

**Exhibit B**  
Budget Detail and Payment Provisions

**Part I - General Fiscal Provisions**

**Section 1 - General Fiscal Provisions**

A. Fiscal Provisions

For services satisfactorily rendered, and upon receipt and approval of documentation as identified in Exhibit A, Attachment I, Article III, the Department of Health Care Services (DHCS) agrees to compensate the Contractor in accordance with the rates and/or allowable costs specified herein.

B. Use of State General Funds

Contractor may not use allocated Drug Medi-Cal (DMC) State General Funds to pay for any non-Drug Medi-Cal services.

C. Funding Authorization

Contractor shall bear the financial risk in providing any substance use disorder (SUD) services covered by this Agreement.

D. Availability of Funds

It is understood that, for the mutual benefit of both parties, this Agreement 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 Agreement were not executed until after that determination. In this event, DHCS may amend the amount of funding provided for in this Agreement based on the actual congressional appropriation.

E. Subcontractor Funding Limitations

Except for services provided by an Indian Health Care Provider, the Contractor shall reimburse the subcontractor the Total per utilizer per month rate contained in Part V, Paragraph A of Exhibit B to this agreement for each beneficiary who receives at least one DMC-ODS service, including OTP/NTP services, in a single month. The Contractor shall reimburse the subcontractor for services provided by Indian Health Care Providers pursuant to Behavioral Health Information Notice 22-053.

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F. Budget Contingency Clause

It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, DHCS shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.

If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, DHCS shall solely have the option to either cancel this Agreement with no liability occurring to DHCS, or offer an amended agreement to Contractor to reflect the reduced amount.

G. In the event an amendment to this Agreement is required pursuant to the preceding paragraph, Contractor shall submit to DHCS information as identified in Exhibit E, Section 1(D). To the extent the Contractor is notified of DHCS Budget Act allocation prior to the execution of the Agreement, DHCS and the Contractor may agree to amend the agreement after the issuance of the first revised allocation.

H. Expense Allowability/Fiscal Documentation of Administrative and Utilization Review/Quality Assurance Costs

1. Invoices for Plan Administration and Utilization Review/Quality Assurance, received from a Contractor and accepted and/or submitted for payment of administrative and utilization review/quality assurance (UR/QA) costs by DHCS, shall not be deemed evidence of allowable agreement costs.
2. Contractor shall maintain for review and audit, and supply to DHCS upon request, adequate documentation of all administrative and UR/QA expenses claimed for Plan Administration and Utilization Review/Quality Assurance pursuant to this Agreement to permit a determination of expense allowability.
3. If the allowability or appropriateness of an administrative or UR/QA expense for Plan Administration or Utilization Review/Quality Assurance cannot be determined by DHCS because invoice detail, fiscal records, or backup documentation is nonexistent or inadequate according to generally accepted accounting principles, and generally accepted governmental audit standards, all questionable costs may be disallowed and payment may be withheld by DHCS. Upon receipt of adequate documentation supporting a disallowed or questionable administrative or UR/QA expense, reimbursement may resume for the amount substantiated and deemed allowable.

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4. Administrative and UR/QA costs and/or expenses for Plan Administration or Utilization Review/Quality Assurance deemed unallowable shall not be reimbursed or, if mistakenly reimbursed, those costs and/or expenses shall be subject to recovery by DHCS pursuant to Article III.KK of Exhibit A, Attachment I, California's Medicaid State Plan, California's Section 1915(b) Waiver, and California's Section 1115 5-Year Demonstration Waiver.
- I. The Contractor shall require the subcontractor to include in its contracts with network providers, or any other subdelegated arrangements, all applicable terms of this Exhibit, including but not limited to the documentation requirements in this Section 1, provisions A-H.

**Section 2 - General Fiscal Provisions - DMC-ODS**

A. Amendment or Cancellation Due to Insufficient Appropriation

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

B. Exemptions

Exemptions to the provisions of Item B above, of this Exhibit, may be granted by the California Department of Finance provided that the Director of DHCS certifies in writing that federal funds are available for the term of the Agreement.

C. Allowable costs

Allowable costs for administration and UR/QA, as defined and in accordance with the DMC-ODS STCs and the STCs' Attachments including the Certified Public Expenditure protocol, shall be determined in accordance with the DHCS Medical Assistance Cost Allocation Plan.

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D. Interim Reimbursement to the Subcontractor

The Contractor shall pay the subcontractor an interim PUPM rate for each month a Medi-Cal beneficiary receives at least one DMC-ODS service, including Opioid Treatment Program/Narcotic Treatment Program (OTP/NTP) services. The PUPM rate shall be the amount specified in Exhibit B, Part V. The payment period for DMC-ODS services shall commence on the first day of operations, as determined by DHCS. DHCS shall reimburse the Contractor, on an interim basis, the Medical Assistance PUPM Rate contained in Exhibit B, Part V, Paragraph A for each beneficiary who receives at least one DMC-ODS service, including OTP/NTP services, in a single month. DHCS shall also reimburse the Contractor, on an interim basis, the Contractor's actual allowable costs for administration and UR/QA.

Payments made, on an interim basis, by the Contractor to the subcontractor at the interim Medical Assistance PUPM rate shall be reconciled to the subcontractor's actual allowable costs. Interim payments made to the Contractor for administration and UR/QA shall be reconciled to the Contractor's actual allowable costs.

E. If DHCS creates a new aid code that is split or derived from an existing aid code covered under this Agreement, and the aid code has a neutral revenue effect for the Contractor, then the split aid code will automatically be included in the same aid code group as the original aid code covered under this Agreement. Contractor agrees to continue providing DMC-ODS services to Medi-Cal beneficiaries at the monthly PUPM rate specified for the original aid code. DHCS shall confirm all aid code splits, and the rates of payment for such new aid codes, in writing to the Contractor as soon as practicable after such aid code splits occur.

G. DHCS shall approve the PUPM rate for the initial implementation period or the Agreement effective date. The Contractor shall make a redetermination of the PUPM rate after a minimum of 18 months from the effective date of the Agreement, which shall be subject to DHCS review and approval. All payments and rate adjustments are subject to appropriations of funds by the state legislature and approval by the California Department of Finance. Further, all payments are subject to the availability of federal congressional appropriation of funds.

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**Part II - Reimbursements**

**Section 1 - General Reimbursement**

A. Prompt Payment Clause

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

B. Amounts Payable

1. The amount payable under this Agreement shall not exceed the amount identified on the State of California Standard Agreement form STD 213 DHCS.
2. Reimbursement, on an interim basis, shall be made for the provision of covered DMC-ODS services, including OTP/NTP services, and for administration and UR/QA. Interim payments for covered DMC-ODS services shall be made for each beneficiary who receives at least one DMC-ODS service, including OTP/NTP services, in a single month based on the Medical Assistance PUPM Rate contained in Exhibit B, Part V, Paragraph A of this Agreement. Interim reimbursement for administration and UR/QA shall be made based upon the Contractors actual allowable costs.
3. The funds identified for the fiscal years covered under this Section, within this Exhibit, are subject to change depending on the availability and amount of funds appropriated by the state legislature and the federal government. The amount of funds available for expenditure by the Contractor shall be limited to the amount identified in the final allocations issued by DHCS for that fiscal year. Changes to allocated funds will require a written amendment to the Agreement.
4. In the event a written amendment to this Agreement is required pursuant to the preceding paragraph, Contractor shall submit to DHCS information as identified in Exhibit E, Section 1(D). To the extent the Contractor is notified of DHCS Budget Act allocation prior to the execution of the Agreement, DHCS and the Contractor may agree to amend the agreement after the issuance of the first revised allocation.
5. By December 31<sup>st</sup> following the close of each fiscal year, the Contractor shall submit a PUPM Reconciliation Report in a form and manner prescribed by DHCS. The PUPM Reconciliation Report shall calculate the final PUPM rate payments based upon actual allowable costs for the reporting fiscal year.

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6. The Contractor shall make additional payments to the subcontractor if the final PUPM rate payments exceed the interim PUPM rate payments or recoup funds from the subcontractor if the interim PUPM rate payments exceed the final PUPM rate payments. The additional payment or recoupment shall equal the difference between the final PUPM rate and the interim PUPM rate multiplied by the total monthly utilizers.
7. The Contractor shall return to DHCS the federal and state share of the amount recouped from the subcontractor pursuant to paragraph 5 using the allocation percentages assigned to each beneficiary's aid code group.
8. DHCS shall reimburse the Contractor the Medical Assistance PUPM rate based on a reconciliation of Medical Assistance PUPM payments, encounter data, and subcontractor payments to network providers. DHCS shall reimburse the Contractor its actual allowable costs for administration and UR/QA.

**Section 2 - DMC-ODS Services**

- A. To the extent that the Contractor provides the covered services, in accordance with the terms and conditions of this Agreement, DHCS agrees to pay the Contractor federal Medicaid funds according to Article III of Exhibit A, Attachment I. Subject to the availability of such funds, the Contractor shall receive payment based on the Medical Assistance PUPM rates set forth in this Exhibit B.
- B. Any payment for covered services rendered pursuant to Exhibit A, Attachment I shall only be made pursuant to applicable provisions of Title XIX or Title XXI of the Social Security Act, the Welfare and Institutions (W&I) Code, the Health and Safety Code (HSC), California's Medicaid State Plan, California's Section 1915(b) Waiver, and California's Section 1115 5-Year Demonstration Waiver.
- C. It is understood and agreed that failure by the Contractor, its subcontractor, or network providers comply with applicable federal and state requirements in rendering covered services, including the requirements specified in this Agreement, shall be sufficient cause for DHCS to deny payments, to recover payments, and/or terminate the Contractor, its subcontractor, or network providers from DMC-ODS program participation. If DHCS or the Department of Health and Human Services (DHHS) disallows or denies payments for any claim, Contractor shall repay to DHCS the Federal Medicaid funds and/or State General Funds it received for all claims so disallowed or denied. The overpayment shall be recovered by any of the methods allowed in Division 9, Part 3, Chapter 7, Article 5.3 of the W&I Code, California's Medicaid State Plan, California's Section 1915(b) Waiver, and California's Section 1115 5-Year Demonstration Waiver.

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- D. Before a recoupment, or disallowance is made, DHCS shall provide the Contractor with written notice of its proposed action. Such notice shall include the reason for the proposed action and shall allow the Contractor 60 days to submit additional information before the proposed action is taken. This requirement does not apply to the DMC-ODS Post service Post payment Utilization Reviews.
- E. DHCS shall refund to the Contractor any recovered Federal DMC-ODS overpayment that is subsequently determined to have been erroneously collected, together with interest, in accordance with Division 9, Part 3, Chapter 7, Article 5.3 of the W&I Code.
- F. Claims submitted to the Contractor by the subcontractor, and claims submitted to the subcontractor by the network providers, that are not certified or whose certification has been suspended pursuant to the W&I Code section 14107.11 or 42 CFR 455.23, shall not be certified or processed for federal or state reimbursement by the Contractor. Payments for any DMC-ODS services shall be held by the Contractor until the payment suspension is resolved.
- G. DHCS shall reimburse the Contractor for covered services based on the Contractor's certified public expenditures.
- H. DHCS shall reimburse the Contractor the state general fund and/or federal Medicaid fund amount of the approved DMC-ODS claims and documents submitted in accordance with Article III of Exhibit A, Attachment I.
- I. The Contractor, its subcontractor, and network providers must accept, as payment in full, the amounts paid by DHCS in accordance with the California's Medicaid State Plan, California's Section 1915(b) Waiver, and California's Section 1115 5-Year Demonstration Waiver. The Contractor, its subcontractor, and network providers may not demand any additional payment from DHCS, beneficiaries, or other third party payers.
- J. Claims submitted to the Contractor by a subcontractor that is not certified or whose certification has been suspended pursuant to the W&I Code section 14107.11 and 42 CFR 455.23, shall be sufficient cause for DHCS to deny payments or to recover payments. Payments for any DMC-ODS services shall be held by the Contractor until the payment suspension is resolved.
- K. DHCS will adjust subsequent reimbursements to the Contractor for Plan Administration and Utilization Review/Quality Assurance to actual allowable costs. Actual allowable costs are defined in the DHCS Medical Assistance Program Cost Allocation Plan.
- L. Contractors must accept as payment in full the amounts paid by DHCS in accordance with this Agreement. The Contractors may not demand any additional payment from DHCS or other third party payers, except as required or consistent with law.

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- M. The Contractor shall require its subcontractor, and require the subcontractor to require its network providers to comply with 45 CFR 162.410(a)(1) for any subpart that would be a covered health care provider if it were a separate legal entity. For purposes of this paragraph, a covered health care provider shall have the same definition as set forth in 45 CFR 160.103. DHCS shall make payments for covered services only if Contractor is in compliance with federal regulations.



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**Part III - Financial Audit Requirements**

**Section 1 - General Fiscal Audit Requirements**

- A. In addition to the requirements identified below, the Contractor, its subcontractor, and network providers are required to meet the audit requirements as delineated in Exhibit C, General Terms and Conditions, and Exhibit D(F), Special Terms and Conditions, of this Agreement.
- B. All expenditures of county realignment funds, state and federal funds furnished to the Contractor, its subcontractor, and network providers pursuant to this Agreement are subject to audit by DHCS. Objectives of such audits may include, but not limited to, the following:
1. To determine whether services claimed/reported are properly documented by service records and accurately accumulated for claiming/reporting.
  2. To validate data reported by the Contractor for prospective agreement negotiations.
  3. To provide technical assistance in addressing current year activities and providing recommendation on internal controls, accounting procedures, financial records, and compliance with laws and regulations.
  4. To determine the cost of administration and UR/QA, collection of related patient and participant fees, third-party payments, and other related revenues and funds for services rendered.
  5. To determine that expenditures for administration and UR/QA, collection are made in accordance with applicable state and federal laws, regulations, and Agreement requirements.
  6. 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 Agreement objectives of Exhibit C and D(F).
- C. Unannounced visits may be made at the discretion of DHCS to the Contractor and/or its subcontractors, and network providers.
- D. The refusal of the Contractor, its subcontractor, or network providers to permit access to, and inspection of, electronic or print books and records, physical facilities, and/or refusal to permit interviews with employees, as described in this part, constitutes an express and immediate material breach of this Agreement and will be sufficient basis to terminate the Agreement for cause or default.

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- E. Reports of audits conducted by DHCS shall reflect all findings, recommendations, adjustments, and corrective action as a result of its finding in any areas.

**Section 2 - DMC-ODS Financial Audits**

- A. In addition to the audit requirements set forth in Exhibit D(F), DHCS may also conduct financial audits of DMC-ODS programs including Contractor and any of its subcontractors or network providers to accomplish any of, but not limited to, the following audit objectives:
1. To review reported administration and UR/QA costs for validity, appropriate allocation methodology, and compliance with the DHCS Medical Assistance Program Cost Allocation Plan laws and regulations.
  2. To ensure that only the cost of allowable DMC-ODS administrative and UR/QA activities are included in reported costs in accordance with the DHCS Medical Assistance Program Cost Allocation Plan.
  3. To determine the provider's usual and customary charge to the general public for inpatient withdrawal management services in accordance with CMS (The Medicare Provider Reimbursement Manual) (CMS-Pub.15), which can be obtained from the Centers for Medicare & Medicaid Services, Baltimore, Maryland, or [www.cms.hhs.gov](http://www.cms.hhs.gov), for comparison to the DMC-ODS cost per service.
  4. To establish the reliability of reported/claimed services and determine the final number of approved services.
  5. To determine the amount of clients' third-party revenue and Medi-Cal share of cost to offset allowable DMC-ODS reimbursement.
- B. Contractor shall be responsible for any disallowances taken by the Federal Government, DHCS, or the Bureau of State Audits as a result of any audit exception that is related to its responsibilities. Contractor shall not use funds administered by DHCS to repay one federal funding source with funds provided by another federal funding source, or to repay federal funds with state funds, or to repay state funds with federal funds.
- C. The Contractor agrees to promptly develop and implement any corrective action plans in a manner acceptable to DHCS 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 DHCS within six months from the date of the plan.

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- D. The Contractor, in coordination with DHCS, shall provide follow-up on all significant findings in the audit report, including findings relating to a subcontractor, and submit the results to DHCS.

If differences cannot be resolved between DHCS and the Contractor regarding the terms of the final financial audit settlements for funds expended under Exhibit B, Contractor may request an appeal in accordance with the appeal process described in the Exhibit A, Attachment I and Division 9, Part 3, Chapter 7, Article 5.3 of the W&I Code. Contractor shall include a provision in its subcontracts regarding the process by which a subcontractor may file an audit appeal via the Contractor.

- E. The subcontractor and network providers shall, upon request, make available to DHCS their fiscal and other records to assure that such providers have adequate recordkeeping capability, and to ensure that reimbursement for covered DMC-ODS services is made in accordance with Exhibit A, Attachment I, Exhibit B, California's Medicaid State Plan, California's Section 1915(b) Waiver, and California's Section 1115 5-Year Demonstration Waiver. These records include, but are not limited to, matters pertaining to:

1. Provider ownership, organization, and operation.
2. Fiscal, medical, and other recordkeeping systems.
3. Federal income tax status.
4. Asset acquisition, lease, sale, or other action.
5. Franchise or management arrangements.
6. Patient service charge schedules.
7. Costs of operation.
8. Cost allocation methodology.
9. Amounts of income received by source and purpose.
10. Flow of funds and working capital.

- F. Contractor shall retain records of utilization review activities, required in Exhibit A, Attachment I, Article III.EE herein, for a minimum of 10 years.

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**Part IV - Records**

**Section 1 - General Provisions**

A. Maintenance of Records

The Contractor, its subcontractor, and network providers shall maintain sufficient books, records, documents, and other evidence necessary for DHCS to audit Agreement performance and compliance. Contractor shall make these records available to DHCS, 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 if administrative and UR/QA costs incurred by Contractor are reasonable, allowable and allocated appropriately. All records must be capable of verification by qualified auditors.

1. The Contractor, its subcontractor, and network providers shall include in any contract with an audit firm a clause to permit access by DHCS to the working papers of the external independent auditor, and require that copies of the working papers shall be made for DHCS at its request.
2. The Contractor and its subcontractors shall keep adequate and sufficient financial records and statistical data to support the year-end documents filed with DHCS. All records must be capable of verification by qualified auditors.
3. Accounting records and supporting documents shall be retained by the Contractor and its subcontractor for ten years. When an audit by the Federal Government, DHCS, or the California State Auditor has been started, 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.
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. All records must be capable of verification by qualified auditors.
5. The Contractor shall require its subcontractor to require that all its network providers comply with the requirements of Exhibit A, Attachment I, Article II and Article III and Exhibit B.

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6. Should a subcontractor discontinue its contractual agreement with the 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. DHCS Administrative Manual (SAM) contains statutory requirements governing the retention, storage, and disposal of records pertaining to state funds. Contractor shall follow SAM requirements located at <http://sam.dgs.ca.gov/TOC/1600.aspx>. The Contractor shall retain all records required by W&I Code section 14124.1, 42 CFR 433.32, Exhibit A, Attachment I, California's Medicaid State Plan, California's Section 1915(b) Waiver, and California's Section 1115 5-Year Demonstration Waiver for reimbursement of services and financial audit purposes.
7. Should a network provider discontinue its contractual agreement with the subcontractor, or cease to conduct business in its entirety, the subcontractor shall be responsible for retaining the network provider's fiscal and program records for the required retention period. SAM contains statutory requirements governing the retention, storage, and disposal of records pertaining to state funds. The subcontractor shall follow SAM requirements located at <http://sam.dgs.ca.gov/TOC/1600.aspx>. The subcontractor shall retain all records required by W&I Code section 14124.1, 42 CFR 433.32, Exhibit A, Attachment I, California's Medicaid State Plan, California's Section 1915(b) Waiver, and California's Section 1115 5-Year Demonstration Waiver for reimbursement of services and financial audit purposes.
8. The expenditure of any funds made by the Contractor pursuant to this section shall comply with the requirements of SAM and the laws and procedures applicable to the obligation and expenditure of federal and state funds.

**B. Dispute Resolution Process**

1. In the event of a dispute under Exhibit A, Attachment I, Article III other than an audit dispute, Contractor shall provide written notice of the particulars of the dispute to DHCS before exercising any other available remedy. Written notice shall include the Agreement number. The Director (or designee) of DHCS 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. Contractor shall receive a written response from DHCS 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.

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2. As stated in Part III, Section 2, of this Exhibit, in the event of a dispute over financial audit findings between DHCS and the Contractor, the Contractor may appeal the audit in accordance with Exhibit A, Attachment I and Division 9, Part 3, Chapter 7, Article 5.3 of the W&I Code. Contractor shall include a provision in its subcontracts regarding the process by which a subcontractor may file an audit appeal via the Contractor.
3. Contractors that conduct financial audits of subcontractors, other than a subcontractor whose funding consists entirely of non-Department funds, shall develop a process to resolve disputed financial findings and notify subcontractors of their appeal rights pursuant to that process. This section shall not apply to those grievances or compliances arising from the financial findings of an audit or examination made by or on behalf of DHCS pursuant to Part III of this Exhibit.
4. To ensure that necessary corrective actions are taken, financial audit findings are either uncontested or upheld after appeal may be used by DHCS during prospective agreement negotiations.