 93,175,746

COUNTY: LOS ANGELES

Exhibit A1
Budget 1

FISCAL ALLOCATION DETAIL
DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
Fiscal Year 2005-06 Negotiated Net Amount/Drug Medi-Cal Budget V.0

State Funds (July 1, 2005 to June 30, 2006) (12 Months)	Amounts	Totals/ PCA/Object Code
Regular State General Funds		
State General Funds - NNA	$ 1,776,525	50510/702.11
State General Funds - DMC	$ 10,800,790	50512/702.10
Total Regular State General Funds		$ 12,577,315
Perinatal State General Funds		
State General Funds - NNA	$ 3,807,569	50513/702.21
State General Funds - DMC	$ 372,848	50511/702.20
Total Perinatal State General Funds		$ 4,180,417
Other State General Funds		
Women and Children's Residential Treatment Services Funds	$ 2,369,562	50513/702.22
Parolee Services Network Funds	$ 1,578,440	50559/702.18
Total Other State General Funds		$ 3,948,002
TOTAL STATE GENERAL FUNDS		$ 20,705,734
Federal Funds		
SAPT Block Grant - 93.959 (FFY 2006 Award) (October 1, 2005 to June 30, 2007 - 21 Months)		
SAPT Female Offender Treatment Services - FFY 2006 Award	$ 386,784	50663/702.40
SAPT Discretionary - FFY 2006 Award	$ 36,483,904	50663/702.30
SAPT Adolescent/Youth Treatment Program - FFY 2006 Award	$ 1,562,943	50663/702.49
SAPT Friday Night Live - FFY 2006 Award	$ 75,000	50662/702.33
SAPT Club Live - FFY 2006 Award	$ 75,000	50662/702.33
SAPT Primary Prevention Set-Aside - FFY 2006 Award	$ 12,823,657	50662/702.31
SAPT HIV Set-Aside - FFY 2006 Award	$ 3,728,911	50663/702.35
SAPT Perinatal Set-Aside - FFY 2006 Award	$ 3,666,949	50664/702.36
SAPT Special Projects - FFY 2006 Award	$ 187,500	Various/702.45
SAPT SATTA Funding (Discretionary/Drug Testing) - FFY 2006 Award	$ 2,305,726	50663/702.52
Total SAPT Block Grant - FFY 2006 Award		$ 61,296,374
Federal Drug Med-Cal Funds (Reimbursement) (July 1, 2005 to June 30, 2006) (12 Months)		
Drug Medi-Cal (Federal Share Only)	$ 10,800,790	7000/50594/702.10
Perinatal Drug Medi-Cal (Federal Share Only)	$ 372,848	7000/50595/702.20
Total Federal Drug Medi-Cal Funds		$ 11,173,638
TOTAL FEDERAL FUNDS		$ 72,470,012
GRAND TOTAL - ALL FUNDS		$ 93,175,746

COUNTY: LOS ANGELES

Exhibit A1
Budget 1

FISCAL ALLOCATION DETAIL
DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
Fiscal Year 2006-07 Negotiated Net Amount/Drug Medi-Cal Budget V.0

State Funds (July 1, 2006 to June 30, 2007) (12 Months)	Amounts	Totals/ PCA/Object Code
Regular State General Funds		
State General Funds - NNA	$ 1,776,525	50610/702.11
State General Funds - DMC	$ 10,800,790	50612/702.10
Total Regular State General Funds		$ 12,577,315
Perinatal State General Funds		
State General Funds - NNA	$ 3,807,569	50613/702.21
State General Funds - DMC	$ 372,848	50611/702.20
Total Perinatal State General Funds		$ 4,180,417
Other State General Funds		
Women and Children's Residential Treatment Services Funds	$ 2,369,562	50613/702.22
Parolee Services Network Funds	$ 1,578,440	50659/702.18
Total Other State General Funds		$ 3,948,002
TOTAL STATE GENERAL FUNDS		$ 20,705,734
Federal Funds		
SAPT Block Grant - 93.959 (FFY 2007 Award) (October 1, 2006 to June 30, 2008 - 21 Months)		
SAPT Female Offender Treatment Services - FFY 2007 Award	$ 386,784	50763/702.40
SAPT Discretionary - FFY 2007 Award	$ 36,483,904	50763/702.30
SAPT Adolescent/Youth Treatment Program - FFY 2007 Award	$ 1,562,943	50763/702.49
SAPT Friday Night Live - FFY 2007 Award	$ 75,000	50762/702.33
SAPT Club Live - FFY 2007 Award	$ 75,000	50762/702.33
SAPT Primary Prevention Set-Aside - FFY 2007 Award	$ 12,823,657	50762/702.31
SAPT HIV Set-Aside - FFY 2007 Award	$ 3,728,911	50763/702.35
SAPT Perinatal Set-Aside - FFY 2007 Award	$ 3,666,949	50764/702.36
SAPT Special Projects - FFY 2007 Award	$ 187,500	Various/702.45
SAPT SATTA Funding (Discretionary/Drug Testing) - FFY 2007 Award	$ 2,305,726	50763/702.52
Total SAPT Block Grant - FFY 2007 Award		$ 61,296,374
Federal Drug Med-Cal Funds (Reimbursement) (July 1, 2006 to June 30, 2007) (12 Months)		
Drug Medi-Cal (Federal Share Only)	$ 10,800,790	7000/50694/702.10
Perinatal Drug Medi-Cal (Federal Share Only)	$ 372,848	7000/50695/702.20
Total Federal Drug Medi-Cal Funds		$ 11,173,638
TOTAL FEDERAL FUNDS		$ 72,470,012
GRAND TOTAL - ALL FUNDS		$ 93,175,746

COUNTY: LOS ANGELES

Exhibit A1
Budget 2 (NNA Only)

FISCAL ALLOCATION DETAIL
DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
Fiscal Year 2004-05 Negotiated Net Amount/Drug Medi-Cal Budget V.0

State Funds (July 1, 2004 to June 30, 2005) (12 Months)	Amounts	Totals/ PCA/Object Code
Regular State General Funds		
State General Funds - NNA	$ 1,776,525	50410/702.11
State General Funds - DMC	$ -	50412/702.10
Total Regular State General Funds		$ 1,776,525
Perinatal State General Funds		
State General Funds - NNA	$ 3,807,569	50413/702.21
State General Funds - DMC	$ -	50411/702.20
Total Perinatal State General Funds		$ 3,807,569
Other State General Funds		
Women and Children's Residential Treatment Services Funds	$ 2,369,562	50413/702.22
Parolee Services Network Funds	$ 1,578,440	50459/702.18
Total Other State General Funds		$ 3,948,002
TOTAL STATE GENERAL FUNDS		$ 9,532,096
Federal Funds		
SAPT Block Grant - 93.959 (FFY 2005 Award) (October 1, 2004 to June 30, 2006 - 21 Months)		
SAPT Female Offender Treatment Services - FFY 2005 Award	$ 386,784	50563/702.40
SAPT Discretionary - FFY 2005 Award	$ 36,483,904	50563/702.30
SAPT Adolescent/Youth Treatment Program - FFY 2005 Award	$ 1,562,943	50563/702.49
SAPT Friday Night Live - FFY 2005 Award	$ 75,000	50562/702.33
SAPT Club Live - FFY 2005 Award	$ 75,000	50562/702.33
SAPT Primary Prevention Set-Aside - FFY 2005 Award	$ 12,823,657	50562/702.31
SAPT HIV Set-Aside - FFY 2005 Award	$ 3,728,911	50563/702.35
SAPT Perinatal Set-Aside - FFY 2005 Award	$ 3,666,949	50564/702.36
SAPT Special Projects - FFY 2005 Award	$ 187,500	Various/702.45
SAPT SATTA Funding (Discretionary/Drug Testing) - FFY 2005 Award	$ 2,305,726	50563/702.52
Total SAPT Block Grant - FFY 2005 Award		$ 61,296,374
Federal Drug Med-Cal Funds (Reimbursement) (July 1, 2004 to June 30, 2005) (12 Months)		
Drug Medi-Cal (Federal Share Only)	$ -	7000/50494/702.10
Perinatal Drug Medi-Cal (Federal Share Only)	$ -	7000/50495/702.20
Total Federal Drug Medi-Cal Funds		$ -
TOTAL FEDERAL FUNDS		$ 61,296,374
GRAND TOTAL - ALL FUNDS		$ 70,828,470

COUNTY: LOS ANGELES

Exhibit A1
Budget 2 (NNA Only)

FISCAL ALLOCATION DETAIL
DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
Fiscal Year 2006-07 Negotiated Net Amount/Drug Medi-Cal Budget V.0

State Funds (July 1, 2006 to June 30, 2007) (12 Months)	Amounts	Totals/ PCA/Object Code
Regular State General Funds		
State General Funds - NNA	$ 1,776,525	50610/702.11
State General Funds - DMC	$ -	50612/702.10
Total Regular State General Funds		$ 1,776,525
Perinatal State General Funds		
State General Funds - NNA	$ 3,807,569	50613/702.21
State General Funds - DMC	$ -	50611/702.20
Total Perinatal State General Funds		$ 3,807,569
Other State General Funds		
Women and Children's Residential Treatment Services Funds	$ 2,369,562	50613/702.22
Parolee Services Network Funds	$ 1,578,440	50659/702.18
Total Other State General Funds		$ 3,948,002
TOTAL STATE GENERAL FUNDS		$ 9,532,096
Federal Funds		
SAPT Block Grant - 93.959 (FFY 2007 Award) (October 1, 2006 to June 30, 2008 - 21 Months)		
SAPT Female Offender Treatment Services - FFY 2007 Award	$ 386,784	50763/702.40
SAPT Discretionary - FFY 2007 Award	$ 36,483,904	50763/702.30
SAPT Adolescent/Youth Treatment Program - FFY 2007 Award	$ 1,562,943	50763/702.49
SAPT Friday Night Live - FFY 2007 Award	$ 75,000	50762/702.33
SAPT Club Live - FFY 2007 Award	$ 75,000	50762/702.33
SAPT Primary Prevention Set-Aside - FFY 2007 Award	$ 12,823,657	50762/702.31
SAPT HIV Set-Aside - FFY 2007 Award	$ 3,728,911	50763/702.35
SAPT Perinatal Set-Aside - FFY 2007 Award	$ 3,666,949	50764/702.36
SAPT Special Projects - FFY 2007 Award	$ 187,500	Various/702.45
SAPT SATTA Funding (Discretionary/Drug Testing) - FFY 2007 Award	$ 2,305,726	50763/702.52
Total SAPT Block Grant - FFY 2007 Award		$ 61,296,374
Federal Drug Med-Cal Funds (Reimbursement) (July 1, 2006 to June 30, 2007) (12 Months)		
Drug Medi-Cal (Federal Share Only)	$ -	7000/50694/702.10
Perinatal Drug Medi-Cal (Federal Share Only)	$ -	7000/50695/702.20
Total Federal Drug Medi-Cal Funds		$ -
TOTAL FEDERAL FUNDS		$ 61,296,374
GRAND TOTAL - ALL FUNDS		$ 70,828,470

COUNTY: LOS ANGELES

Exhibit A1
Budget 2 (NNA Only)

FISCAL ALLOCATION DETAIL
DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
Fiscal Year 2005-06 Negotiated Net Amount/Drug Medi-Cal Budget V.0

State Funds (July 1, 2005 to June 30, 2006) (12 Months)	Amounts	Totals/ PCA/Object Code
Regular State General Funds		
State General Funds - NNA	$ 1,776,525	50510/702.11
State General Funds - DMC	$ -	50512/702.10
Total Regular State General Funds		$ 1,776,525
Perinatal State General Funds		
State General Funds - NNA	$ 3,807,569	50513/702.21
State General Funds - DMC	$ -	50511/702.20
Total Perinatal State General Funds		$ 3,807,569
Other State General Funds		
Women and Children's Residential Treatment Services Funds	$ 2,369,562	50513/702.22
Parolee Services Network Funds	$ 1,578,440	50559/702.18
Total Other State General Funds		$ 3,948,002
TOTAL STATE GENERAL FUNDS		$ 9,532,096

Federal Funds

SAPT Block Grant - 93.959 (FFY 2006 Award) (October 1, 2005 to June 30, 2007 - 21 Months)

SAPT Female Offender Treatment Services - FFY 2006 Award	$ 386,784	50663/702.40
SAPT Discretionary - FFY 2006 Award	$ 36,483,904	50663/702.30
SAPT Adolescent/Youth Treatment Program - FFY 2006 Award	$ 1,562,943	50663/702.49
SAPT Friday Night Live - FFY 2006 Award	$ 75,000	50662/702.33
SAPT Club Live - FFY 2006 Award	$ 75,000	50662/702.33
SAPT Primary Prevention Set-Aside - FFY 2006 Award	$ 12,823,657	50662/702.31
SAPT HIV Set-Aside - FFY 2006 Award	$ 3,728,911	50663/702.35
SAPT Perinatal Set-Aside - FFY 2006 Award	$ 3,666,949	50664/702.36
SAPT Special Projects - FFY 2006 Award	$ 187,500	Various/702.45
SAPT SATTA Funding (Discretionary/Drug Testing) - FFY 2006 Award	$ 2,305,726	50663/702.52
Total SAPT Block Grant - FFY 2006 Award		$ 61,296,374

Federal Drug Med-Cal Funds (Reimbursement) (July 1, 2005 to June 30, 2006) (12 Months)

Drug Medi-Cal (Federal Share Only)	$ -	7000/50594/702.10
Perinatal Drug Medi-Cal (Federal Share Only)	$ -	7000/50595/702.20
Total Federal Drug Medi-Cal Funds		$ -
TOTAL FEDERAL FUNDS		$ 61,296,374
GRAND TOTAL - ALL FUNDS		$ 70,828,470

FY 2004-2005

Combined NNA/DMC County/State Contract Boilerplate

Preliminary

Effective 7-1-04

Filename: X:\GROUPS3\CM\BLRPLATE\FY 2004-2005\NNA-DMC 04-05 Boilerplate - Facesheet - Preliminary.doc

GENERAL TERMS AND CONDITIONS

A. Contract Exhibits

This Contract between the Department of Alcohol and Drug Programs (State) and the county named in the Standard Agreement attached hereto (Contractor) consists of the Standard Agreement; Exhibits A-I, consisting of the Contractor's Fiscal Allocation Detail, Prevention and Treatment Programs Fiscal Summaries, and Provider and Service Fiscal Detail; Exhibit C, which defines the rights and obligations of the parties regarding Negotiated Net Amount (NNA) funds; Exhibit D (if attached), which defines the rights and obligations of the parties regarding Medicaid/Medi-Cal funds, as expended through the Drug Medi-Cal (DMC) Program; and this Exhibit B, entitled "General Terms and Conditions," which contains Contract provisions applicable to all of the Exhibits.

B. Contract Term

The term of this Contract shall be from July 1, 2004 through June 30, 2008. Except as provided in Exhibit C, Article III, Sections H and I, the expenditure period for the funds available hereunder shall be as stated on Exhibit A1. State is under no obligation to extend or renew this Contract.

C. Nullification of Exhibit D (if applicable)

The parties agree that if Contractor fails to comply with the provisions of Health and Safety Code (hereinafter referred to as HSC) Section 11758.46 including, without limitation, the deadlines in subsections (e) and (g)(2), Exhibit D shall be null and void and severed from the remainder of this Contract.

In the event Exhibit D becomes null and void, Budget #2, NNA only (Exhibit A1) will take effect reflecting the removal of DMC State General Fund (SGF), DMC Perinatal State General Fund (PSGF), and federal Medicaid funds from this Contract. Exhibit C of this Contract will remain in effect until amended or terminated.

D. Unenforceable Provisions

In the event any provision of this Contract is held invalid or unenforceable by any court of competent jurisdiction, the holding will not invalidate or render unenforceable any other provision hereof.

E. Use of State Funds

1. Contractor may not use or transfer SGF DMC funds allocated pursuant to Exhibit D to SGF discretionary funds allocated pursuant to Exhibit C or to pay for any non-DMC services.

2. SGF provided by the California Department of Corrections shall be subject to specific expenditure requirements as stated in the "Services to California Department of Corrections (CDC) Parolee Services", Document 1D incorporated by this reference.

F. Contract Amendments

1. Both Contractor and State may agree to amend or renegotiate the Contract.

2. Contract amendments will be required to change encumbered amounts for each year of a multi-year contract period.

3. If this Contract is based on the preliminary allocation, or rates and requirements issued before the passage of the applicable State Fiscal Year (FY) Budget Act and Trailer Bill(s), Contractor shall submit a Contract amendment with a budget that reflects the revised allocation, rates, a plan for expenditure of prior year unexpended SGF, and other requirements within 60 days of the State's release of the Budget Act Allocation. In the event Contractor has not submitted a Contract amendment with all required Contractor and Subcontractor fiscal detail within 60 days of the release of the Budget Act Allocation, State will withhold all NNA payments under Exhibit C of this Contract until the required amendment is received by State.

4. Contract amendments may be submitted by Contractor until May 1 of each of the Contract's fiscal years. An amendment proposed by either party shall be forwarded in writing to the other party.

   (a) The proposed amendment submitted by Contractor shall include revised County Prevention and Treatment Programs Fiscal Summary and Provider Fiscal Detail Forms, Exhibit A1, and a statement of the reason and basis for the proposed change.

   (b) Amendments must be duly approved by the County Board of Supervisors and signed by a duly authorized representative of the board.

5. No amendment or variation of the terms of this Contract shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or agreement not incorporated in the Contract is binding on any of the parties.

6. Contractor acknowledges that any newly allocated funds that are in excess of the initial amount for each fiscal year may be forfeited if State does not receive a fully executable Contract amendment on or before June 30.

G. Termination

1. This Contract may be terminated by either party by delivering written notice of termination to the other party at least 30 days prior to the effective date of termination. The notice shall state the effective date of and reason for the termination. In the event of changes in law that affect provisions of this Contract, the parties agree to amend the affected provisions to conform with the changes in law retroactive to the effective date of such changes in law. The parties further agree that the terms of this Contract are severable and in the event that changes in law render provisions of the Contract void, the unaffected provisions and obligations of this Contract will remain in full force and effect.

2. State may terminate this Contract immediately for cause. The term "for cause", means that the Contractor failed to meet the terms, conditions, and/or responsibilities of the Contract. State shall provide the Contractor with written notice of the termination, including the effective date and reason for the termination. The termination of the Contract shall be effective as of the date indicated in the written notice.

3. The following additional provisions regarding termination apply only to Exhibit D of this Contract:

   (a) In the event the federal Department of Health and Human Services (hereinafter referred to as DHHS), the California Department of Health Services (hereinafter referred to as DHS), or State determines Contractor does not meet the requirements for participation in the DMC Program, State will terminate Exhibit D of this Contract for cause.

   (b) All obligations to provide covered services under this Contract will automatically terminate on the effective date of any termination of this Contract. Contractor will be responsible for providing or arranging for covered services to beneficiaries until the effective date of termination or expiration of the Contract.

   Contractor will remain liable for processing and paying invoices and statements for covered services and utilization review requirements prior to the expiration or termination until all obligations have been met.

   (c) In the event Exhibit D of this Contract is terminated, Contractor shall refer DMC clients to providers who are certified to provide the type(s) of services the client has been receiving.

H. Audit

1. In addition to the audit requirements in Exhibit C and D, this Contract, and any subcontracts, shall be subject to the examination and audit by the California Bureau of State Audits for a period of three years from the date that final payment is made pursuant to the Contract (Government Code, Section 10527).

2. Contractor agrees that State, the Comptroller General of the United States, and any authorized representatives will have the right to review, obtain, and copy all records pertaining to the performance of this Contract. Contractor agrees to provide State with any and all relevant information requested.

3. All expenditures of State and federal funds furnished to Contractor and its Subcontractors pursuant to this Contract are subject to audit by State. Such State audits shall consider and build upon external independent audits performed pursuant to audit requirements of the Office of Management and Budget (OMB) Circular A-133 (Revised June 2003). Objectives of such State audits may include, but not be limited to, the following:

   (a) to determine whether units of service claimed/reported are properly documented by service records and accurately accumulated for claiming/reporting;

   (b) to validate data reported by Contractor for prospective Contract negotiations;

   (c) to provide technical assistance in addressing current year activities and providing recommendations on internal controls, accounting procedures, financial records, and compliance with laws and regulations;

   (d) to determine the cost of services, net of related patient and participant fees, third-party payments, and other related revenues and funds;

   (e) to determine that expenditures are made in accordance with applicable state and federal laws and regulation and Contract requirements; and/or

(f) to determine the facts in relation to analysis of data, complaints, or allegations, which may be indicative of fraud, abuse, willful misrepresentation, or failure to achieve the Contract objectives of Exhibit C or Exhibit D.

4. Contractor shall comply, and shall require that Subcontractors comply, with all terms and conditions of this Contract and all pertinent state and federal statutes and regulations. Contractors and Subcontractors shall permit State, DHS, DHHS, Comptroller General of the United States, or other authorized state or federal agencies and representatives, to inspect or otherwise evaluate the quality, appropriateness, and timeliness of services performed under this Contract. The Contractor shall allow State, DHS, DHHS, the Comptroller General of the United States, and other authorized state or federal agencies and representatives to review and copy any and all books, records, and facilities maintained by Contractor and its Subcontractors related to these services at any time during normal business hours. Unannounced visits may be made at the discretion of State. Employees who might reasonably have information related to such records may be interviewed.

5. The refusal of Contractor or Subcontractor to permit access to and inspection of books, records, and facilities as described in this part constitutes an express and immediate breach of this Contract and will be sufficient basis to terminate the Contract for cause.

I. Debarment and Suspension Certification

1. By signing this agreement, the Contractor agrees to comply with applicable federal suspension and debarment regulations including, but not limited to 7 CFR Part 3017, 45 CFR 76, 40 CFR 32 or 34 CFR 85.

2. By signing this agreement, the Contractor certifies to the best of its knowledge and belief, that it and its principals:

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency;

(b) Have not within a three-year period preceding this application/proposal/agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in Paragraph b(2) herein; and

(d) Have not within a three-year period preceding this application/proposal/agreement had one or more public transactions (Federal, State or local) terminated for cause or default.

(e) Shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under federal regulations (i.e., 48 CFR part 9, subpart 9.4), debarred, suspended, declared ineligible, or voluntarily excluded from participation in such transaction, unless authorized by the State.

(f) Will include a clause entitled, "Debarment and Suspension Certification" that essentially sets forth the provisions herein, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

3. If the Contractor is unable to certify to any of the statements in this certification, the Contractor shall submit an explanation to the ADP program funding this contract.

4. The terms and definitions herein have the meanings set out in the Definitions and Coverage sections of the rules implementing Federal Executive Order 12549.

5. If the Contractor knowingly violates this certification, in addition to other remedies available to the Federal Government, the ADP may terminate this agreement for cause or default.

J. Lobbying and Restrictions and Disclosure Certification

(Applicable to federally funded contracts in excess of $100,000 per Section 1352 of the 31, U.S.C.)

1. Certification and Disclosure Requirements

(a) Each person (or recipient) who requests or receives a contract, subcontract, grant, or subgrant, which is subject to Section 1352 of the 31, U.S.C., and which exceeds $100,000 at any tier, shall file a certification (in the form set forth in Exhibit C, Document 1W, consisting of one page, entitled "Certification Regarding Lobbying") that the recipient has not made, and will not make, any payment prohibited by Paragraph 2 of this provision.

(b) Each recipient shall file a disclosure (in the form set forth in Exhibit C, Document 1X, entitled "Standard Form-LLL - Disclosure of Lobbying Activities") if such recipient has made or has agreed to make any payment using nonappropriated funds (to include profits from any covered federal action) in connection with a contract or grant or any extension or amendment of that contract or grant, which would be prohibited under Paragraph 2 of this provision if paid for with appropriated funds.

(c) Each recipient shall file a disclosure form at the end of each calendar quarter in which there occurs any event that requires disclosure or that materially affect the accuracy of the information contained in any disclosure form previously filed by such person under Paragraph 1 (b) herein. An event that materially affects the accuracy of the information reported includes:

(i) A cumulative increase of $25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered federal action;

(ii) A change in the person(s) or individuals(s) influencing or attempting to influence a covered federal action; or

(iii) A change in the officer(s), employee(s), or member(s) contacted for the purpose of influencing or attempting to influence a covered federal action.

(iv) Each person (or recipient) who requests or receives from a person referred to in Paragraph 1(a) of this provision a contract, subcontract, grant or subgrant exceeding $100,000 at any tier under a contract or grant shall file a certification, and a disclosure form, if required, to the next tier above.

(v) All disclosure forms (but not certifications) shall be forwarded from tier to tier until received by the person referred to in Paragraph 1(a) of this provision. That person shall forward all disclosure forms to ADP program contract manager.

2. Prohibition

Section 1352 of Title 31, U.S.C., provides in part that no appropriated funds may be expended by the recipient of a federal contract, grant, loan, or cooperative agreement to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered federal actions: the awarding of any federal contract, the making of any federal grant, the making of any federal loan, entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

K. Restrictions on Salaries

Contractor agrees that no part of any federal funds provided under this Contract shall be used by it or any Subcontractor to pay the salary of an individual in excess of $171,900 per year.

L. Child Support Compliance Act

Contractor acknowledges that it:

1. Recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the California Family Code; and

2. To the best of its knowledge, is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

M. Union Organizing

Contractor, by signing this Contract, hereby acknowledges the applicability of California Government Code Sections 16645 through Section 16649 to this Contract.

1. Contractor will not assist, promote, or deter union organizing by employees performing work on a state service Contract, including a public works Contract.

2. No state funds received under this Contract will be used to assist, promote, or deter union organizing.

3. Contractor will not, for any business conducted under this Contract, use any state property to hold meetings with employees or supervisors, if the purpose of such meetings is to assist, promote or deter union organizing unless the state property is equally available to the general public for holding meetings.

4. If Contractor incurs costs, or makes expenditures to assist, promote, or deter union organizing, Contractor will maintain records sufficient to show that no reimbursement from state funds has been sought for these costs, and Contractor shall provide those records to the Attorney General upon request.

N. Prevention Business Practices

Prevention is defined as strategies, programs and initiatives which reduce both direct and indirect adverse personal, social, health, and economic consequences resulting from problematic alcohol, and other drug (AOD) availability, manufacture, distribution, promotion, sales, and use. The desired result is to promote safe and healthy behaviors and environments for individuals, families, and communities.

Not less than 20 percent of the Substance Abuse Prevention and Treatment (SAPT) Block Grant must be spent on "primary prevention" for individuals who do not require treatment for substance abuse as described in the SAPT Block Grant requirements. Inappropriate use of these funds for non-primary prevention services will require repayment of SAPT Block Grant funds.

Contracts will meet data reporting requirements for capacity, process, and outcome as required by federal grant requirements. The data will use the Institute of Medicine prevention categories of universal, selective, and indicated.

1. Universal prevention strategies address an entire population (national, local community, school, workplace, neighborhood), to prevention or delay AOD use and/or abuse.

2. Selective prevention strategies address an entire subset of the total population that is at higher risk for AOD use and/or abuse.

3. Indicated prevention strategies are designed to prevent/delay the onset of and/or reduce severity of substance abuse in individuals who are exhibiting early signs of substance abuse and associated problem behaviors.

Contractor agrees to comply with the following prevention business practices in its prevention activities funded under this Contract, and provide evidence of compliance with these practices if requested by State:

1. Assessment of Needs with Data:

   Through the use of data relevant to specific communities, identify at risk and under-served populations and their environmental risks related to alcohol and other drugs.

2. Prioritize and Commit to Purpose:

   Through local or regional advisory bodies (coalitions), establish prevention priorities for the assessed needs. Provide a sound validation for the selection of priorities; identify the benefits. Provide evidence that identified priorities and desired outcomes are culturally relevant to priority populations.

3. Determine Outcome Objectives and Measurements:

   Establish the desired goal/desired outcome, objectives, and actions using well-defined terms. Determine the "who, what, where, when and how" that will attain these. Specify how prevention actions will be measured to monitor interim and final results.

4. Proven Prevention Strategies:

   Select prevention activities/services based on identified theories or practices supported by evaluation/research evidence that substantiates these actions are, or promise to be, effective for attaining the desired outcome. Select or adapt actions to assure they are culturally relevant to the intended populations and communities.

5. Evaluate Measured Results and Improve:

   Use goal and objective measurements to assess steps toward achieving the desired outcome as well as the final results. Apply this data to continuously refine, strengthen, and sustain the prevention effects.

O. Confidentiality of Information

1. The Contractor and its employees, agents, or Subcontractors shall protect from unauthorized disclosure names and other identifying information concerning persons either receiving services pursuant to this agreement or persons whose names or identifying information become available or are disclosed by the Contractor, its employees, agents, or Subcontractors as a result of services performed under this agreement, except for statistical information not identifying any such person.

2. Contractor and any Subcontractor that provides services covered by this Contract shall comply with all applicable state and federal statutes and regulations regarding confidentiality, including, but not limited to, the confidentiality of information requirements in the following:

   - 42 USC Section 290 dd-2
   - Title 42, CFR Part 2
   - Welfare and Institutions Code (hereinafter referred to W&IC), Section 14100.2
   - Section 11977 of the HSC
   - Title 22, California Code of Regulations (hereinafter referred to as Title 22), Section 51009, which is specific to Medi-Cal
   - Title 45, CFR Parts 160 and 164 which cites the Health Insurance Portability and Accountability Act of 1996 Privacy Rule
   - Civil Code Section 56- 56.37 – Confidentiality of Medical Information Act
   - HSC Section 123110 et seq. – Patient Access to Medical Records

3. Contractor agrees to implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of all confidential information that it creates, receives, maintains or transmits. Contractor will provide State with information concerning such safeguards as the State may reasonably request from time to time.

4. Contractor agrees to mitigate, to the extent practicable, any harmful effect that is known to Contractor of a use or disclosure of confidential information by Contractor or its Subcontractors in violation of the applicable state and federal statutes and regulations regarding confidentiality cited above.

5. Contractor shall monitor compliance with the above provisions on confidentiality and security and shall include them in all subcontracts.

P. Nondiscrimination in Employment

1. During the performance of this Contract, Contractor and its Subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, status as disabled veteran or veteran of the Vietnam era, and use of family care leave. Contractor and Subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractor and Subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (CCR, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the CCR, are incorporated into this Contract by reference and made a part hereof as if set forth in full. Contractor and its Subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

   Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this Contract.

2. Contractor agrees to post, and further agrees to require its Subcontractors to post, in conspicuous places, notices available to all employees and applicants for employment setting forth the provisions of the Equal Opportunity Act [42 USC 2000(e)] in conformance with Federal Executive Order No. 11246, Section 503 of the Rehabilitation Act of 1973 and the affirmative action clause required by the Vietnam Era Veterans' readjustment Assistance Act of 1974 (38 U.S.C. 4212). Contractor agrees to comply, and further agrees to require its Subcontractors to comply, with the provisions of the Rehabilitation Act of 1973 (29 USC 794).

Q. Nondiscrimination in Services

1. By signing this Contract, Contractor certifies under the laws of the State of California that Contractor and its Subcontractors shall not unlawfully discriminate in the provision of services because of race, color, creed, national origin, sex, age, or physical or mental disability as provided by state and federal law and in accordance with Title VI of the Civil Rights Act of 1964 [42 USC 2000(d)]; Age Discrimination Act of 1975 (42 USC 6101); Rehabilitation Act of 1973 (29 USC 794); Education Amendments of 1972 (20 USC 1681); Americans with Disabilities Act of 1990 (42 USC 12101); Title 45, CFR, Part 84; provisions of the Fair Employment and Housing Act (Government Code Section 12900 et seq.); and regulations promulgated thereunder (Title 2, CCR, Section 7285.0 et seq.); Title 2, Division 3, Article 9.5 of the Government Code, commencing with Section 11135; and Chapter 6 of Division 4 of Title 9 of the CCR, commencing with Section 10800.

2. For the purpose of this Contract, discrimination on the basis of race, color, creed, national origin, sex, age, or physical or mental disability includes, but is not limited to, the following: denying an otherwise eligible individual any service or providing a benefit which is different, or is provided in a different manner or at a different time, from that provided to others under this Contract; subjecting any otherwise eligible individual to segregation or separate treatment in any matter related to the receipt of any service; restricting an otherwise eligible individual in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service or benefit; and/or treating any individual differently from others in determining whether such individual satisfied any admission, enrollment, eligibility, membership, or other requirement or condition which individuals must meet in order to be provided any service or benefit.

3. Contractor shall, on a cycle of at least every three years, assess, monitor, and document each Subcontractor's compliance with the Rehabilitation Act of 1973 and Americans with Disabilities Act of 1990 to ensure that recipients/beneficiaries and intended recipients/beneficiaries of services are provided services without regard to physical or mental disability. Contractor shall also monitor to ensure that beneficiaries and intended beneficiaries of service are provided services without regard to race, color, creed, national origin, sex, or age.

   Contractor shall include nondiscrimination and compliance provisions in all subcontracts. Contractor shall establish written procedures under which service participants are informed of their rights including their right to file a complaint alleging discrimination or a violation of their civil rights. Participants in programs funded hereunder shall be provided a copy of their rights that shall include the right of appeal and the right to be free from sexual harassment and sexual contact by members of the treatment, recovery, advisory, or consultant staff.

4. No state or federal funds shall be used by Contractor or any Subcontractors for sectarian worship, instruction, or proselytization. No state funds shall be used by Contractor or any Subcontractors to provide direct, immediate, or substantial support to any religious activity.

5. Noncompliance with the requirements of nondiscrimination in services shall constitute grounds for state to withhold payments under this Contract or terminate all, or any type, of funding provided hereunder.

R. Drug-Free Work Place

By signing this Contract, Contractor certifies that it will comply, and require that Subcontractors comply, with the requirements of the Drug-Free Work Place Act of 1990 (California Government Code, Title 2, Chapter 1, Division 5.5, Section 8350 et seq.) and that both Contractor and its Subcontractors will provide drug-free work places by taking the following actions:

1. Publish a statement notifying all employees that the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited in the person's or organization's work place and specifying the actions that will be taken against employees for violations of the prohibitions as required by the Government Code, Section 8355(a).

2. Establish a drug-free awareness program as required by the Government Code, Section 8355(b) to inform all employees about all of the following:

   (a) the dangers of drug abuse in the work place;

   (b) the person's or organization's policy of maintaining a drug-free work place;

   (c) any available drug counseling, rehabilitation, and employee assistance programs; and

   (d) the penalties that may be imposed upon employees for drug abuse violations.

3. Provide, as required by the Government Code, Section 8355(c), that every employee engaged in the performance of the Contract:

   (a) be given a copy of Contractor's drug-free policy statement; and

   (b) as a condition of employment on the Contract, agree to abide by the terms of the statement.

4. Failure to comply with these requirements for a drug-free work place may result in suspension of payments under, or termination of, this Contract or both, and Contractor or its Subcontractors may be ineligible for future state contracts if State determines that any of the following has occurred:

   (a) Contractor has made false certification; or

   (b) Contractor has violated the certification by failing to carry out the requirements as noted above.

S. No Unlawful Use or Unlawful Use Messages Regarding Drugs

Contractor agrees that information produced through these funds, and which pertains to drug- and alcohol-related programs, shall contain a clearly written statement that there shall be no unlawful use of drugs or alcohol associated with the program. Additionally, no aspect of a drug- or alcohol-related program shall include any message on the responsible use, if the use is unlawful, of drugs or alcohol (HSC Section 11999). By signing this Contract, Contractor agrees that it will enforce, and will require its Subcontractors to enforce, these requirements.

T. Smoking Prohibition Requirements

Contractor shall comply, and require that Subcontractors comply, with Public Law 103-227, also known as the Pro-Children Act of 1994, which requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, day care, early childhood development services, education, or library services to children under the age of 18 if the services are funded by federal programs either directly or through state or local governments, by federal grant, contract, loan, or loan guarantee. The law also applies to children's services that are provided in indoor facilities that are constructed, operated, or maintained with such federal funds. The law does not apply to children's services provided in private residences; portions of facilities used for inpatient drug or alcohol treatment; service providers whose sole source of applicable federal funds is Medicare or Medicaid; or facilities where Women, Infants, and Children (WIC) coupons are redeemed.

U. Adherence to Computer Software Copyright Laws

Contractor certifies that it has appropriate systems and controls in place to ensure that state or federal funds available under this Contract will not be used for the acquisition, operation or maintenance of computer software in violation of copyright laws. (Reference: Executive Order D-10-99 and Department of General Services Management Memo 00-02)

V. Noncompliance with Reporting Requirements

Contractor agrees that State has the right to withhold payments until Contractor has submitted any required data and reports to State, as identified in Exhibit C, Document 1F, Requirements for Data by Date.

W. Disputes

Contractor shall continue to carry out its responsibilities under this Contract during any disputes.

X. Assignment

This Contract is not assignable by Contractor, either in whole or in part, without the consent of State in the form of a formal written agreement.

Y. Indemnification

Contractor agrees to indemnify, defend and save harmless State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, Subcontractors, suppliers, laborers, and any other person, firm, or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Contract and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by Contractor in the performance of this Contract.

Z. Independent Contractor

Contractor, and the agents and employees of Contractor, in the performance of this Contract, shall act in an independent capacity and not as officers, employees, or agents of State.

AA. Timeliness

Time is of the essence in this Contract.

BB. Purchase of American-Made Equipment and Products

To the greatest extent practicable, all equipment and products purchased with funds made available through this Contract should be American-made.

CC. Limitation on Use of Funds for Promotion of Legalization of Controlled Substances

None of the funds made available through this Contract may be used for any activity that promotes the legalization of any drug or other substance included in Schedule I of Section 202 of the Controlled Substances Act (21 USC 812).

DD. Restriction on Distribution of Sterile Needles

No funds made available through this Contract shall be used to carry out any program of distributing sterile needles or syringes for the hypodermic injection of any illegal drug.

EE. Health Insurance Portability and Accountability Act of 1996

If any of the work performed under this Contract is subject to the Health Insurance Portability Act of 1996, Public Law 104-191 (HIPAA), then Contractor shall perform the work in compliance with all applicable provisions of HIPAA. Contractor and Department will cooperate to 1) determine what work, if any, may be impacted by HIPAA, and 2) amend this Contract if needed to assure compliance with HIPAA.

FF. Procurement Rules

(Applicable to all agreements in which equipment, miscellaneous property, commodities and/or supplies are furnished by ADP or expenses for said items are reimbursed with state or federal funds.)

1. Equipment definitions

Wherever the term equipment and/or miscellaneous property is used, the following definitions shall apply:

(a) Major equipment: A tangible or intangible item having a base unit cost of $5,000 or more with a life expectancy of one (1) year or more and is either furnished by ADP or the cost is reimbursed through this agreement. Software and videos are examples of intangible items that meet this definition.

(b) Minor equipment: A tangible item having a base unit cost of less than $5,000 with a life expectancy of one (1) year or more. and is either furnished by ADP or the cost is reimbursed through this agreement.

(c) Miscellaneous property: A specific tangible item with a life expectancy of one (1) year or more that is either furnished by ADP or the cost is reimbursed through this agreement. Examples include, but are not limited to: furniture (excluding modular furniture), cabinets, typewriters, desktop calculators, portable dictators, non-digital cameras, etc.

2. Government and public entities (including state colleges/universities and auxiliary organizations), whether acting as a contractor and/or Subcontractor, may secure all commodities, supplies, equipment and services related to such purchases that are required in performance of this agreement. Said procurements are subject to Paragraphs 4 through 8 of this provision. Paragraph 3 of this provision shall also apply, if equipment purchases are delegated to Subcontractors that are nonprofit organizations or commercial businesses.

3. Nonprofit organizations and commercial businesses, whether acting as a contractor and/or Subcontractor, may secure commodities, supplies, equipment and services related to such purchases for performance under this agreement.

   (a) Equipment purchases shall not exceed $50,000 annually.

   (b) All equipment purchases are subject to Paragraphs 4 through 8 of this provision. Paragraph 2 of this provision shall also apply, if equipment purchases are delegated to Subcontractors that are either a government or public entity.

   (c) Nonprofit organizations and commercial businesses shall use a procurement system that meets the following standards:

      (i) Maintain a code or standard of conduct that shall govern the performance of its officers, employees, or agents engaged in awarding procurement contracts. No employee, officer, or agent shall participate in the selection, award, or administration of a procurement contract in which, to his or her knowledge, he or she has a financial interest.

      (ii) Procurements shall be conducted in a manner that provides, to the maximum extent practical, open, and free competition.

      (iii) Procurements shall be conducted in a manner that provides for all of the following:

         [1a] Avoid purchasing unnecessary or duplicate items.

         [2a] Equipment solicitations shall be based upon a clear and accurate description of the technical requirements of the goods to be procured.

         [3a] Take positive steps to utilize small and veteran owned businesses.

4. Unless waived or otherwise stipulated in writing by ADP, prior written authorization from the appropriate ADP program contract manager will be required before the Contractor or Subcontractor may make a purchase of $5,000 or more for commodities, supplies, equipment, and services related to such purchases. The Contractor must provide in its request for authorization all particulars necessary, as specified by ADP, for evaluating the necessity or desirability of incurring such costs. The term "purchase" excludes the purchase of services from a Subcontractor and public utility services at rates established for uniform applicability to the general public.

5. In special circumstances, determined by ADP (e.g., when ADP has a need to monitor certain purchases, etc.), ADP may require prior written authorization and/or the submission of paid vendor receipts for any purchase, regardless of dollar amount. ADP reserves the right to request repayment for any Contractor and/or Subcontractor purchase that ADP determines to be unnecessary in carrying out performance under this agreement.

6. The Contractor and/or Subcontractor must maintain a copy or narrative description of the procurement system, guidelines, rules, or regulations that will be used to make purchases under this agreement. ADP reserves the right to request a copy of these documents and to inspect the purchasing practices of the Contractor and/or Subcontractor at any time.

7. For all purchases, the Contractor and/or Subcontractor must maintain copies of all paid vendor invoices, documents, bids and other information used in vendor selection, for inspection or audit. Justifications supporting the absence of bidding (i.e., sole source purchases) shall also be maintained on file by the Contractor and/or Subcontractor for inspection or audit.

8. ADP may, with cause (e.g., with reasonable suspicion of unnecessary purchases or use of inappropriate purchase practices, etc.), withhold, cancel, modify, or retract the delegated purchase authority granted under Paragraphs 2 and/or 3 of this provision by giving the Contractor no less than 30 calendar days written notice.

GG. Equipment Ownership / Inventory / Disposition

(Applicable to agreements in which equipment and/or miscellaneous property is furnished by ADP and/or when said items are purchased or reimbursed with State or federal funds.)

1. Wherever the term equipment and/or miscellaneous property is used in this provision, the definitions in the provision for Procurement Rules, Paragraph 1 shall apply.

   All equipment and/or miscellaneous property that are purchased/reimbursed with agreement funds or furnished by ADP under the terms of this agreement and not fully consumed in performance of this agreement shall be considered State equipment and the property of ADP.

   (a) ADP requires the reporting, tagging, and annual inventorying of all equipment and/or miscellaneous property that is furnished by ADP or purchased/reimbursed with funds provided through this agreement.

   Upon receipt of equipment and/or miscellaneous property, the Contractor shall report the receipt to the ADP program contract manager and receive ADP property tags.

(b) If the Contractor enters into an agreement with a term of more than twelve months, the Contractor shall submit an annual inventory of State equipment and/or miscellaneous property to the ADP program contract manager. Contractor shall:

(i) Include in the inventory report, equipment and/or miscellaneous property in the Contractor's possession and/or in the possession of a Subcontractor (including independent consultants).

(ii) Contact the ADP program contract manager to learn how to remove, trade-in, sell, transfer or survey off, from the inventory report, expired equipment and/or miscellaneous property that is no longer wanted, usable or has passed its life expectancy.

2. Title to State equipment and/or miscellaneous property shall not be affected by its incorporation or attachment to any property not owned by the State.

3. Unless otherwise stipulated, ADP shall be under no obligation to pay the cost of restoration, or rehabilitation of the Contractor and/or Subcontractors' facility, which may be affected by the removal of any State equipment and/or miscellaneous property.

4. The Contractor and/or Subcontractor shall maintain and administer a sound business program for ensuring the proper use, maintenance, repair, protection, insurance and preservation of State equipment and/or miscellaneous property.

(a) In administering this provision, ADP may require the Contractor and/or Subcontractor to repair or replace, to ADP' satisfaction, any damaged, lost or stolen State equipment and/or miscellaneous property. Contractor and/or Subcontractor shall immediately file a theft report with the appropriate police agency or the California Highway Patrol and Contractor shall promptly submit one copy of the theft report to the ADP program contract manager.

5. Unless otherwise stipulated by the program funding this agreement, equipment and/or miscellaneous property purchased/reimbursed with agreement funds or furnished by ADP under the terms of this agreement, shall only be used for performance of this agreement or another ADP agreement.

6. Within sixty (60) calendar days prior to the termination or end of this agreement, the Contractor shall provide a final inventory report of equipment and/or miscellaneous property to the ADP program contract manager and shall, at that time, query ADP as to the requirements, including the manner and method, of returning State equipment and/or miscellaneous property to ADP. Final disposition of equipment and/or miscellaneous property shall be at ADP expense and according to ADP instructions. Equipment and/or miscellaneous property disposition instructions shall be issued by ADP immediately after receipt of the final inventory report. At the termination or conclusion of this agreement, ADP may at its discretion, authorize the continued use of State equipment and/or miscellaneous property for performance of work under a different ADP agreement.

7. Motor Vehicles

(Applicable only if motor vehicles are purchased/reimbursed with agreement funds or furnished by ADP under this agreement.

(a) If motor vehicles are purchased/reimbursed with agreement funds or furnished by ADP under the terms of this agreement, within thirty (30) calendar days prior to the termination or end of this agreement, the Contractor and/or Subcontractor shall return such vehicles to ADP and shall deliver all necessary documents of title or registration to enable the proper transfer of a marketable title to ADP.

(b) If motor vehicles are purchased/reimbursed with agreement funds or furnished by ADP under the terms of this agreement, the State of California shall be the legal owner of said motor vehicles and the Contractor shall be the registered owner. The Contractor and/or a Subcontractor may only use said vehicles for performance and under the terms of this agreement.

(c) The Contractor and/or Subcontractor agree that all operators of motor vehicles, purchased/reimbursed with agreement funds or furnished by ADP under the terms of this agreement, shall hold a valid State of California driver's license. In the event that ten or more passengers are to be transported in any one vehicle, the operator shall also hold a State of California Class B driver's license.

(d) If any motor vehicle is purchased/reimbursed with agreement funds or furnished by ADP under the terms of this agreement, the Contractor and/or Subcontractor, as applicable, shall provide, maintain, and certify that, at a minimum, the following type and amount of automobile liability insurance is in effect during the term of this agreement or any period of contract extension during which any vehicle remains in the Contractor's and/or Subcontractor's possession:

8. Automobile Liability Insurance

(a) The Contractor, by signing this agreement, hereby certifies that it possesses or will obtain automobile liability insurance in the amount of $1,000,000 per occurrence for bodily injury and property damage combined. Said insurance must be obtained and made effective upon the delivery date of any motor vehicle, purchased/reimbursed with agreement funds or furnished by ADP under the terms of this agreement to the Contractor and/or Subcontractor.

(b) The Contractor and/or Subcontractor shall, as soon as practical, furnish a copy of the certificate of insurance to the ADP program contract manager.

(c) The Contractor and/or Subcontractor agree that bodily injury and property damage liability insurance, as required herein, shall remain in effect at all times during the term of this agreement or until such time as the motor vehicle is returned to ADP.

(d) The Contractor and/or Subcontractor agree to provide, at least thirty (30) days prior to the expiration date of said insurance coverage, a copy of a new certificate or insurance evidencing continued coverage, as indicated herein, for not less than the remainder of the term of this agreement, the term of any extension or continuation thereof, or for a period of not less than one (1) year.

(e) The Contractor and/or Subcontractor, if not a self-insured government and/or public entity, must provide evidence, that any required certificates of insurance contain the following provisions:

[i] The insurer will not cancel the insured's coverage without giving thirty (30) calendar days prior written notice to the State (California Department of Alcohol and Drug Programs).

[ii] The State of California, its officers, agents, employees, and servants are included as additional insured's, but only with respect to work performed for the State under this agreement and any extension or continuation of this agreement.

[iii] The insurance carrier shall notify the State of California Department of Alcohol and Drug Programs, in writing, of the Contractor's failure to pay premiums; its cancellation of such policies; or any other substantial change, including, but not limited to, the status, coverage, or scope of the required insurance. Such notices shall contain a reference to the agreement number for which the insurance was obtained.

(f) The Contractor and/or Subcontractor is hereby advised that copies of certificates of insurance may be subject to review and approval by the Department of General Services (DGS), Office of Risk and Insurance Management. The Contractor shall be notified by ADP, in writing, if this provision is applicable to this agreement. If DGS approval of the certificate of insurance is required, the Contractor agrees that no work or services involving the motor vehicle shall be performed prior to obtaining said approval.

(g) In the event the Contractor and/or Subcontractor fails to keep insurance coverage, as required herein, in effect at all times during vehicle possession, ADP may, in addition to any other remedies it may have, terminate this agreement upon the occurrence of such event.

HH. Site Inspection

The State, through any authorized representatives, has the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed hereunder including subcontract supported activities and the premises in which it is being performed. If any inspection or evaluation is made of the premises of the Contractor or Subcontractor, the Contractor shall provide and shall require Subcontractors to provide all reasonable facilities and assistance for the safety and convenience of the authorized representatives in the performance of their duties. All inspections and evaluations shall be performed in such a manner as will not unduly delay the work.

II. Contractor will participate in the Department's California Outcomes Measurement Systems (CalOMS) process, including the CalOMS Field Readiness activities.

JJ. Contractor shall include the foregoing provisions in all of its subcontracts.

NEGOTIATED NET AMOUNT

ARTICLE I. FORMATION AND PURPOSE

A. Authority

State and Contractor enter into Exhibit C by authority of Chapters 3.3 of Part 1, Division 10.5 of the Health and Safety Code (HSC) and with approval of Contractor's County Board of Supervisors (or designee) for the purpose of providing alcohol and drug services, which will be reimbursed pursuant to this Exhibit C. State and Contractor identified in the Standard Agreement are the only parties to this contract. This contract is not intended, nor shall it be construed, to confer rights on any third party.

B. Control Requirements

1. Performance under the terms of Exhibit C is subject to all applicable federal and state laws, regulations, and standards. In accepting the State drug and alcohol combined program allocation pursuant to HSC, Sections 11757(a) and (b), Contractor shall (*i*) establish, and shall require subcontractors to establish, written accounting procedures consistent with the following requirements, and (*ii*) be held accountable for audit exceptions taken by State against Contractor and its subcontractors for any failure to comply with these requirements:

   (a) HSC, Division 10.5;

   (b) Title 9, California Code of Regulations (CCR) (herein referred to as Title 9), Division 4;

   (c) Government Code Section 16367.8

   (d) Government Code, Article 7, Federally Mandated Audits of Block Grant Funds Allocated to Local Agencies, Chapter 1, Part 1, Division 2, Title 5, commencing at Section 53130;

   (e) Title 42, United States Code (USC), Section 300x-5;

   (f) Title 42 USC, Chapter 6A, Subchapter XVII – Part B, Subpart II, commencing at Section 300x-21)];

   (g) Single Audit Act of 1984 (31 USC section 7501 et seq.) and the Single Audit Act Amendments of 1996 (31 USC sections 7501-7507) and the corresponding most recently revised OMB Circular A-133;

   (h) Title 45 Code of Federal Regulations (CFR), Part 96, Subparts C, and L, Substance Abuse Prevention and Treatment Block Grant;

(i) Title 21, CFR, Part 291 (Food and Drug Administration Requirements for Narcotic Treatment Programs);

(j) Title 21, CFR, Part 1300, et. seq. (Drug Enforcement Administration Requirements for Food and Drugs); and

(k) State Administrative Manual, Chapter 7200 (General Outline of Procedures).

Contractor shall be familiar with the above laws and regulations and shall assure that its subcontractors are also familiar with such laws.

2. The provisions of Exhibit C are not intended to abrogate any provisions of law or regulation, or any standards existing or enacted during the term of this contract.

3. Contractor shall adhere to the applicable provisions of Title 45, CFR, Part 96, Subpart L, in the expenditure of the Substance Abuse Prevention and Treatment (SAPT) Block Grant funds. Document 1A, 45 CFR 96, Subpart L, is incorporated by reference.

4. This contract is subject to any additional restrictions, limitations, or conditions enacted by the federal or state government that affect the provisions, terms, or funding of this contract in any manner.

5. Documents 1C, 1D and 1U, incorporated by this reference, contain additional requirements that shall be adhered to by those Contractors that receive the types of funds specified by each document and referenced in Exhibit A1. These exhibits and documents are:

Exhibit A1, which is comprised of the Fiscal Allocation Detail, the County Prevention and Treatment Programs Fiscal Summary and the Provider Fiscal Detail Forms;

Document 1C, Driving Under the Influence Program Requirements;

Document 1D, Services to California Department of Corrections (CDC) - Parolee Services Network Projects and Female Offender Treatment Project; and

Document 1U, Research-Based Prevention Requirements

6. Contractor shall comply with the requirements contained in Document 1F, incorporated by this reference, "Requirements for Data by Date."

7. Contractor shall comply with the requirements for perinatal programs funded under Exhibit C contained in Document 1G, incorporated by this reference, "Perinatal Services Network Guidelines."

8. Contractor shall comply with the requirements contained in Document 1T, incorporated by this reference, "Prevention Activities Data System (PADS) Forms," which addresses the collection of information required in the SAPT Block Grant. Reports are required from primary prevention providers on a yearly basis.

9. Contractor shall follow the guidelines in Document 1V, incorporated by this reference, "Youth Treatment Guidelines", Revised August 2002 in developing and implementing youth treatment programs funded under Exhibit C.

10. If Contractor applied for and received an award for Youth Development and Crime Prevention funds, Contractor agrees to comply with all terms and conditions of (a) Document 1R, incorporated by this reference, "Youth Development and Crime Prevention Initiative Solicitation for Proposals and Project-Wide Benchmarks," (b) Contractor-specific proposal, and (c) any amendments to that proposal.

C. Contract Negotiation

Contract negotiations may be conducted between Contractor and State through their authorized representative(s) each year of the multi-year contract period. Negotiations may be conducted at State Headquarters at 1700 K Street, Sacramento, once during the multi-year contract period. In the alternative, negotiations may be conducted by correspondence. However, in the event Contractor and State, through their authorized representative(s), cannot resolve issues of disagreement by correspondence, State reserves the right to require the attendance of Contractor's authorized representative(s) at State Headquarters for the limited purpose of resolving issues of disagreement. Any failure by Contractor's representative(s) to attend any scheduled Headquarters negotiation at the scheduled time and designated location will constitute a delay by Contractor under HSC, Section 11758.12(b)(2)(A).

ARTICLE II. DEFINITIONS

A. The words and terms of this contract are intended to have their usual meanings unless a particular or more limited meaning is associated with their usage pursuant to Division 10.5 of HSC, Section 11750 et seq., and Title 9, Section 9000 et seq. The following definitions shall apply to Exhibit C:

1. **"Available Capacity"** means the total number of units of service (bed days, hours, slots, etc.) that a Contractor actually makes available in the current fiscal year.

2. **"Contractor"** means (a) the county identified in the Standard Agreement or (b) the department authorized by the County Board of Supervisors to administer alcohol and drug programs.

3. **"Dedicated Capacity"** means the historically calculated service capacity, by modality, adjusted for the projected expansion or reduction in services, which Contractor agrees to make available to provide non-DMC drug and alcohol services to persons eligible for Contractor services.

4. **"Encumbered Amount"** means the amount reflected on the Standard Agreement of this contract and supported by Exhibit A1, the County Prevention and Treatment Programs Fiscal Summary and Provider Fiscal Detail Forms as the Negotiated Net Amount (NNA).

5. **"Final Allocation"** means the amount of funds identified in the last allocation letter issued by State for the current fiscal year.

6. **"Modality"** means those necessary general activities identified in the Dedicated Capacity Reports included in the County Prevention and Treatment Programs Fiscal Summary and Provider Fiscal Detail Forms, Exhibit A1, to provide alcohol and/or drug prevention or treatment that conform to the services described in Division 10.5 of the HSC.

7. **"Negotiated Net Amount (NNA)"** means the contracted amount of funds for services agreed to by State and Contractor, less funds budgeted for DMC. The net amount reflects only those funds allocated to Contractor by State and the required county match for SGF as reflected in the County Prevention and Treatment Programs Fiscal Summary and Provider Fiscal Detail Forms portion of the Exhibit A1. The NNA does not include other revenue budgeted by Contractor such as client fees or revenue in excess of the required match for SGF. The cost per unit for the dedicated capacity to be provided for each service modality identified in the contract will be based on the net amount of the contract. Exhibit A1 will be used as a negotiating document.

8. **"Performance"** means providing the dedicated capacity in accordance with Exhibit A1 and abiding by the terms of Exhibits B and C of this contract, including all applicable state and federal statutes, regulations, and standards, in expending funds for the provision of alcohol and drug services hereunder.

9. **"Preliminary Settlement"** means the initial settlement of non-DMC funding and Parolee Services Network funding through the cost report settlement process.

10. **"Revenue"** means contractor's income from sources other than the State allocation and the required county match.

11. **"Service Element"** is the specific type of service performed within the more general service modalities. A list of the service modalities and service elements and service elements codes is incorporated into this contract as Document 1H, "Service and Program Codes, and Service Code Descriptions."

12. **"State"** means the California Department of Alcohol and Drug Programs.

13. **"Unit of Service"** means the type of unit used to quantify the service modalities/elements in the dedicated capacity reports. The units of services are listed below:

Support Services	staff hours
Primary and Secondary Prevention Services	staff hours
Nonresidential Services	
Outpatient	staff hours
Aftercare	staff hours
Day Care Rehabilitative	visit days
Residential Treatment Service	bed days
Narcotic Treatment Program	
Inpatient Detoxification	bed days
Outpatient Detoxification	slot days
Narcotic Replacement Therapy	slot days
Methadone	
Levo-alpha-acetyl-methadol (LAAM)	
Ancillary Services	staff hours
Driving Under-the-Influence	persons served

14. **"Utilization"** means the total actual units of service used by clients and participants.

ARTICLE III. FISCAL PROVISIONS

A. Funding Authorization

1. Exhibit C is valid and enforceable subject to sufficient funds being made available to State by the United States Government and subject to authorization and appropriation of sufficient funds pursuant to the State's Budget Act.

2. In the event the United States Government and/or the State Government do not authorize and appropriate sufficient funds for State to allocate amounts pursuant to the Payment Provisions of Exhibit C, it is mutually agreed that the Contract shall be amended to reflect any reduction in the Payment Provisions and the Performance Provisions.

3. Contractor shall bear the financial risk in providing any alcohol and/or drug services covered by this Exhibit C.

B. Payment Provisions

1. The NNA shall be based on the projected cost of services less the projected revenues. The projected cost of services shall be based on historical data of actual costs and current capacity, which shall be provided to State by Contractor.

2. For each fiscal year, the total amount payable by State to Contractor under Exhibit C shall not exceed the encumbered amount. The funds identified for the fiscal years covered by Exhibit C are subject to change depending on the availability and amount of funds appropriated by the Legislature and the Federal Government. The amount of funds available for expenditure by Contractor shall be limited to the amount identified in the final allocations issued by State for that fiscal year or the NNA, whichever is less. Changes to encumbered funds will require written amendment to the contract. State may settle costs for NNA services based on the year-end cost settlement report as the final amendment to the approved single state/county contract.

3. In the event a contract amendment is required pursuant to the preceding paragraph, Contractor shall submit to State the contract exhibits requested by State in order to initiate the contract amendment. Any such requested exhibits shall be forwarded to State 60 days after State issues a notice of the State Budget Act allocation or any revised allocation with the exception of the final allocation. To the extent Contractor is notified of the State Budget Act allocation prior to the execution of the Contract, State and Contractor may agree to amend the contract after the issuance of the first revised allocation.

4. State shall reimburse Contractor monthly in arrears an amount equal to one-twelfth of the amount encumbered for the NNA portion of the approved contract (Exhibit C) or the most recent allocation based on the Budget Act Allocation, whichever is less.

   However, based on the expenditure information submitted by the counties in the Quarterly Federal Financial Management Report, State may adjust monthly payments of encumbered federal funds to extend the length of time (not to exceed 21 months) over which payments of federal funds will be made.

5. Monthly disbursements to Contractor at the beginning of each Fiscal Year (FY) of the Contract shall be based on the preliminary allocation of funds, as detailed in Exhibit A1, County Prevention and Treatment Programs Fiscal Summary Detail.

   Final allocations will reflect any increases or reductions in the appropriations as reflected in the Budget Act Allocation and any subsequent allocation revisions. To the extent that any amendment encumbers an amount that is less than the Budget Act Allocation, the monthly disbursements will reflect the lesser amount.

6. State may withhold monthly payments if Contractor fails to timely submit reports and data required by State, including but not limited to, reports required pursuant to Exhibit C, Article V. Upon State's receipt of the complete and accurate reports, or data, Contractor's monthly payment shall commence with the next scheduled monthly payment, and shall include any funds withheld due to late submission of reports or data.

   State may withhold monthly payments if Contractor fails to submit the contract amendment, including Contractor and subcontractor fiscal detail data that is due to State within 60 days after the release of the Budget Act Allocation.

7. Adjustments may be made to the total NNA of the Contract and amounts may be withheld from payments otherwise due to Contractor hereunder, for nonperformance to the extent that nonperformance involves fraud, abuse, or failure to achieve the objectives of the provisions of Exhibit C.

C. Accrual of Interest

Contractor may not retain more than $100 in interest earned on federal funds per year per Title 45, CFR, 92.21(i). Interest earned in excess of this amount is to be returned to State. Any interest retained by Contractor must be used for administrative expenses. Any interest retained from SGF by Contractor must be used for the purpose it was allocated.

D. Transfer of Money

In a fiscal year, transfers by Contractor of more than 10 percent of the contracted amount between modalities included in Exhibit C require an amendment to the contract. Transfers of 10 percent or less of the contracted amount between modalities require prior written approval by State and are subject to subsequent reporting by Contractor to State consistent with Article V reporting requirements when the transfers are between service elements. In determining whether to grant approval, State will consider the amount to be transferred, the modalities involved in the transfers, the need for the transfers, and the effect on the negotiated service delivery.

E. Additional Audit Requirements

1. Pursuant to OMB Circular A-133, Contractor shall require and ensure that any subcontractor expending $500,000 effective January 1, 2004, or more in federal funds in a fiscal year, has a single or program-specific audit performed with respect to the funds covered by Exhibit C.

   (a) The audit shall be performed in accordance with OMB Circular A-133 (Revised June 2003), entitled "Audits of States, Local Governments, and Non-Profit Organizations."

   (b) The audit shall be conducted in accordance with generally accepted auditing standards and Government Auditing Standards, 1994 Revision, issued by the Comptroller General of the United States.

   (c) A copy of the audit performed in accordance with OMB Circular A-133 (Revised June 2003) shall be submitted to State within 30 days of completion, but no later than nine months following the end of the provider's fiscal year.

   (d) The cost of the audit made in accordance with the provisions of the most recent version of OMB Circular A-133 can be charged to applicable federal awards. Where apportionment of the audit cost is necessary, such apportionment shall be made in accordance with generally accepted accounting principles, but shall not exceed the proportionate amount that the award represents of the provider's total revenue.

   (e) The work papers and the audit reports shall be retained for a minimum of three years from the date of the audit reports, and longer if the independent auditor is notified in writing by State to extend the retention period.

   (f) Audit work papers shall be made available upon request to State, and copies shall be made as is reasonable and necessary.

(g) Contractor, in coordination with State, shall ensure that its subcontractor's follow-up and take all necessary corrective action on any audit findings in the single or program-specific audit report.

2. Pursuant to OMB Circular A-133, State may impose sanctions against Contractor for not submitting required single or program-specific audit reports, or failure to comply with all other audit requirements. The sanctions shall include:

(a) Withholding a percentage of federal awards until the audit is completed satisfactorily;

(b) Withholding or disallowing overhead costs;

(c) Suspending federal awards until the audit is conducted; or

(d) Terminating the federal award.

3. Pursuant to OMB Circular A-133, Contractor shall monitor the activities of all subcontractors to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of the contracts or grant agreements, and that performance goals are achieved. Contractor shall ensure that any subcontractor that expends more than the $500,000 in total federal funds in a year complies with OMB Circular A-133 audit requirements.

Limited scope audits, on-site visits, and reviews of documentation supporting requests for reimbursement are monitoring procedures that are acceptable in meeting Contractor's monitoring objectives. Also, Contractor may charge federal awards for the cost of these monitoring procedures.

(a) Limited scope audits, as defined in the OMB Circular A-133, only include agreed-upon engagements that are (1) conducted in accordance with either the American Institute of Certified Public Accountant's generally accepted auditing standards or attestation standards; (2) paid for and arranged by pass-through entities (counties); and (3) address one or more of the following types of compliance requirements: (*i*) activities allowed or unallowed; (*ii*) allowable costs/cost principles; (*iii*) eligibility; (*iv*) matching, level of effort and earmarking; and (*v*) reporting.

(b) On-site visits focus on compliance and controls over compliance areas. The reviewer must make site visits to the subrecipient's location(s), and document the visits using a checklist or program focusing on the compliance areas. All findings noted during the on-site monitoring shall be handled in the same manner as any exceptions noted during single or program-specific audits.

(c) Reviews of supporting documentation submitted by providers include, but are not limited to, reviews of copies of invoices, canceled checks, and time sheets. Prior to reimbursement the reviewer shall determine if the costs are allowable under the terms of the federal award.

4. Reports of audits conducted by State shall reflect all findings, recommendations, adjustments, and corrective action as a result of its findings in any areas.

5. Contractor shall be responsible for any disallowance taken by the Federal Government, the State, or the Bureau of State Audits, as a result of any audit exception that is related to Contractor's responsibilities herein. Contractor agrees to develop and implement any corrective action plans in a manner acceptable to State in order to comply with recommendations contained in any audit report. Such corrective action plans shall include time-specific objectives to allow for measurement of progress and are subject to verification by State within one year from the date of the plan.

   If differences cannot be resolved between State and Contractor regarding the terms of the final financial audit settlements for funds expended under Exhibit C, Contractor may request an appeal in accordance with the appeal process described in Document 1J, "Audit Appeals Process," incorporated by this reference. When a financial audit is conducted directly with a Subcontractor of the Contractor, and if the Subcontractor disagrees with audit disallowances related to its programs, claims or services, the Contractor shall, at the Subcontractor's request, request an appeal to the State in accordance with Document 1J. Contractor shall include a provision in its subcontracts regarding the process by which a Subcontractor may file an audit appeal via the Contractor.

F. Revenue Collection

Contractor shall conform to revenue collection requirements in Division 10.5 of the HSC, Sections 11841 and 11991.5.

G. County Match Requirements

Contractor shall comply with the following requirements pursuant to HSC, Sections 11840, 11840.1, and 11987.4:

1. Counties with populations over 100,000:

   (a) Non-DMC SGF allocations shall be funded on the basis of 90 percent SGF and 10 percent county funds, except local hospital inpatient costs to the extent there are allocations made for local hospital inpatient costs, which shall be funded on a basis of 85 percent SGF and 15 percent county funds; and

   (b) State Hospital programs shall be funded on the basis of 85 percent SGF and 15 percent County funds.

2. Perinatal Services Network counties with populations over 100,000:

   Perinatal Services Network programs shall be funded on the basis of 90 percent Perinatal State General Fund (PSGF) and 10 percent County funds. The 10 percent County funds match to PSGF funds must be used for perinatal-related activities. The 10 percent County match requirement does not apply to the Women and Children's Residential Treatment Services funds.

3. Counties with populations under 100,000:

   Non-DMC SGF, Non-DMC PSGF, and Women and Children's Residential Treatment SGF allocations do not require a County fund match, with the exception of State Hospital programs, which shall be funded on the basis of 90 percent SGF and 10 percent county funds to the extent that allocations of SGF are made available for such programs.

H. Cost Efficiencies

1. It is intended that the cost to Contractor in maintaining the dedicated capacity and units of service shall be met by the NNA allocated to Contractor and other Contractor or subcontractor revenues. Amounts awarded pursuant to Exhibit C shall not be used for services where payment has been made, or can reasonably be expected to be made under any other state or federal compensation or benefits program, or where services can be paid for from revenues.

2. Pursuant to HSC, Sections 11758.12 (e) and (h), unexpended discretionary SGF provided through this contract shall be treated as follows:

   (a) Contractor shall include any non-DMC SGF, non-DMC PSGF, and Women and Children's Residential Treatment SGF funds redirected from the current fiscal year to the next fiscal year plus any accrued interest, (see Article III, Section C) on the identified lines of the budget summary for the next fiscal year contract.

   (b) Unspent non-DMC SGF, non-DMC PSGF, and Women and Children's Residential Treatment SGF funds may be retained by Contractor, less:

      i. amounts reimbursable to the CDC pursuant to Document 1D;

      ii. amounts deemed necessary by Contractor to fund allowable DMC costs that exceed DMC maximum rates.

   (c) Retained non-DMC SGF, non-DMC PSGF, and Women and Children's Residential Treatment SGF funds shall only be spent on identified drug and alcohol service priorities in accordance with this contract and shall be included on the identified lines of the budget summary for the subsequent fiscal year.

I. Expenditure of SAPT Block Grant Funds

1. SAPT Block Grant funds are allocated based upon the Federal Grant award period. These funds must be expended within the availability period of the grant award. Any SAPT Block Grant funds that have not been expended by a Contractor at the end of the expenditure period identified below shall be returned to the State for subsequent return to the Federal government.

   (a) For State Fiscal Year (SFY) 2004-2005, the expenditure period of the FFY 2005 award is October 1, 2004, through June 30, 2006.

   (b) For SFY 2005-2006, the expenditure period of the FFY 2006 award is October 1, 2005, through June 30, 2007.

   (c) For SFY 2006-2007, the expenditure period of FFY 2007 award is October 1, 2006, through June 30, 2008.

ARTICLE IV. PERFORMANCE PROVISIONS

A. Monitoring

1. Contractor's performance under Exhibit C shall be monitored by State during the term of this contract. Monitoring criteria shall include, but not be limited to:

   (a) whether the quantity of work or services being performed conform with Exhibit A1;

   (b) whether Contractor has established and is monitoring quality standards;

   (c) whether Contractor is abiding by all the terms and requirements of this contract; and

   (d) whether Contractor is abiding by the terms of the Perinatal Services Network Guidelines (Document 1G).

2. Failure to comply with the above provisions shall constitute grounds for State to suspend or recover payments, subject to Contractor's right of appeal, or may result in termination of the contract or both.

B. Performance Requirements

1. Contractor shall provide the NNA dedicated capacity by service modality and capacity, negotiated by Contractor and State, as set forth in Exhibit A1.

2. Contractor shall provide services to all eligible persons in accordance with federal and state statutes and regulations. Contractor shall assure that in planning for the provision of services, the following barriers to services are considered and addressed:

   (a) lack of educational materials or other resources for the provision of services;

   (b) geographic isolation and transportation needs of persons seeking services or remoteness of services;

   (c) institutional or cultural barriers;

   (d) language differences;

   (e) lack of service advocates; and

   (f) failure to survey or otherwise identify the barriers to service accessibility.

3. Contractor shall comply with any additional requirements of the documents that have been incorporated herein by reference, including, but not limited to, those on the "List of Exhibit C Documents" which is attached to Exhibit C.

4. Amounts awarded pursuant to Exhibit C shall be used exclusively for providing alcohol and/or drug program services consistent with the purpose of the funding.

ARTICLE V. REPORTING REQUIREMENTS

A. Financial Reports

1. Contractor shall submit the County Prevention and Treatment Programs Fiscal Summary and Provider Fiscal Detail Forms, which are part of Exhibit A1, in accordance with State's drug and alcohol fiscal reporting system requirements contained in Division 10.5 of HSC. Contractor agrees to submit the Exhibit A1 documents with the original contract and with each contract amendment.

2. Contractor shall timely submit Quarterly Federal Financial Management reports and end-of-year cost data in the form of year-end cost settlement reports, including Document 2P, "County Certification Cost Report Year-End Claim for Reimbursement" with the original signature of Contractor's authorized designee in accordance with Document 1F, "Requirements for Data by Date."

B. Additional Reports

1. In accordance with HSC, Section 11758.12(d), Contractor shall submit, and shall require subcontractors to submit, information required by State. The information shall include, but is not limited to, utilization reports, compliance reports, financial reports, treatment and prevention services reports, demographic characteristics of service recipients, and data as required pursuant to the following:

Document 1K:	Drug and Alcohol Treatment Access Report (DATAR) and Provider Waiting List Record (WLR) in an electronic or hard copy format provided or approved by the state;
Document 1L:	California Alcohol and Drug Data System (CADDS) – Instructional Manual and the CADDS Provider Summary Report in an electronic or hard copy format provided or approved by the state;
Document 1Q:	Youth Development and Crime Prevention Initiative Project Quarterly Report; and,
Document 1T:	Prevention Activities Data System (PADS) Forms, ADP7235A-G.

2. Contractor agrees that it shall submit all data requested pursuant to this Article V in a manner identified, or on forms provided, by State by the applicable due dates or the dates in Document 1F, "Requirements for Data by Date."

C. Subcontractor Documentation

Contractor shall require any subcontractor that is not licensed or certified by State to submit organizational documents to State within 30 days of its execution of an initial subcontract, within 90 days of the renewal or continuation of an existing subcontract or when there has been a change in subcontractor name or ownership. Organizational documents shall include the subcontractor's Articles of Incorporation or Partnership Agreements (as applicable), and business licenses, fictitious name permits, and such other information and documentation as may be requested by the State.

ARTICLE VI. GENERAL PROVISIONS

A. Records

Contractor shall maintain sufficient books, records, documents, and other evidence necessary for State to audit contract performance and contract compliance. Contractor shall make these records available to State, upon request, to evaluate the quality and quantity of services, accessibility and appropriateness of services, and to ensure fiscal accountability. Regardless of the location or ownership of such records, they shall be sufficient to determine the reasonableness, allowably, and allocation of costs incurred by Contractor.

1. Contractor shall include in any contract with an audit firm a clause to permit access by State to the working papers of the external independent auditor, and require that copies of the working papers shall be made for State at its request.

2. Contractor shall keep adequate and sufficient financial records and statistical data to support the year-end documents filed with State.

3. Accounting records and supporting documents shall be retained for a three-year period from the date the year-end cost settlement report was approved by State for interim settlement. When an audit has been started before the expiration of the three-year period, the records shall be retained until completion of the audit and final resolution of all issues that arise in the audit. Final settlement shall be made at the end of the audit and appeal process. If an audit has not begun within three years, the interim settlement shall be considered as the final settlement.

4. Financial records shall be kept so that they 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.

5. Contractor's subcontracts shall require that all subcontractors comply with the requirements of this Section A.

6. Should a subcontractor discontinue its contractual agreement with Contractor, or cease to conduct business in its entirety, Contractor shall be responsible for retaining the subcontractor's fiscal and program records for the required retention period. The State Administrative Manual (SAM) contains statutory requirements governing the retention, storage, and disposal of records pertaining to State funds.

If Contractor cannot physically maintain the fiscal and program records of the subcontractor, then arrangements shall be made with State to take possession and maintain all records.

7. In the expenditure of funds hereunder, and as required by 45 CFR Part 96, Contractor shall comply with the requirements of SAM and the laws and procedures applicable to the obligation and expenditure of state funds.

B. Dispute Resolution Process

1. In the event of a dispute under this Exhibit C, other than an audit dispute, the Contractor shall provide written notice of the particulars of the dispute to State before exercising any other available remedy. Written notice shall include the contract number. The Director (or designee) of the State and the County Drug or Alcohol Program Administrator (or designee) shall meet to discuss the means by which they can effect an equitable resolution to the dispute. The Contractor shall receive a written response from the State within 60 days of the notice of dispute. The written response shall reflect the issues discussed at the meeting and state how the dispute will be resolved.

2. In the event of a dispute over financial audit findings between State and Contractor, Contractor may appeal the audit in accordance with the "Audit Appeals Process" (Document 1J). When a financial audit is conducted directly with a Subcontractor of the Contractor, and if the Subcontractor disagrees with audit disallowances related to its programs, claims or services, the Contractor shall, at the Subcontractor's request, request an appeal to the State in accordance with Document 1J. Contractor shall include a provision in its subcontracts regarding the process by which a Subcontractor may file an audit appeal via the Contractor.

3. To ensure that necessary corrective actions are taken, management and financial audit findings that are either uncontested or upheld after appeal may be used by State during prospective contract negotiations.

C. Negotiated Net Amount Limitations

Pursuant to HSC Section 11987.5(a)(2), Contractor shall reimburse providers that receive a combination of Medi-Cal funding and other federal or state funding for the same service element and location based on the provider's actual costs in accordance with Medi-Cal reimbursement requirements as specified in Title XIX of the Social Security Act; Title 22, and the State's Medicaid Plan. Payments at negotiated rates shall be settled to actual cost at year-end.

LIST OF EXHIBIT C DOCUMENTS INCORPORATED BY REFERENCE*
FISCAL YEAR 2004-05

The following documents are hereby incorporated by reference into Exhibit C and, as applicable, into Exhibit D regardless of whether or not they are actually attached to the contract.

Document 1A:	Title 45, Code of Federal Regulations 96, Subpart L, Substance Abuse Prevention and Treatment Block Grant Requirements (as amended by PL 106-310, the Children's Health Act of 2000)
Document 1C:	Driving-Under-the-Influence Program Requirements
Document 1D:	Services to California Department of Corrections (CDC) - Parolee Services Network Projects and Female Offender Treatment Project
Document 1F:	Requirements for Data by Date
Document 1G:	Perinatal Services Network Guidelines (Non-Drug Medi-Cal)
Document 1H:	Service and Program Code Listing and Service Code Descriptions
Document 1J:	Audit Appeals Process
Document 1K:	Drug and Alcohol Treatment Access Report (DATAR) and Provider Waiting List Record (WLR)
Document 1L:	California Alcohol and Drug Data System (CADDS) – Instructional Manual and CADDS Provider Summary Report
Document 1P:	Alcohol and/or Other Drug Program Certification Standards
Document 1Q:	Youth Development and Crime Prevention Initiative Project Quarterly Report
Document 1R:	Youth Development and Crime Prevention Initiative Solicitation for Proposals and Project-Wide Benchmarks
Document 1T:	Prevention Activities Data System (PADS) Forms, ADP 7235A-G
Document 1U:	Research-Based Prevention Requirements

Document 1V: Youth Treatment Guidelines

Document IW: Certification Regarding Lobbying

Document IX: Disclosure of Lobbying Activities - Standard Form-LLL

Document 2P: County Certification – Prevention and Treatment Cost Report Year-End Claim for Reimbursement

Notes:

1) Document identifiers 1"I" and 1"O" were not used to avoid confusion with numbers.
2) Documents 1B, 1E, 1M, 1N, and 1S were deleted in FY 2003-04 from FY 2002-03. Document 1M is incorporated with Document 1L.

DRUG MEDI-CAL SUBSTANCE ABUSE TREATMENT SERVICES

ARTICLE I. FORMATION AND PURPOSE

A. Exhibit D of this contract is entered into by and between State and Contractor for the purpose of identifying and providing for covered Drug Medi-Cal (DMC) services for substance abuse treatment in Contractor's service area pursuant to Sections 11987.3 and 11987.5(b) and (c) and Sections 11758.40 through 11758.47 of the Health and Safety Code (hereinafter referred to as HSC), Title 22 of the California Code of Regulations (hereinafter referred to as Title 22), Sections 51341.1, 51490.1, and 51516.1 and consistent with the Interagency Agreement between the Department of Health Services (DHS) and State.

B. It is further agreed that Exhibit D of this contract is controlled by applicable provisions of (a) the Welfare and Institutions Code (hereinafter referred to as W&IC), Chapter 7, Sections 14000, et seq., in particular, but not limited to, Sections 14021, 14021.5, 14021.6, 14043, et seq. and 14132.90; (b) the HSC, in particular but not limited to, Sections 11758.40 through 11758.47; (c) Title 22, including but not limited to Sections 51490.1, 51341.1 and 51516.1; and (d) Division 4 of Title 9 of the California Code of Regulations (hereinafter referred to as Title 9).

C. It is understood and agreed that nothing contained in Exhibit D shall be construed to impair the single state agency authority of DHS.

D. The objective of Exhibit D is to make substance abuse treatment services available to Medi-Cal beneficiaries through utilization of federal funds available pursuant to Title XIX of the Social Security Act for reimbursable covered services rendered by certified DMC providers.

ARTICLE II. DEFINITIONS

The words and terms of this contract are intended to have their usual meaning unless a specific or more limited meaning is associated with their usage pursuant to the HSC, Title 9, and/or Title 22. Definitions of covered treatment modalities and services are found in Title 22 (Document 2C) and are incorporated by this reference. The following definitions shall apply to Exhibit D of this contact:

A. **"Administrative Costs"** means Contractor's direct costs to administer the program or an activity to provide service to the DMC program. Administrative costs do not include the cost of treatment or other direct services to the beneficiary. Administrative costs may include, but are not limited to, the cost of training, program review, and activities related to billing.

B. **"Beneficiary"** means a person who (a) has been determined eligible for Medi-Cal; (b) is not institutionalized; (c) has a substance-related disorder per the "Diagnostic and Statistical Manual of Mental Disorders III Revised (DSM)," and/or DSM IV criteria; and (d) meets the admission criteria to receive DMC covered services.

C. **"Contractor"** means the county identified in the Standard Agreement or the department authorized by that County's Board of Supervisors to administer alcohol and drug programs.

D. **"Covered Services"** means those DMC services authorized by Title XIX of the Social Security Act; Title 22 Section 51341.1; HSC Section 11758.46; and California's Medicaid State Plan. Covered services are Naltrexone treatment, outpatient drug-free treatment, narcotic replacement therapy, day care rehabilitative (for pregnant and perinatal beneficiaries only), and perinatal residential substance abuse treatment.

E. **"Drug Medi-Cal Program"** means the state system wherein beneficiaries receive covered services from DMC-certified substance abuse treatment providers who are reimbursed for those services with a combination State General Fund (SGF) and federal Medicaid funds.

F. **"Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Program"** means the federally mandated Medicaid benefit that entitles full-scope Medi-Cal-covered beneficiaries under 21 years of age to receive any Medicaid service necessary to correct or ameliorate a defect, mental illness, or other condition, such as a substance-related disorder, that is discovered during a health screening.

"EPSDT (Supplemental Service)" means the supplemental individual outpatient drug-free (ODF) counseling services provided to beneficiaries eligible for the EPSDT program. Supplemental individual ODF counseling consists of any necessary individual alcohol and other drug (AOD) counseling not otherwise included in the ODF counseling modality under the DMC program.

G. **"Federal Financial Participation (FFP)"** means the share of federal Medicaid funds for reimbursement of DMC services.

H. **"Final Settlement"** means permanent settlement of Contractor's actual allowable costs or expenditures as determined at the time of audit, which shall be completed within three years of the date the year-end cost settlement report was accepted for interim settlement by State. If the audit has not begun within three years, the interim settlement shall be considered as the final settlement.

I. **"Interim Payment"** means the monthly payment in arrears of SGF from State to Contractor for projected costs of providing and/or arranging for covered services.

J. **"Interim Settlement"** means temporary settlement of actual allowable costs or expenditures reflected in Contractor's year-end cost settlement report, exclusive of amounts disallowed pursuant to a postservice, postpayment review or for units of service that were denied by DHS or the county and/or DMC provider.

K. **"Medical Necessity"** means those substance abuse treatment services that are reasonable and necessary to protect life, prevent significant illness or disability, or alleviate severe pain through the diagnosis and treatment of a disease, illness, or injury or, in the case of EPSDT, services that meet the criteria specified in Title 22, Section 51340.1.

L. **"Minor Consent Drug Medi-Cal Services"** are those covered services that, pursuant to Family Code Section 6929, may be provided to persons 12-20 years old without parental consent.

M. **"Narcotic Treatment Program (NTP) "** means an outpatient clinic licensed by State to provide narcotic replacement therapy using methadone and/or levoalphacetylmethadol (LAAM), directed at stabilization and rehabilitation of persons who are opiate addicted and have a substance abuse diagnosis.

N. **"Performance Report"** means an annual report based on information submitted by NTP providers in their DMC monthly claim forms. It is in lieu of a cost report. Performance reports are submitted in lieu of cost reports for certified NTP providers billing the state or county for DMC services only. Commencing January 1, 2003, NTP providers billing the state or county for DMC services only, and NTP providers billing the state for DMC services and providing services to persons subject to Penal Code Sections 1210.1 and 3063.1 only, shall submit performance reports in lieu of a cost report.

O. **"Perinatal DMC Services"** means covered services as well as mother/child habilitative and rehabilitative services; services access, i.e., provision or arrangement of transportation to and from medically necessary treatment; education to reduce harmful effects of alcohol and drugs on the mother and fetus or infant; and coordination of ancillary services (Title 22, Section 51341.1(c) 4).

P. **"Postpartum,"** (as defined for DMC purposes) means the 60-day period beginning on the last day of pregnancy, regardless of whether other conditions of eligibility are met. Eligibility shall end on the last day of the calendar month in which the 60th day occurs.

Q. **"Postservice Postpayment Utilization Review"** means the review for program compliance and medical necessity conducted by State after service was rendered and the claim paid. State may recover prior payments if such review determines that the services did not comply with the applicable statutes, regulations, or standards

R. **"Projected Units of Service"** means the number of reimbursable DMC units of service, based on historical data and current capacity, Contractor expects to provide during each month.

S. **"Protected Population"** means (1) EPSDT-eligible Medi-Cal beneficiaries under age 21 and (2) Medi-Cal-eligible pregnant and postpartum women.

T. **"Provider of DMC Services"** means any person or entity that provides direct substance abuse treatment services and has been certified by State as meeting the standards for participation in the DMC program set forth in the "DMC Certification Standards for Substance Abuse Clinics," Document 2E.

U. **"Service Area"** means the geographical area under Contractor's jurisdiction.

V. **"Statewide Maximum Allowances (SMA)"** means the maximum amount authorized to be paid by DMC for each covered unit of service for outpatient drug free, day care rehabilitative, perinatal residential, and Naltrexone treatment services. Rates are subject to change annually. The proposed SMA for FY 2004-05 are listed in the "Unit of Service" table in Section Z.

W. **"Subcontractor"** means an individual or entity that is DMC certified and has entered into an agreement with Contractor to be a direct provider of covered services. It may also mean a vendor who has entered into a procurement agreement with Contractor to provide any of the administrative functions related to fulfilling Contractor's obligations under the terms of this Exhibit D.

X. **"Subcontract"** means any agreement between Contractor and the Subcontractor. A Subcontractor shall not delegate its obligation to provide covered services or otherwise subcontract for the provision of direct patient/client services.

Y. **"Uniform Statewide Monthly Reimbursement (USMR) Rate"** means the rate for NTP services based on a unit of service that is a calendar month of treatment service provided pursuant to Title 22, Sections 51341.1 and 51516.1 and Title 9, commencing with Section 10000, or the rate for individual or group counseling. The following table shows the FY 2004-05 proposed USMR.

□□□□□□□□□□□□□	Type of Unit of Service (UOS)	Non-perinatal UOS (*)	Perinatal UOS (*)	Rate
NTP-Methadone	Daily	$9.39 0.86 (*)	$10.75 0.98(*)	
	Monthly	$285.61	$326.98	Maximum
NTP-LAAM	Dose	$22.33 2.04(*)	N/A	
	Monthly	$290.29	N/A	Maximum
NTP-Individual Counseling (**)	One 10 minute increment	$12.78 1.17(*)	$21.22 1.94(*)	Maximum
NTP Group Counseling (**)	One 10 minute increment	$3.40 0.31(*)	$5.22 0.48(*)	Maximum

(*) Administrative Costs are incorporated within the rate.

(**) The NTP Subcontractors may be reimbursed for up to 200 minutes (20 10-minute increments) of individual and/or group counseling per calendar month per beneficiary.

Reimbursement for covered NTP services shall be limited to the lower of the NTP's usual and customary charge to the general public for the same or similar services or the USMR. However, reimbursement paid by a county to a NTP provider for services provided to any person subject to Penal Code Sections 1210.1 or 3063.1 and for which the individual client is not liable to pay, does not constitute a usual or customary charge to the general public. (HSC Section 11758.42(h)(2)(A)).

Z. **"Unit of Service"** means a face-to-face contact on a calendar day for outpatient drug free, day care rehabilitative, perinatal residential, and Naltrexone treatment services. Only one face-to-face service contact per day is covered by DMC except in the case of emergencies when an additional face-to-face contact may be covered for crisis intervention. To count as a unit of service, the second contact shall not duplicate the services provided on the first contact, and each contact shall be clearly documented in the beneficiary's record. Units of service and proposed SMA for FY 2004-05 are:

Service	Type of Unit of Service (UOS)	Non-perinatal UOS	Perinatal UOS	Rate
Day Care Rehabilitative	Face-to-Face Visit	$67.93 for EPSDT only	$75.99	Statewide Maximum Allowance
Naltrexone Treatment	Face-to-Face Visit	$21.19	N/A	Statewide Maximum Allowance
Outpatient Drug-Free Treatment	Face-to-Face Individual Group	$63.90 $30.60	$106.08 $46.97	Statewide Maximum Allowance
Perinatal Residential	Residential Day	N/A	$76.18	Statewide Maximum Allowance

ARTICLE III. PROVISION OF SERVICE

A. Covered Services

1. Contractor shall establish assessment and referral procedures and shall arrange, provide, or subcontract for covered services in Contractor's service area. Covered services include:

   (a) outpatient drug-free treatment;
   (b) narcotic replacement therapy;
   (c) naltrexone treatment;
   (d) daycare rehabilitative (perinatal and EPSDT only); and
   (e) perinatal residential substance abuse treatment services.

2. In the event of a conflict between the definition of services contained in this Exhibit D and the definition of services in Sections 51341.1, 51490.1, and 51516.1 of Title 22, the provisions of Title 22 shall govern.

B. Federal and State Mandates

1. Contractor, to the extent applicable, shall comply with "Sobky v. Smoley" (Document 2A), 855 F. Supp. 1123 (E.D. Cal 1994), incorporated by this reference.

2. Contractor shall comply with any additional legal requirements including, but not limited to, any court ordered requirements and statutory or regulatory amendments to existing law (including changes in covered services) that are imposed or are effective subsequent to the execution of this contract. Contractor agrees that this contract shall be amended to reflect such requirements, amendments, or changes.

3. Contractor shall comply with federal and state mandates to provide substance abuse treatment services deemed medically necessary for Medi-Cal eligible: (1) pregnant and postpartum women and (2) youth under age 21 who are eligible under the EPSDT Program.

4. Contractor shall comply with the California Family Code Section 6929 in the provision of Minor Consent Medi-Cal Services.

5. Contractor shall maintain continuous availability and accessibility of covered services and facilities, service sites, and personnel to provide the covered services in its service area. Such services shall not be limited due to budgetary constraints.

(a) When a request for covered services is made by a beneficiary, Contractor shall require services to be initiated with reasonable promptness. Contractor shall have a documented system for monitoring and evaluating accessibility of care, including a system for addressing problems that develop regarding waiting times and appointments.

(b) Contractor shall submit, and shall require Subcontractors to submit, information required by State. The information shall include, but is not limited to, data as required pursuant to the following:

Document 1K: Drug and Alcohol Treatment Access Report (DATAR) and Provider Waiting List Record (WLR) in an electronic or hardcopy format provided or approved by the state;

Document 1L: California Alcohol and Drug Data System (CADDS) – Instructional Manual and CADDS Provider Summary Report in an electronic or hardcopy format provided or approved by the state;

Contractor agrees that it shall submit all data requested in (a) and (b) in a manner identified, or on forms provided, by State by the applicable due dates or the dates in Document 1F, "Requirements for Data by Date."

(c) Contractor shall require that treatment programs are accessible to people with disabilities in accordance with Title 45, Code of Federal Regulations (hereinafter referred to as CFR), Part 84 and the Americans with Disabilities Act.

6. Covered services, whether provided directly by Contractor or through subcontracts with DMC certified programs, shall be provided to beneficiaries without regard to the beneficiaries' county of residence.

7. In the event Contractor fails to comply with subdivisions 1 through 6 of this Section, State may terminate this contract for cause.

8. Contractor shall notify State in writing prior to reducing the provision of covered services. In addition, any proposal to change the location where covered services are provided, or to reduce their availability, shall be submitted in writing to State 60 days prior to the proposed effective date. Contractor shall not implement the proposed changes if State denies Contractor's proposal.

9. Contractor shall amend its subcontracts for covered services in order to provide sufficient DMC SGF to match allowable federal Medicaid reimbursements for any increase in provider DMC services to beneficiaries.

10. Contractor shall require that providers of perinatal DMC services are properly certified to provide these services and comply with the requirements contained in Title 22, Section 51341.1, Services for Pregnant and Postpartum Women.

11. In the event that Contractor fails to provide covered services in accordance with the provisions of this contract, at the discretion of State, Contractor may be required to forfeit its DMC SGF allocation and surrender its authority to function as the administrator of covered services in its service area.

12. The failure of Contractor or its Subcontractors to comply with Section B of this Article will be deemed a breach of this contract sufficient to terminate this contract for cause. In the event the contract is terminated, the provision of Exhibit B, Paragraph G, Item 2 shall apply.

C. Provider Participation, Certification, Recertification, and Appeals

1. State will review and certify eligible providers to participate in the DMC program. Certification agreements will not be time limited. State will conduct recertification on-site visits at clinics for circumstances identified in the "Drug Medi-Cal Certification Standards for Substance Abuse Clinics," (Document 2E). Document 2E contains the appeal process in the event State disapproves a provider's request for certification or recertification and shall be included in Contractor's subcontracts.

2. Contractor shall include a provision in its subcontracts informing the provider that it may seek assistance from State in the event of a dispute over the terms and conditions of subcontracts.

3. Contractor shall require all the providers of services to be licensed, registered, DMC certified and/or approved in accordance with applicable laws and regulations. Contractor's subcontracts shall require that providers comply with the following regulations and guidelines:

   (a) Title 21, CFR Part 1300, et seq., Title 42, CFR, Part 8;

   (b) Drug Medi-Cal Certification Standards for Substance Abuse Clinics (Document 2E);

   (c) Title 22, Sections 51341.1, 51490.1, and 51516.1, (Document 2C);

   (d) Alcohol and/or Other Drug Program Certification Standards (Document 1P); and

   (e) Title 9, Sections 10000, et seq..

   In the event of conflicts, the provisions of Title 22 shall control if they are more stringent.

   Contractor acknowledges that if a provider is under investigation by DHS or any state, local or federal law enforcement agency for fraud or abuse, State may temporarily suspend the provider from the DMC program, pursuant to W&IC Section 14043.36(a).

4. If, at any time, a Subcontractor's license, registration, certification, or approval to operate a substance abuse treatment program or provide covered services, is revoked, suspended, modified, or not renewed, State may amend this Contract.

   A provider's certification to participate in the DMC program shall automatically terminate in the event that the provider or its owners, officers or directors are convicted of Medi-Cal fraud, abuse or malfeasance. For purposes of this section, a conviction shall include a plea of guilty or nolo contendere.

ARTICLE IV. FISCAL PROVISIONS

A. Reimbursements

To the extent that Contractor provides the covered services in a satisfactory manner and in accordance with the terms and conditions of this contract, State agrees to pay Contractor DMC SGF and federal Medicaid funds according to the procedures delineated in Article V. Subject to the availability of such funds, Contractor shall receive federal Medicaid funds for allowable expenditures as established by the federal government and approved by DHS, for the cost of services rendered to beneficiaries.

1. Reimbursement for covered services shall be made in accordance with applicable provisions of Title 22 and all other currently applicable policies and procedures.

2. It is understood and agreed that failure by Contractor or its Subcontractors to comply with applicable federal and State requirements in rendering covered services shall be sufficient cause for State to deny payments to and/or recover payments from Contractor. If State, DHS, or DHHS disallows or denies payments for any claim, Contractor shall repay to State the federal Medicaid funds and SGF it received for all claims so disallowed or denied.

   Before such denial, recoupment, or disallowances are made, State shall provide Contractor with written notice of its proposed action. Such notice shall include the reason for the proposed action and shall allow Contractor 60 days to submit additional information before the proposed action is taken. This requirement does not apply to the DMC Postservice Postpayment Utilization Reviews.

3. This contract encumbers a specific amount of DMC SGF to be used in accordance with Contractor's allocation as described in State's final allocation notice. This amount is intended to cover all anticipated need for DMC SGF for covered services. If the need for allowable DMC services is less than anticipated in any particular fiscal year, State may reduce the contract amount of DMC SGF through a contract amendment, the cost settlement process, or other available processes. If, during the term of this contract, Contractor's cost for allowable DMC services exceeds the maximum amount allowed for services described in Exhibit D, and Contractor has utilized all available DMC SGF allocated for the State match, Contractor shall submit a written request to State for additional DMC SGF funding.

4. Only DMC SGF and DMC SGF Perinatal may be used to match Federal Financial Participation (FFP) funding. The County shall only use DMC SGF to fund applicable Minor Consent services. Counties may request additional SGF DMC when all allocated regular DMC SGF or DMC SGF Perinatal is expended.

B. Return of Unexpended Funds

Contractor assumes the total cost of providing covered services on the basis of the payments delineated in this Exhibit D. Any federal Medicaid funds and DMC SGF paid to Contractor, but not expended for DMC services shall be returned to State.

C. Availability of Funds

It is understood that, for the mutual benefit of both parties, this Contract may have been written before ascertaining the availability of congressional appropriation of funds in order to avoid program and fiscal delays that would occur if this Contract was not executed until after that determination. If so, the state may amend the amount of funding provided for in this Contract based on the actual congressional appropriation.

D. Additional Restrictions

This Contract is subject to any additional restrictions, limitations, or conditions enacted by the Congress, or any statute enacted by the Congress, which may affect the provisions, terms, or funding of this Contract in any manner.

E. Amendment or Cancellation Due to Insufficient Appropriation

This contract is valid and enforceable only if sufficient funds are made available to State by the United States Government for the purpose of the DMC program. It is mutually agreed that if the Congress does not appropriate sufficient funds for this program, State has the option to void this contract or to amend the contract to reflect any reduction of funds.

F. Exemptions

Exemptions to the provisions of Section E, above, may be granted by the California Department of Finance provided that the Director of DHS certifies in writing that federal funds are available for the term of the contract.

G. Payment for Covered Services

Any payment for covered services rendered pursuant to this Exhibit D shall only be made pursuant to applicable provisions of Title XIX of the Social Security Act; the W&IC; the HSC; California's Medicaid State Plan; and Sections 51341.1, 51490.1, 51516.1, and 51532 of Title 22.

1. Contractor shall be reimbursed by State on the basis of its actual net reimbursable cost, including any allowable county administrative costs, not to exceed the unit of service maximum rate.

   Pursuant to HSC Section 11758.42 (c), reimbursement to NTP providers shall be limited to the lower of either the uniform statewide monthly reimbursement rate, or the provider's usual and customary charge to the general public for the same or similar service. However, reimbursement paid by a county to a NTP provider for services provided to any person subject to Penal Code Sections 1210.1 or 3063.1 and for which the individual client is not liable to pay, does not constitute a usual or customary charge to the general public. (HSC Section 11758.42(h)(2)(A)).

2. Pursuant to HSC Section 11987.5(a)(2), Contractor shall reimburse providers that receive a combination of Medi-Cal funding and other federal or state funding for the same service element and location based on the provider's actual costs in accordance with Medi-Cal reimbursement requirements as specified in Title XIX of the Social Security Act; Title 22, and the State's Medicaid Plan. Payments at negotiated rates shall be settled to actual cost at year-end.

H. Allowable Costs

Allowable costs, as used in Section 51516.1 of Title 22 shall be determined in accordance with Title 42, CFR, Parts 405 and 413, and Centers for Medicare and Medicaid Services (CMS), "Provider Reimbursement Manual (Publication Number 15)." In accordance with W&IC Sections 14132.44 and 14132.47, funds allocated to Contractor for DMC services, including funding for substance abuse services for pregnant and postpartum women pursuant to Title 22, Section 51341.1(c), may not be used as match for targeted case management services or for Medi-Cal administrative activities.

I. Records and Additional Audit Requirements

1. Accurate fiscal records and supporting documentation shall be maintained by Contractor and its Subcontractors to support all claims for reimbursement.

2. Should a Subcontractor discontinue operations, Contractor shall retain the Subcontractor's fiscal and program records for the required retention period.

3. Accounting records and supporting documents shall be retained for a three-year period from the date the year-end cost settlement report was approved by the State for interim settlement. When an audit has been started before the expiration of the three-year period, the records shall be retained until completion of the audit and final resolution of all issues that arise in the audit. Final settlement shall be made at the end of the audit and appeal process. If an audit has not begun within three years, the interim settlement shall be considered as the final settlement.

4. In addition to the audit requirements set forth in Exhibit B, State may also conduct financial audits of DMC programs, exclusive of NTP services provided on or after July 1, 1997, to accomplish any of, but not limited to, the following audit objectives:

   (a) To review reported costs for validity, appropriate allocation methodology, and compliance with Medicaid laws and regulations;

   (b) To ensure that only the cost of allowable DMC activities are included in reported costs;

   (c) To determine the provider's usual and customary charge to the general public in accordance with CMS (Provider Reimbursement Manual) for comparison to the DMC cost per unit;

   (d) To review documentation of units of service and determine the final number of approved units of service;

   (e) To determine the amount of clients' third-party revenue and Medi-Cal share of cost to offset allowable DMC reimbursement; and

   (f) To compute final settlement based on the lower of actual allowable cost, the usual and customary charge, or the maximum allowance, in accordance with Title 22, Section 51516.1.

5. In addition to the audit requirements set forth in Exhibit B, the State may conduct financial audits of NTP programs. For NTP services on or after July 1, 1997, State audits will address items 4(c) through 4(e) above, except that the comparison of the provider's usual and customary charge in 4(c) will be to the DMC USMR rate in lieu of DMC cost per unit. In addition, these audits will include, but not be limited to:

   (a) For those NTP providers required to submit a cost report pursuant to HSC, Section 11758.46(j)(2), a review of cost allocation methodology between NTP and other service modalities, and between DMC and other funding sources;

   (b) A review of actual costs incurred for comparison to services claimed;

(c) A review of counseling claims to ensure that the appropriate group or individual counseling rate has been used and that counseling sessions have been billed appropriately;

(d) A review of the number of clients in group sessions to ensure that sessions include no less than four and no more than ten clients;

(e) Computation of final settlement based on the lower of USMR rate or the provider's usual and customary charge to the general public; and

(f) A review of supporting service, time, financial, and patient records to verify the validity of counseling claims.

6. Audit reports by State and/or DHS shall reflect all findings and any recommendations, adjustments, or corrective action necessary as a result of those findings.

7. Contractor shall be responsible for any disallowances taken by the Federal Government, State, the Bureau of State Audits, or DHS as a result of any audit exception that is related to its responsibilities.

8. Contractor agrees to promptly develop and implement any corrective action plans in a manner acceptable to State in order to comply with recommendations contained in any audit report. Such corrective action plans shall include time-specific objectives to allow for measurement of progress and are subject to verification by State within one year from the date of the plan.

9. Contractor, in coordination with State, must provide follow-up on all significant findings in the audit report, including findings relating to a Subcontractor, and submit the results to State.

10. If differences cannot be resolved between State and/or DHS and Contractor regarding the terms of the final financial audit settlements for funds expended under Exhibit D, Contractor may request an appeal in accordance with the appeal process described in the "Audit Appeals Process," Document 1J, incorporated by this reference. When a financial audit is conducted directly with a Subcontractor of the Contractor, and if the Subcontractor disagrees with audit disallowances related to its programs, claims or services, the Contractor shall, at the Subcontractor's request, request an appeal to the State in accordance with Document 1J. Contractor shall include a provision in its subcontracts regarding the process by which a Subcontractor may file an audit appeal via the Contractor.

ARTICLE V. INVOICE/CLAIM AND PAYMENT PROCEDURES

A. Interim Payments

1. State shall reimburse Contractor:

   (a) for the period of July through September a monthly interim payment in arrears of one twelfth of the approved contract amount on Exhibit A1 for DMC SGF funds. Beginning with October, the DMC SGF payments will be based on approved services. When the DMC services are for Minor Consent, State shall pay a monthly interim payment from SGF of 100 percent of the projected cost of the projected units of service. In the event that Contractor approves the contract for the fiscal year subsequent to July 1 and prior to August 1, State will make an interim payment for DMC services retroactive to July 1.

   (b) the federal Medicaid amount upon approval by DHS of the monthly claims and reports submitted in accordance with Section B, below.

   (c) the federal Medicaid and DMC SGF:

      (i) at either the USMR rate or the provider's usual or customary charge to the general public for NTP's; and

      (ii) at a rate that is the lesser of the projected cost or the maximum rate allowance for other DMC modalities.

2. State will adjust subsequent reimbursements to Contractor to actual allowable costs. Actual allowable costs are defined in CMS Provider Reimbursement Manual.

B. Monthly Claims and Reports

1. Contractors or providers that bill State or the County for services identified in Section 51516.1 of Title 22 shall submit claim forms by paper or electronic submission. These forms include the following:

   Document 2G, DMC Eligibility Work Sheet (ADP 1584);

   Document 2H, Drug Medi-Cal Monthly Summary Invoice (ADP 1592); and,

   Document 2J, Provider Report of Drug Medi-Cal Claims Adjustments (ADP 5035C).

The following forms shall be prepared as needed and retained by the provider for review by State staff:

Document 2K, Multiple Billing Override Certification (ADP 7700)

Document 2L, Good Cause Certification (ADP 6065).

2. In the absence of good cause documented on the Good Cause Certification (ADP Form 6065), claims that are not submitted within 30 days of the end of the month of service shall be denied. The existence of good cause shall be determined by State in accordance with Title 22, CCR, Sections 51008 and 51008.5.

3. Claims for reimbursement shall include only those services covered under Title 22, Section 51341.1(c) and administrative charges that are allowed under W&IC, Sections 14132.44 and 14132.47.

4. Contractor shall utilize the Drug Medi-Cal Provider Billing Manual (Document X2) for understanding and obtaining instructions for the DMC billing process.

C. Year-End Cost Settlement Reports and Performance Reports

1. State will not accept year-end cost settlement reports from Subcontractor(s) directly. Pursuant to HSC Section 11758.46 (j)(2) Contractor shall submit to State, on November 1 of each year, the following documents by paper or electronic submission for the previous fiscal year:

   (a) Document 2P, County Certification Year-End Claim for Reimbursement

   (b) Document 2P(a) and 2P(b), Drug Medi-Cal Cost Report Forms for Day Care Rehabilitative for Alcohol and Drug or Perinatal

   (c) Document 2P(c) and 2P(d), Drug Medi-Cal Cost Report Forms for Outpatient Drug Free Individual Counseling for Alcohol and Drug or Perinatal

   (d) Document 2P(e) and 2P(f), Drug Medi-Cal Cost Report Forms for Outpatient Drug Free Group Counseling for Alcohol and Drug or Perinatal

   (e) Document 2P(g), Drug Medi-Cal Cost Report Forms for Residential for Perinatal

   (f) Document 2P(h) and 2P(i), Drug Medi-Cal Cost Report Forms for Narcotic Treatment Programs for Alcohol and Drug or Perinatal

2. State may settle costs for DMC services based on the year-end cost settlement report as the final amendment to the approved single State/County contract.

3. For NTP's that bill State or Contractor exclusively for DMC services identified in HSC Section 11758.42(f), State shall develop performance reports based on data submitted by such NTP providers by November 1 of each fiscal year as specified in HSC Section 11758.46(k).

   Commencing January 1, 2003, NTP providers billing the state for DMC services and providing services to persons subject to Penal Code Sections 1210.1 and 3063.1 only, shall submit performance reports in lieu of a cost report.

4. Reimbursement for covered services, other than NTP services, shall be limited to the lower of: (a) the provider's usual and customary charges to the general public for the same or similar services; (b) the provider's actual allowable costs; or (c) the DMC SMA for the modality.

5. Reimbursement to NTP's shall be limited to the lower of either the USMR rate, pursuant to HSC, Section 11758.42(h)(1), or the provider's usual and customary charge to the general public for the same or similar service. However, reimbursement paid by a county to a NTP provider for services provided to any person subject to Penal Code Sections 1210.1 or 3063.1 and for which the individual client is not liable to pay, does not constitute a usual or customary charge to the general public. (HSC Section 11758.42(h)(2)(A)).

ARTICLE VI. POSTSERVICE POSTPAYMENT UTILIZATION REVIEW

A. State shall conduct postservice postpayment utilization reviews in accordance with Title 22, Section 51341.1. Any claimed DMC service may be reviewed for compliance with all applicable standards, regulations and program coverage after services are rendered and the claim paid.

B. State shall take appropriate steps to recover payments made if subsequent investigation uncovers evidence that the claim(s) should not have been paid or that DMC services have been improperly utilized.

C. State shall monitor the Subcontractor's compliance with postservice postpayment utilization review requirements in accordance with Title 22. DHS and the federal government may also review the existence and effectiveness of State's utilization review system.

D. Contractor shall implement and maintain compliance with the system of review described in Title 22, Section 51341.1, for the purposes of reviewing the utilization, quality, and appropriateness of covered services and ensuring that all applicable Medi-Cal requirements are met.

LIST OF EXHIBIT D DOCUMENTS INCORPORATED BY REFERENCE*
FISCAL YEAR 2004-05

The following documents are hereby incorporated by reference into Exhibit D of the combined County contract though they may not be physically attached to the contract:

Document 1J	Audit Appeals Process
Document 1K	Drug and Alcohol Treatment Access Report (DATAR) and Provider Waiting List Record (WLR)
Document 1L	California Alcohol and Drug Data System (CADDS) – Instructional Manual and the CADDS Provider Summary Report
Document 1P	Alcohol and/or Other Drug Program Certification Standards
Document 1X	Certification Regarding Lobbying
Document 1Y	Disclosure of Lobbying Activities – Standard Form LLL
Document 2A:	Sobky v. Smoley, Judgement, Signed February 1, 1995
Document 2C:	Title 22, California Code of Regulations
Document 2E:	Drug Medi-Cal Certification Standards for Substance Abuse Clinics (Updated July 1, 2001)
Document 2F:	Monthly Interim Payment Claim for Drug Medi-Cal State General Funds (ADP 7890) (applicable to direct providers only)
Document 2G:	Drug Medi-Cal Eligibility Work Sheet (ADP 1584)
Document 2H:	Drug Medi-Cal Monthly Summary Invoice (ADP 1592)
Document 2J:	Provider Report of Drug Medi-Cal Claims Adjustments (ADP 5035C)
Document 2K:	Multiple Billing Override Certification (ADP 7700)
Document 2L:	Good Cause Certification (ADP 6065)

Document 2P:	County Certification - Cost Report Year-End Claim For Reimbursement
Document 2P(a):	Drug Medi-Cal Cost Report Forms – Day Care Rehabilitative – Alcohol and Drug
Document 2P(b):	Drug Medi-Cal Cost Report Forms – Day Care Rehabilitative – Perinatal
Document 2P(c):	Drug Medi-Cal Cost Report Forms – Outpatient Drug Free Individual Counseling – Alcohol and Drug
Document 2P(d):	Drug Medi-Cal Cost Report Forms – Outpatient Drug Free Individual Counseling – Perinatal
Document 2P(e):	Drug Medi-Cal Cost Report Forms – Outpatient Drug Free Group Counseling – Alcohol and Drug
Document 2P(f):	Drug Medi-Cal Cost Report Forms – Outpatient Drug Free Group Counseling – Perinatal
Document 2P(g):	Drug Medi-Cal Cost Report Forms – Residential – Perinatal
Document 2P(h):	Drug Medi-Cal Cost Report Forms – Narcotic Treatment Program – County – Alcohol and Drug
Document 2P(i):	Drug Medi-Cal Cost Report Forms – Narcotic Treatment Program – County – Perinatal
Document 2Q:	Direct Provider Certification - Year-End Claim for Reimbursement
Document 2Q(a):	Drug Medi-Cal Cost Report Forms – Outpatient Drug Free Individual and Group Counseling – Direct Provider – Alcohol and Drug
Document 2Q(b):	Drug Medi-Cal Cost Report Forms – Outpatient Drug Free Individual and Group Counseling – Direct Provider – Perinatal

Document 2Q(c):	Drug Medi-Cal Cost Report Forms – Narcotic Treatment Program – Direct Provider – Alcohol and Drug
Document 2Q(d):	Drug Medi-Cal Cost Report Forms – Narcotic Treatment Program – Direct Provider – Perinatal
Document 2V:	Narcotic Treatment Programs Quarterly Performance Report (report generated by ADP)
Document 2W:	ADP Letter 97-52, "New Minor Consent Aid Codes and Minor Consent Services to Pregnant/Postpartum Youth."
Document 2X	Drug Medi-Cal Provider Billing Manual

(*) Notes:

(1) Document identifier 2"U" was not used in order to avoid confusion with 2"V."
(2) Document identifiers 2"I" and 2"O" were not used in order to avoid confusion with numbers.
(3) Document identifier 2"R" is not being used at this time.
(4) Documents 1J, 1K, 1L, and 1P were added
(5) Cost Report Documents were re-numbered based on new format for cost report forms.
(6) Documents 2B and 2N were deleted.