VERSION 2.0 (3.30.21)

Department of Health Care Services

Substance Abuse Prevention and Treatment Block Grant (SABG) Policy Manual

Community Services Division

Federal Grants Section

Program Policy Unit

What's New
A Version History

Version #	Revision Date	What Has Changed
V1.0	11.21.2018	Original
V1.1	09.11.2019	Page 19 – Adolescent and Youth Treatment Program Allocation Page 23 – Charitable Choice Various and minor typographical corrections
V2.0	03.30.2021	Page 8 – Rapid HIV Testing and Counseling Page 12 – Indirect Cost Rate Page 14 – SABG County Application Page 17 – Cost-Sharing Assistance Appendix H – Additional FAQ responses Various and minor typographical corrections

1 CONTENTS

1 INTRODUCTION

The California Department of Health Care Services (DHCS), Substance Abuse Prevention and Treatment Block Grant (SABG) Policy Manual (Policy Manual) offers guidance to counties that contract with DHCS for SABG funding to provide authorized substance use disorder (SUD) prevention, treatment and recovery support services. The Policy Manual provides comprehensive information regarding federal law authorizing the SABG program and implementing regulations as well as State laws and DHCS policies and procedures for operationalizing the requirements governing the SABG program.

This manual is an electronic, interactive document organized into four sections.

1. Section One outlines Federal statute authorizing the SABG and implementing regulations.

2. Section Two reviews State laws and DHCS policies and procedures for operationalizing the SABG program in California.

3. Section Three provides specific information regarding services and expenditures allowable under SABG Categorical Allocations.

4. Section Four offers appendices as quick-reference tools and resources for further information.

For the purposes of this manual:

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

- California counties are considered subrecipients of SABG. They are also referred to by DHCS as Contractors in relation to SABG County Application. Counties, as Contractors, are required to assume the obligations pertaining to SABG, as they are passed down through SABG County Application. The terms "contract", "Contractor" and "Subcontractor" shall also mean, “agreement”, "grant", “grant agreement”, "Grantee" and "Subgrantee" respectively.

- Providers who contract with counties to provide SABG funded SUD services are considered subrecipients. Contracted county providers are referred to by DHCS as subcontractors. Counties are required to pass down all Federal statutes, implementing regulations, State laws and DHCS policies and procedures pertaining to the SABG program to all subrecipients and/or subcontractors through contractual obligation.

- SABG's program objective is to help plan, implement, and evaluate activities that prevent and treat SUDs. Grantees use the SABG program for prevention, treatment, recovery support, and other services to supplement Medicaid, Medicare, and private insurance services; however,

- SABG, in some instances, is the funding of last resort per 45 CFR 96.137. SABG funds are also subject to a contractual restriction where DMC funds are available. However, there are some exceptions to this rule. This policy manual provides further explanation of this topic in Section Three – SABG Exception, and in Appendix F of this document.

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1.1 BACKGROUND

Mandated by Congress, the Substance Abuse and Mental Health Services Administration (SAMHSA), administers the SABG noncompetitive, formula grant through SAMHSAs Center for Substance Abuse Treatment (CSAT) Performance Partnership Branch, in collaboration with the Center for Substance Abuse Prevention (CSAP) Division of State Programs.

- SABG is authorized by: Section 1921 of Title XIX, Part B, Subpart II and III of the Public Health Service (PHS) Act (PDF | 253 KB).

- SABG implementing regulations are found in: Title 45 Code of Federal Regulations (CFR) Part 96 (45 CFR 96); and

- The SABG Program is subject to U.S. Department of Health and Human Services (HHS) Uniform Administrative Requirements, Cost Principles, and Audit Requirements are found in: 45 CFR Part 75.

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1.2 SECTION ONE: RELEVANT FEDERAL RULES AND REGULATIONS GOVERNING SABG

1.2.1 Federal Requirements Regarding Targeted Populations and Service Areas

The SABG program targets the following populations and service areas:

- Pregnant women and women with dependent children;
- Intravenous Drug Users (IVDU);
- Tuberculosis (TB) services; and
- Primary prevention services.

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1.2.2 General Guidelines for Expenditure of SABG Funds – 42 USC 300x-21

SABG funding may be used to:

1. Fund priority treatment and support services for individuals without insurance or for whom coverage is terminated for short periods of time.

2. Fund those priority treatment and support services that demonstrate success in improving outcomes and/or supporting recovery that are not covered by Medicaid, Medicare, or private insurance.

3. Fund primary prevention by providing universal, selective, and indicated prevention activities and services for persons not identified as needing treatment.

4. Collect performance and outcome data to determine the ongoing effectiveness of behavioral health promotion, treatment, and recovery support services.

Any treatment services provided with SABG funds must follow the treatment preferences established in 45 CFR 96.131 (see below for more information)

1. Pregnant IVDUs;
2. Pregnant substance abusers;
3. IVDUs; and
4. All other eligible individuals.

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1.2.3 Restrictions on Expenditure – 42 USC 300x-31

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

- To provide inpatient hospital services;

- To make cash payments to intended recipients of health services;

- To purchase or improve land, purchase, construct, or permanently improve (other than minor remodeling) any building or other facility, or purchase major medical equipment;

- To satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds;

- To provide financial assistance to any entity other than a public or nonprofit private entity;

- To provide individuals with hypodermic needles or syringes so that such individuals may use illegal drugs, unless the Surgeon General of the Public Health Service determines that a demonstration needle exchange program would be effective in reducing drug abuse and the risk that the public will become infected with the etiologic agent for Acquired Immunodeficiency Syndrome (AIDS); or

- To purchase treatment services in penal or correctional institutions.

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

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1.2.4 Federal Rules Regarding Required Expenditures

1.2.4.1 Primary Prevention – 42 USC 300x-22(a); 45 CFR 96.124(b)(1); 45 CFR 96.125

Governing SABG Statutes and Regulations require that grantees spend no less than 20 percent of their SABG allotment on substance abuse primary prevention strategies. In order to ensure statewide compliance, DHCS has set a 25 percent allocation for the Primary Prevention Set-Aside.

These strategies are directed at individuals not identified to be in need of treatment. Grantees must develop a comprehensive primary prevention program that includes activities and services provided in a variety of settings. The program must target both the general population and sub-groups that are at high risk for substance abuse. The program must include, but is not limited to, the following strategies:

- Information Dissemination
- Education
- Alternatives
- Problem Identification and Referral
- Community-based Process
- Environmental

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1.2.4.2 Women's Services – 42 USC 300x-22(c); 45 CFR 96.122(f)(1)(viii); 45 CFR 96.124(c) and (e)

Governing SABG Statutes and Regulations require the State to spend not less than five (5) percent of the Federal Fiscal Year (FFY) 1994 SABG award to establish new programs, expand the capacity of existing programs, and to increase the availability of treatment services designed for pregnant women and women with dependent children; and, directly or through arrangements with other public or nonprofit entities, to make available prenatal care.

Governing SABG Statutes and Regulations also require the State to ensure that, at a minimum, treatment programs receiving funding for such services also provide or arrange for the provision of the following services to pregnant women and women with dependent children, including women who are attempting to regain custody of their children:

1. Primary medical care for women, including referral for prenatal care and, while the women are receiving such services, child care;

2. Primary pediatric care, including immunization, for their children;

3. Gender specific substance abuse treatment and other therapeutic interventions for women which may address issues of relationships, sexual and physical abuse and parenting, and child care while the women are receiving these services;

4. Therapeutic interventions for children in custody of women in treatment which may, among other things, address their developmental needs, their issues of sexual and physical abuse, and neglect; and

5. Sufficient case management and transportation to ensure that women and their children have access to services provided.

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1.2.4.3 Pregnant Women Preferences – 42 USC 300x-27; 45 CFR 96.131

Governing SABG Statutes and Regulations require the State to ensure that each pregnant woman be given preference in admission to treatment facilities: and, when the facility has insufficient capacity, to ensure that the pregnant woman be referred to the State, which will refer the woman to a facility that does have capacity to admit the woman, or if no such facility has the capacity to admit the woman, will make available interim services within 48 hours, including a referral for prenatal care.

Governing SABG Statutes and Regulations also require the State to publicize the availability of such services and the preference given to pregnant women from the facilities in accordance with the statute.

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1.2.4.4 Intravenous Drug User (IVDU) Services – 42 USC 300x-23; 45 CFR 96.126

Governing SABG Statutes and Regulations require the State to provide treatment to IVDU that fulfills the 90 percent capacity reporting, 14-20 day performance requirement, interim services, outreach activities and monitoring requirements.

The State is also required to ensure:

1. Programs receiving funds under the grant must be required to notify the State, within seven days, of reaching 90 percent capacity to admit individuals;

2. A capacity management program is established enabling programs to meet above requirement and ensure maintenance of such reports;

3. Each individual who requests and is in need of treatment is admitted to a program of such treatment within the 14-120 day performance requirement time period;

4. Interim services are made available (to include prenatal care) within 48 hours of request if IVDU treatment services are not available;

5. A waiting list management program (WLMP) is implemented.

6. Programs carry out activities encouraging individuals in need of treatment to undergo treatment; and

7. Develop effective strategies for monitoring.

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1.2.4.5 Tuberculosis (TB) Services – 42 USC 300x-24(a); 45 CFR 96.127

Governing SABG Statutes and Regulations require the State to directly or through arrangements with other public or nonprofit private entities routinely make available TB services to each individual receiving treatment for SUDs and to monitor such service delivery. The State will require entities receiving grant funds to follow procedures addressing how the program will:

- Make available TB services to each individual receiving treatment;

- Refer individuals to another provider of TB services if individual is denied treatment for substance abuse due to lack of capacity;

- Implement infection control procedures designed to prevent the transmission of TB; and.

- Conduct case management activities.

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1.2.4.6 Charitable Choice – 42 USC 300x-65; 42 CFR Part 54; 45 CFR 96.122

Governing SABG Statutes and Regulations require the State to comply with *Public Law (PL) 106-310* the amended PHS Act by adding requirements to:

1. Prohibit discrimination against nongovernmental organizations and certain individuals on the basis of religion in the distribution of government funds to provide substance abuse services; and

2. Allow organizations to accept the funds to provide services to individuals without impairing the religious character of the organization or the religious freedom of the individuals.

Under Part 54 counties are required to:

a. Identify religious providers;

b. Incorporate the applicable Part 54 requirements into county/provider contracts, including a notice to clients;

c. Monitor religious providers for compliance with Part 54; and

d. Establish a referral process, to a reasonably accessible program, for clients who may object to the religious nature of the program. Such process must include a notice to the county and the funding of alternative services.

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1.2.4.7 Process for Referring – 42 USC 300X-28; 45 CFR 96.132(a)

Governing SABG Statutes and Regulations require the State to take measures to improve the process in the State for referring individuals to the treatment modality that is most appropriate for the individual.

Examples of how this may be accomplished:

1. The development and implementation of a capacity management/waiting list management system;
2. The utilization of a toll-free number for programs to report available capacity and wait list data; and
3. Utilizing standardized assessment procedures to facilitate the referral process

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1.2.4.8 Continuing Education – 42 USC 300X-28(b); 45 CFR 96.132(b)

Governing SABG Statutes and Regulations require the State to provide continuing education for the employees of facilities which provide prevention activities and treatment services.

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1.2.4.9 Coordinate Services – 42 USC 300x-28(c); 45 CFR 96.13(C)

Governing SABG Statutes and Regulations require the State to coordinate prevention activities and treatment services with the provision of other appropriate services.

In evaluating compliance, the Secretary will consider the existence of a "Memorandum of Understanding" (MOU) between the various services providers/agencies and evidence the State has included prevention and treatment services in its grants and contracts.

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1.2.4.10 Confidentiality and Disclosure of Patient Records – 42 USC 300x-53(b); 45 CFR 96.132(e)

Governing SABG Statutes and Regulations require the State to ensure that the State has in effect a system to protect from inappropriate disclosure of patient records.

This system shall include provisions for employee education on the confidentiality requirements and the fact that disciplinary action may occur upon inappropriate disclosures. This requirement cannot be waived.

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1.2.4.11 Rapid HIV Testing and Counseling

Beginning in SFY 2021-22, California will allow counties to use up to five percent of their total SFY SABG allocation for oral fluid rapid HIV testing as well as HIV pre- and post-test counseling. DHCS will establish an annual allowance for each county.

For more information, see Behavioral Health Information Notice 21-007.

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1.3 Other Federal Requirements and Guidance

1.3.1 SABG Maintenance of Effort (MOE) – 42 USC 300x-30

The SSA is required to maintain state expenditures for authorized activities at a level that is no less than the average maintained by the State for the two-year period prior to the year for which the state is applying for SABG.

The purpose of the SABG MOE is to ensure Federal SABG funds are used to supplement, not supplant state funding. The consequences of not meeting the SABG MOE is that there will be a dollar-for-dollar reduction to the state's SABG if it is determined by SAMHSA that the state did not materially comply with the MOE requirement.

> **2011 Realignment**. Please note, under the 2011 Realignment, the SABG MOE requirement is met, in large part, by the county's expenditure of the BHS and Growth Account.

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1.3.2 Supplantation

In addition to the SABG MOE, 45 CFR 96.134(a) contains a non-supplantation requirement. SABG funds cannot be used to supplant state-funded SUD services. If SABG funds were spent on a SUD service that the county would have provided regardless of receiving SABG funding, the county supplanted state funds and violated the restrictions on expenditures found in 42 USC 300x-31.

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1.3.3 Single Audit Requirements

Currently, 45 CFR 75.501 requires counties expending more than $750,000 in federal funds in a fiscal year to have a single or program-specific audit conducted for that fiscal year. Guidance on this requirement can be found in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance (UG)) in 45 CFR 75.501.

The State Controller's Office (SCO) provides the central point for the coordination and control of activities relating to all audits and reviews conducted by counties and their external auditors. In the event there are audit findings, counties must propose a corrective action plan (CAP). The State is responsible for making a management decision and informing the county on approval of proposed CAPs and the satisfaction of the requirements to take appropriate and timely corrective action.

For more information on single audits, counties can refer to Appendix I of this document, or the SCO webpage at https://www.sco.ca.gov/aud_single_audits.html.

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1.3.4 SABG Funding Period – 42 USC 300x-62

The U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration (SAMHSA) provides Federal SABG funds to states. The block grant program number is 93.959 in the Catalog of Federal Domestic Assistance. Funds are awarded by SAMHSA to the State on a FFY basis (beginning on October 1), and the award has a 24-month spending period that overlaps two SFY.

The State allocates and disburses SABG funds to counties in 12-month allocations in alignment with the California SFY, July 1 thorough June 30.

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1.3.5 Tracking SABG Expenditures by Award

The period of availability is a condition Congress attached to SABG in the enabling legislation. Tracking obligations and expenditures by individual grant award documents that the funds are obligated and expended within the period of availability. Therefore, SAMHSA's Division of Grants Management requires SABG grantees to track obligations and expenditures by individual SABG award.

Per Behavioral Health Information Notice 20-034, counties will no longer make the determination of paying expenditures from a specific Federal Fiscal Year (FFY) and are expected to track spending by SFY during the SABG period of performance. DHCS will notify counties from which FFY award their SABG Invoices, formerly known as Quarterly Federal Financial Management Reports, have been reimbursed for purposes of cost reporting.

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1.3.6 Funding of For-Profit Organizations

The PHS Act § 1931(a)(1) and § 1916(a)(5), and SABG implementing regulations, 45 CFR § 96.135(a)(5), prohibit the use of SABG funds to provide financial assistance to any entity other than a public or nonprofit private entity. The term "financial assistance" is used to describe a grant relationship (subrecipient) as distinguished from an acquisition, or procurement relationship (vendor), typically funded by a contract. While the statute and regulations preclude States from providing grants to for-profit entities, procurement contracts for goods and services that are ancillary to the operation of the Federal program may be entered into with for-profit entities.

It is important to note that SABG funds for (Narcotic Treatment Program) NTP services can only be spent through non-profit entities. Counties can use grant funds to enter into a vendor relationship with a for-profit entity. However, a vendor is defined as an entity that provides goods and services to support recipients and subrecipient efforts to carry

out the award objectives. Vendors are not authorized to provide treatment services to patients, as only a subrecipient with an approved subaward for the purpose of carrying out a portion of a Federal award can provide NTP treatment services to patients.

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1.3.7 Determining Subrecipients or Vendors

The relationship between SABG recipients and the characteristics of the recipient contributions to the SABG Program should be carefully examined to determine whether the entity is a subrecipient or a vendor. For more information on determining whether an entity is a subrecipient or vendor, please refer to Appendix D of this document.

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1.3.8 Definition of Expenditure

Per SAMHSA guidance, expenditures are goods and other tangible property received, services performed by employees, contractors, subgrantees, subcontractors, and other payees for a liability resulting from an obligation made within the *42 USC 300x-62* statutory timeframe. All expenditures must be for services provided within the period of availability for an individual grant award, and within the SFY to which DHCS allocated the funds.

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1.3.9 Determining when Obligations are made

Compliance with the *42 USC 300x-62* requirements necessitates knowing when an obligation is made. Per SAMHSA guidance, an obligation is a definite commitment which creates a legal liability of the Government for the payment of appropriated funds for goods and services ordered or received. The term "obligation" includes both obligations, which have matured (legal liabilities), and those which are contingent upon some future performance such as the rendition of services or the furnishing of materials. The obligation takes place when the definite commitment is made, even though the actual payment may not take place until the following fiscal year. An amount shall be recorded as an obligation only when supported by documentary evidence.

For more information on the criteria to determine when obligations are made, please refer to Appendix E of this document.

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1.4 Additional Federal Grant Requirements

1.4.1 Title 2 CFR Part 200 / Title 45 CFR Part 75 – Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Grants

Effective December 26, 2014, each federal agency administering federal grants, adopted and implemented *Title 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Grants.* All OMB federal grant circulars have been combined into *2 CFR Part 200*. *Title 2 CFR Part 200* is referred to as the new *Super Circular, Uniform Grant Guidance (UGG), UG,* or *2 CFR 200*.

The DHHS codified the *UGG 2 CFR Part 200* into *DHHS 45 CFR Part 75*, (See Appendix I of this document). All federal grant awards issued through SAMHSA are subject to the uniform administrative requirements and cost principles of *45 CFR Part 75*, which includes subrecipient pre-award risk assessment and annual negotiated indirect cost rate.

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1.4.2 Subrecipient Pre-Award Risk Assessment

Per the SABG County Application, the county is required to comply with the subrecipient pre-award risk assessment requirements contained in *45 CFR Part 75*. The county, as the SABG subrecipient, is required to review the merit and risk associated with all potential grant subcontractors, annually, prior to making an award. The county is required to perform and document annual subcontractor pre-award risk assessments for each subcontractor and retain documentation for audit purposes.

For more information, please refer to MHSUD Information Notice 16-036.

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1.4.3 Indirect Cost Rate

Pursuant to *45 CFR 75.352,* a pass-through entity must ensure that each subrecipient has an approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this part), or a de minimis indirect cost rate as defined in *45 CFR §75.414(f)*.

The ICR policy for SABG is described in Behavioral Health Information Notice 20-020: Department of Health Care Services (DHCS) Behavioral Health Cost Rate Policy for Federal Formulary and Discretionary Grants.

To be eligible for recoupment of indirect costs, subrecipients/contractors must submit a certification form to the ICRcertification@dhcs.ca.gov mailbox to receive certification for the following State Fiscal Year (SFY). Certifications will be approved by DHCS for a period of three years. Entities must select one of the following options:

1. Federally Negotiated ICR
2. 10 percent rate
3. Negotiated rate

Please Note: Local governmentwide central service cost allocation plans (as each county is required to submit annually to the California SCO for approval does not satisfy the annual subrecipient negotiated indirect cost rate requirement. A separate indirect cost rate is necessary for each department or agency of the governmental unit claiming indirect costs under Federal awards. Please refer to the State Controller's Office Single Audits – Local Agencies webpage at: https://www.sco.ca.gov/aud_single_audits.html.

For more information regarding indirect cost rate, please refer to 45 CFR, Appendix VII to Part 75 (Appendix I).

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1.4.4 Direct and Indirect Facilities and Administration (F&A) Costs

For further guidance classifying and reporting direct and indirect F&A Costs, the SABG federal awarding agency, HHS, references the subrecipient financial grant management requirements contained in *45 C.F.R. Part 75*, specifically Subpart D—Post Federal Award Requirements, Subpart E—Cost Principles, and Subpart F—Audit Requirements. These can be referenced at https://www.ecfr.gov or in Appendix I of this document.

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2 DHCS Policies and Procedures Operationalizing the SABG Program

2.1 Designated Single State Agency (SSA)

DHCS has been designated as the SSA responsible for administering and coordinating the State's efforts in prevention, treatment, and recovery services for SUD services. DHCS is also the primary state agency responsible for interagency coordination of these services. DHCS has the responsibility for state leadership on SUDs. The DHCS Director and the CSD Deputy Director are appointed by the Governor and confirmed by the Senate.

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2.2 SABG County Application

After June 30, 2020, the SABG county contract was integrated into the County Performance Contract (CPC) per Behavioral Health Information Notice 20-026. Counties must prepare and submit a SABG County Application that consists of enclosures detailing various rules, regulations, and county requirements, in addition to program narratives and budgets. Counties are required to adhere to the terms and conditions of the County SABG Application, as its enclosures are incorporated by reference in the CPC.

Questions about the application process may be sent to SABG@dhcs.ca.gov.

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2.3 DHCS Allocation of SABG Funding to Counties for SUD Services

A Behavioral Health Information Notice will be published each year with the Governor's Preliminary Budget Allocation to Counties. The notice will contain an overview of the funding methodology, a summary of statewide allocations, and information about the exchange program for smaller counties.

DHCS receives and then transmits the SFY Governor's Budget (Preliminary) Allocation to County Behavioral Health Directors Association (CBHDA) and County Alcohol and Other Drugs (AOD) Administrators for information and planning purposes, pursuant to *HSC § 11814*. The proposed allocation of funds is contingent upon enactment of the

annual SFY Budget Act and federal appropriations. After the SFY Budget is enacted, a final Behavioral Health Information Notice will be sent to reflect any adjustments.

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2.4 State Rules for Use of SABG Federal Trust Funding to Specific Areas of Need

SAMHSA provides SABG funds under program number *93.959* of the *Catalog of Federal Domestic Assistance* (CFDA). SABG funds are allocated to counties by DHCS to provide program funding for specific areas of need under the five categories referenced below. These funds are to be spent on those specific programs and cannot be used for other programs, unless specified. For example, primary prevention funds must be spent on primary prevention services. DHCS allocates SABG funds to counties under the following five (5) categories:

- SABG Discretionary
- Prevention Set-Aside
- Friday Night Live (FNL)/Club Live (CL)
- Perinatal Set-Aside
- Adolescent and Youth Treatment Program

For more information on the expenditure of SABG categorical allocations, please refer to the current SFY's CSD SABG Allocation Behavioral Health Information Notice.

3 SERVICES AND EXPENDITURES ALLOWABLE UNDER SABG CATEGORICAL ALLOCATIONS

3.1 SABG DISCRETIONARY ALLOCATION

3.1.1 Nonresidential Treatment

- Rehabilitative Ambulatory Intensive Outpatient (Day Care Rehabilitative (DCR))
- Rehabilitative/Ambulatory Outpatient or Outpatient Drug-Free (ODF) – Group
- Rehabilitative/Ambulatory Outpatient or ODF – Individual
- Outpatient Methadone Detoxification (OMD)
- Inpatient Methadone Detoxification (IMD)
- Rehabilitative Ambulatory Detoxification (Other than Methadone)
- Narcotic Replacement Therapy (NRT)
- Medication Assisted Treatment (MAT)

3.1.2 Residential Treatment

- Free-Standing Residential Detoxification
- Residential/Recovery Long Term (over 30 days)
- Residential/Recovery Short Term (up to 30 days)
- MAT

3.1.3 Other Required Services

- Services to IVDUs
- TB Services

3.1.4 Ancillary Services

- Assessment, Referrals, and Intake
- Case Management
- Outreach
- Interim Services
- Aftercare
- Secondary Prevention
- Transportation (Perinatal, Youth and Others)
- Primary Medical Care (Perinatal Only)
- Pediatric Medical Care (Perinatal Only)
- Rapid HIV Testing and Counseling

3.1.5 Administrative Services

- Direct and Indirect F&A Costs

For further guidance classifying and reporting direct and indirect F&A Costs, please refer to Appendix I – *e-CFR 45 Part 75—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards*, attached to this document; specifically, Subpart D—Post Federal Award Requirements, Subpart E—Cost Principles, and Subpart F—Audit Requirements.

3.1.6 Recovery Support Services

- Room and Board
- Infrastructure Development
- Linkages to Permanent Housing

3.1.7 Resource Development

- Planning, Coordination, and Needs Assessment
- Quality Assurance
- Training (Post Employment)
- Program Development
- Research and Evaluation
- Information Systems

For more information, please refer to Appendix C attached to this document.

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3.2 SABG Exception – SABG Funded Services for Medicaid/Medicare Eligible Beneficiaries

SAMHSA has provided guidance that indicates SABG funds can be utilized to supplement Medicaid, Medicare, or private insurance SUD services when those priority treatment and support services demonstrate success in improving outcomes and/or supporting recovery.

If Medicaid, Medicare or private insurance coverage for a beneficiary is exhausted or there is a gap in coverage, an individual may receive SABG funded SUD services under the following conditions:

3.2.1 SABG Funded Extension of DMC/DMC-ODS Residential Treatment Services.

For example, this would apply if Medicaid limits residential treatment to two episodes per year, and physician or eligible health care provider confirms an extension of residential services is medically necessary, SABG can cover the cost of the extended residential service for the beneficiary, including the cost of room and board.

3.2.2 SABG Funded Treatment Services – Same Day as Billed Medicaid Services

For example, this would apply when a Perinatal or Women with Dependent Children beneficiary is receiving residential treatment and also requires NTP services. Because only one service can be billed through Medicaid in a single day, SABG can be utilized to cover the cost of the residential treatment service, including room and board.

3.2.3 SABG Funded Treatment Services – Gaps in Eligibility/Coverage for Medicaid/Medicare

For example, this would apply when a beneficiary experiences a gap in eligibility/coverage while their initial DMC coverage is pending authorization or when a beneficiary moves from one DMC-ODS county to another DMC-ODS county and their transfer of eligibility is pending. SABG can cover the cost of the medically necessary SUD service until Medicaid eligibility has been granted.

This exception process is subject to retrospective reviews and audits by DHCS.

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3.3 Prevention Set-Aside Allocation Expenditures and Services

Twenty percent of SABG is set-aside for SUD Primary Prevention programs per 45 CFR 96.124. In order to ensure statewide compliance, DHCS has set a 25 percent allocation for the Primary Prevention Set-Aside. SABG-funded primary prevention programs include a broad array of prevention strategies directed at individuals not identified to be in need of SUD treatment. Primary prevention includes strategies, programs and initiatives that reduce both direct and indirect adverse personal, social, health and economic consequences resulting from problematic AOD availability, manufacture, distribution, promotion, sales and use. The desired result of primary prevention is to promote safe and healthy behaviors and environments for individuals, families and communities.

Per SABG County Application, California's 58 counties are required to develop a Strategic Prevention Plan (SPP) using SAMHSA's Strategic Prevention Framework (SPF). In collaboration with its Technical Assistance (TA) contractor, Center for Applied

Research Solutions (CARS), through the Community Prevention Initiative (CPI), DHCS developed the Strategic Training and Education for Prevention Planning (STEPP) as a resource for counties to successfully develop a SPP.

For more information on DHCS Primary Prevention, please refer to the DHCS Primary Prevention webpage

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3.4 Friday Night Live (FNL)/Club Live (CL) Allocation

The FNL/CL allocation must be used for FNL Mentoring, FNL Kids (4th to 6th grade), CL (middle school), or FNL (high school). FNL/CL is a statewide SABG funded prevention program that utilizes an evidence-based youth development framework. FNL builds partnerships for positive and healthy youth development that engage youth as active leaders and resources in their communities. FNL programs are youth-driven; therefore, they help to foster a sense of autonomy and power, promote the belief in a young person's capacity to contribute and provide meaningful roles for youth that offer opportunities to build community partnerships. The allocation can be expended on the following CSAP Primary Prevention Strategies:

- Alternative; and
- Environmental.

For more information, please refer to the California Friday Night Live Partnership (CFNLP) website at: http://fridaynightlive.org/

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3.5 Perinatal Set-Aside Allocation

Perinatal Set-Aside funds are used for women-specific services for treatment and recovery from SUD, along with diverse supportive services for California women and their children.

Perinatal programs must meet the requirements set forth in the Perinatal Practice Guidelines (PPG). Counties must use these funds to increase or maintain existing perinatal treatment capacity and programs. Counties may also use these funds to add new perinatal services or programs or change existing programs.

For more information, please refer to the PPG on the DHCS website at: https://www.dhcs.ca.gov/individuals/Pages/Perinatal-Services.aspx.

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3.5.1 Perinatal Treatment Modalities and Services

The following SABG funded perinatal treatment modalities and services will be funded:

- ODF Treatment
- Intensive Outpatient Treatment (IOT)
- Narcotic Treatment Program (NTP)
- Outpatient Detoxification Treatment (Other than Narcotic Treatment Detoxification)
- Residential Treatment (Detoxification or Recovery)
- Outreach
- Interim Services
- Case Management
- Aftercare
- Room and Board

For more information on these services, refer to Appendix C, attached to this document.

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3.6 Adolescent and Youth Treatment Program Allocation

SABG Adolescent and Youth Treatment funds provide comprehensive, age-appropriate, SUD services to youth. The target population for youth treatment is individuals ages 12 through 20.

The service components are:

- Outreach
- Screening
- Initial and Continuing Assessment
- Diagnosis
- Placement
- Treatment
- Planning
- Counseling
- Youth Development Approaches to Treatment
- Family Interventions and Support Systems
- Educational and Vocational Activities
- Structured Recovery Related Activities
- Alcohol and Drug Testing
- Discharge Planning
- Continuing Care

The Youth Treatment Guidelines (YTG) is designed for counties to use in developing and implementing youth treatment programs funded by this allocation. The YTG is available on the DHCS website at:

https://www.dhcs.ca.gov/provgovpart/Pages/Youth-Services.aspx

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3.7 SABG Reporting Requirements

3.7.1 California Outcomes Measurement System for Treatment (CalOMS Tx)

CalOMS Tx is California's data collection and reporting system for SUD treatment services. CalOMS Tx data is due to DHCS by the 15th of each month, or approximately within 45 days of the report month. Counties and direct providers may submit their monthly CalOMS Tx data as soon as it is available, or at any time during the report month (the calendar month in which the admissions, discharges, or annual updates occur).

For more information, please refer to the CalOMS Tx User Guide on the DHCS CalOMS Tx Webpage at: https://www.dhcs.ca.gov/provgovpart/Pages/CalOMS-Treatment.aspx

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3.7.2 Primary Prevention SUD Data Service

In October, 2017, DHCS implemented the Primary Prevention SUD Data Service (PPSDS) to replace the California Outcomes Measurement System for Prevention (CalOMS Pv). The end user guide can be found at: http://ca-cpi.org/wp-content/uploads/2019/12/CSAP-Strategies-and-Activities-Definitions-and-Matrix.pdf

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3.7.3 CalOMS Tx and PPSDS system failure

If the CalOMS Tx user experiences programmatic barriers to timely submission of CalOMS Tx data into the Behavioral Health Information System (BHIS), user shall report the problem in writing by secure e-mail to DHCS at BHData@dhcs.ca.gov before established data submission deadlines.

If the CalOMS Tx user experiences BHIS service failure or other system-related technical difficulties that impact the county's ability to timely submit CalOMS Tx data and/or meet other CalOMS Tx compliance requirements, user shall report the problem in writing by secure e-mail to DHCS at: SUDCalOMSSupport@dhcs.ca.gov.

If the PPSDS user experiences system or service failure or other extraordinary circumstances affecting its ability to timely submit PPSDS data and/or meet other PPSDS compliance requirements, user shall contact their specific assigned county analyst.

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3.7.4 Treatment Episode Data Set (TEDS)

TEDS is a national data system of admissions to publicly funded SUD treatment facilities. DHCS extracts this data from the CalOMS Tx monthly reports. DHCS must report, as required by SAMHSA. TEDS data do not include all admissions to SUD treatment. TEDS data includes admissions to facilities that are licensed or certified by DHCS to provide SUD treatment, therefore, those admissions represent the public burden. Counties must be aware of the importance of timely and accurate CalOMS Tx monthly reports to enable DHCS to meet its federal data submission requirements. For more information, see: https://wwwdasis.samhsa.gov/webt/information.htm.

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3.7.5 Drug and Alcohol Treatment Access Report (DATAR)

DATAR is the DHCS system to collect data on treatment capacity and waiting lists and is considered a supplement to CalOMS Tx. DATAR assists in identifying specific categories of individuals awaiting treatment and identifies available treatment facilities for these individuals. The DATARWeb is an application developed by DHCS and can be accessed by authorized California providers, counties and state staff.

DHCS established the WLMP that includes a unique client identifier to document applicants who are not immediately admitted to a program due to lack of capacity. The WLMP consists of two separate reports, the Waiting List Record (WLR) and DATAR.

All SUD treatment providers that receive SUD treatment funding from DHCS are required to submit the one-page DATAR form to DHCS each month. In addition, certified DMC providers and Licensed NTPs must report, whether or not they receive public funding. Providers and Central Intake Units must submit DATAR reports for each month by the 10th of the following month. For example, for the month of September, the DATAR report must be submitted by the 10th of October.

For complete information, please refer to the DATAR Web User Guide on the DHCS DATAR Webpage at: http://www.dhcs.ca.gov/provgovpart/Pages/DATAR.aspx

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3.7.6 Master Provider File (MPF)

The MPF is a collection of interconnected databases, specifically, the Provider Registry Information Management Enterprise (PRIMe/SMART) and the Short-Doyle Medi-Cal Adjudication and Remediation Technology system (Short-Doyle/SMART 6i).

Counties shall review, on a monthly basis, the status and maintenance of its subcontracted provider information by requesting the County MPF report by emailing the MPF mailbox at DHCSMPF@dhcs.ca.gov. If the information on the MPF report is not accurate, or has changed, the county shall submit the "Existing Provider Information Update/Change Form" to the MPF mailbox within five business days of discovery. Specific types of changes and/or inaccuracies include, but are not limited to, a change in an existing provider's contract status with the county, a change in scope of services, provider's facility remodeling, location change, closing of a site, or the surrendering of licensing or certification.

When establishing a new subcontractor relationship, the county shall submit the "Non-Drug Medi-Cal New Provider Information Form" to request a new provider record be established in the MPF database and a new CalOMS Tx Data Reporting Number be assigned to the facility. The county's obligation to review extends to all county SUD providers, regardless of funding source or DHCS licensing or certification status.

All SUD provider Information forms can be requested from the MPF team by emailing DHCSMPF@dhcs.ca.gov.

For more information, please refer to the DHCS MPF Webpage at:
https://www.dhcs.ca.gov/provgovpart/Pages/Master-Provider-File.aspx

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3.7.7 Quarterly SABG Invoicing

In December 2015, the Substance Abuse and Mental Health Services Administration (SAMHSA) performed a core technical review of the Department of Health Care Services' administration of SABG. Upon completion of this requirement, SAMHSA stated that grant payments are to be made to counties after services have been rendered. As a result, DHCS developed new reporting and payment processes.

Counties will report quarterly expenses on the their SABG invoices (formerly known as the Quarterly Federal Financial Management Reports). The amount reported will become the quarterly SABG payment for the county. Due dates for the invoices are 45 days after the end of each quarter.

In addition to the invoice, supporting detail is required on the quarterly SABG Ledger Report. This report summarizes expenses by provider and uses the same fields that are currently used in the Drug Medi-Cal Cost Report.

Previously, counties were required to submit a budget plan for each year using the SABG Budget Plan Report. This has been superceded by the SABG County Application and is no longer required. All SABG reporting forms can be requested by emailing SABG@dhcs.ca.gov.

To submit both quarterly and annual reports, counties will submit electronic files to:
SABG@dhcs.ca.gov

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3.7.8 SUD Cost Report

Each year counties are required to complete and submit an SUD cost report to DHCS.

The purpose of the cost report is to:

a. Report counties' annual costs/expenditures for SUD services, both DMC and non-DMC;

b. Compare and reconcile the amount of funds paid to the county with the actual costs of providing those services;

c. Document how state/federal funds were spent and ensure that set-asides and other categorical requirements were met;

d. Provide mandated service and expenditure data to oversight agencies (the Centers for Medicare and Medicaid Services (CMS) and SAMHSA); and

e. Provide data for DHCS to develop annual DMC reimbursement rates and conduct statewide evaluation.

For more information, please refer to the DHCS, Cost Reporting Webpage at: http://www.dhcs.ca.gov/provgovpart/Pages/Fiscal_Management.aspx

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3.7.9 Charitable Choice

SAMHSA's two Charitable Choice provisions [Sections 581-584 and Section 1955 of the Public Health Service (PHS) Act, 42 USC 290k, et seq., and 42 USC 300x-65 et seq., respectively] allow religious organizations to provide SAMHSA-funded SUD services without impairing their religious character and without diminishing the religious freedom of those who receive their services. These provisions contain important protections both for religious organizations that receive SAMHSA funding and for the individuals who receive their services, and apply to religious organizations and to State and local governments that provide SUD prevention and treatment services under SABG.

According to the SABG County Application, counties must report the number of Charitable Choice referrals to DHCS no later than October 1st following the end of the most recent SFY. Counties will email CharitableChoice@dhcs.ca.gov with the following information: County Name; Reporting Period; number of Charitable Choice referrals. Any delinquencies in reporting the required Charitable Choice information will be reported to DHCS's Behavioral Health Compliance Section for follow-up.

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3.8 Prior Written Approval for Certain Items of Cost

Per 45 CFR §75.407, prior written approval is required for the allowability of certain items of costs. These items include equipment and other capital expenditures, entertainment costs, compensation-fringe benefits, as well as several other items of costs, and it is advisable to review in the stated regulation.

Counties may request prior approval from DHCS for these items through the annual SABG County Application process. Any applications or application revisions containing items requiring prior approval must have those items included within the detailed budget, which should be accompanied by a corresponding narrative regarding the purpose, allocability, and necessity of these items.

Please note that all expenditures must comply with 45 CFR Part 75, 45 CFR Part 96, and the terms and conditions outlined in the SABG County Application.

3.9 SABG Resources

- SABG Policy Manual
  Electronic version of this SABG Policy Manual

- Acronyms
  Acronyms used in this document are listed in Appendix A attached to this document.

- SABG Definitions
  SABG Definitions are attached listed in Appendix B attached to this document.

- SABG Service Descriptions
  SABG Service Descriptions are attached to this document as Appendix C.

- Determining Subrecipients and Vendors
  Information for determining whether an entity is a subrecipient or a vendor is attached to this document as Appendix D.

- Criteria for Determining When Obligations are Made
  The obligation matrix is attached to this document as Appendix E.

- Funding Hierarchy Matrix
  The funding matrix is attached to this document as Appendix F and shows a hierarchy, by funding source, of the order in which funding for SUD prevention, treatment, and recovery support services should be expended.

- Benefits and Authorized Services Matrix

The benefits and authorized services matrix, attached to this document as Appendix G, provides, by funding source, the SUD prevention, treatment, and recovery support authorized services allowed.

- SABG Frequently Asked Questions (FAQs)
  FAQs are attached to this document as Appendix H.

- 45 CFR Part 75
  A hyperlinked Table of Contents for the 45 CFR Part 75 containing a link to each Subpart is attached to this document as Appendix I.

To access the electronic version of this policy manual, SABG resources identified above, and many other helpful resources, please visit the DHCS, Operations Branch webpage at https://www.dhcs.ca.gov/services/MH/Pages/Operations-Branch.aspx

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4 APPENDICES

Appendix A – Acronyms

AIDS	Acquired Immunodeficiency Syndrome
AOD	Alcohol and Other Drug
BHS	Behavioral Health Subaccount
CalOMS Tx	California Outcomes Measurement System for Treatment
CalOMS Pv	California Outcomes Measurement System for Prevention
CAP	Corrective Action Plans
CARS	Center for Applied Research Solutions
CAS	Cost Allocation Services
CBHDA	California Behavioral Health Directors' Association
CCR	California Code of Regulations
CDPH	California Department of Public Health
CFDA	Catalog of Federal Domestic Assistance
CFNLP	California Friday Night Live Partnership
CFR	Code of Federal Regulations
CL	Club Live
CMS	Centers for Medicare and Medicaid Services
CPI	Community Prevention Initiative
CSAP	Center for Substance Abuse Prevention
CSAT	Center for Substance Abuse Treatment
CSD	Community Services Division
DATA 2000	Drug Addiction Treatment Act of 2000
DATAR	Drug and Alcohol Treatment Access Report
DCR	Day Care Rehabilitative
DHCS	California Department of Health Care Services
DHHS	U.S. Department of Health and Human Services
DMC	Drug Medi-Cal
DMC-ODS	DMC-Organized Delivery System Waiver
DSS	California Department of Social Services
EBP	Evidence Based Practices
F&A	Facilities and Administration
FAQ	Frequently Asked Question
FDA	Federal Drug Administration
FFY	Federal Fiscal Year
FMAS	Fiscal Management and Accountability Section
FNL	Friday Night Live
FR	Federal Register
HHS	U.S. Department of Health and Human Services
HSC	California Health and Safety Code
HUD	U.S. Department of Housing and Urban Development
IMD	Inpatient Methadone Detoxification
IN	Information Notice
IOT	Intensive Outpatient Treatment

IVDU	Intravenous Drug User
MAT	Medication Assisted Treatment
MOE	Maintenance of Effort
MOU	Memorandum of Understanding
MPF	Master Provider File
MTDC	Modified Total Direct Costs
NRT	Narcotic Replacement Therapy
NTP	Narcotic Treatment Program
ODF	Outpatient Drug Free
ODS	Organized Delivery System
OMB	Office of Management and Budget
OMD	Outpatient Methadone Detoxification
PHS	Public Health Service
PL	Public Law
PPSDS	Primary Prevention SUD Data Service
PSH	Permanent Supportive Housing
PPG	Perinatal Practice Guidelines
SABG	Substance Abuse Prevention and Treatment Block Grant
SAMHSA	Substance Abuse and Mental Health Services Administration
SB	Senate Bill
SCO	California State Controller's Office
SFY	State Fiscal Year
SPF	Strategic Prevention Framework
SPP	Strategic Prevention Plan
SSA	Single State Agency
STEPP	Strategic Training and Education for Prevention Planning
SUD	Substance Use Disorder
TA	Technical Assistance
TANF	Temporary Assistance to Needy Families
TB	Tuberculosis
TEDS	Treatment Episode Data Set
UG	Uniform Guidelines
UGG	Uniform Grant Guidelines
USC	United States Code
WLMP	Waiting List Management Program
WLR	Waiting List Record
YTG	Youth Treatment Guidelines

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Appendix B – SABG Definitions

Allocation
Distribution of federal funds from a federal entity to a non-federal entity or from a non-federal pass-through entity to a subrecipient.

De-Obligation
De-obligation is a downward adjustment of a previously recorded obligation.

Expenditure
Expenditures are goods and other tangible property received, services performed by employees, contractors, subgrantees, subcontractors, and other payees for a liability resulting from an obligation made within the 42 USC 300x-62(a) statutory timeframe.

First-Tier Subrecipient
A First-Tier Subrecipient is a non-federal entity that expends federal awards received from a pass-through entity to carry out a Federal program. Each contracted county is a SABG first-tier subrecipient (also referred to as a Subgrantee, or Contractor in the SABG County Application).

Funding Period
The time period during which federal grant funds may be obligated and expended.

Grantee
DHCS is the SABG grantee in California.

Obligation
Obligation refers to the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment during the same or a future period.

Pass-Through Entity
A Pass-Through Entity is a non-federal entity (grantee) that receives a federal grant or cooperative agreement. DHCS is the SABG grantee in California.

Re-Obligated Funds
Funds de-obligated within the original funding period are once again available for new obligations.

Second-Tier Subrecipient
A Second-Tier Subrecipient is a non-federal entity that expends federal awards received from a First-Tier Subrecipient to carry out a Federal program. Each county contracted SUD provider is an SABG second-tier subrecipient (also referred to as a Subcontractor or Subgrantee).

Set-Aside
A portion of a federal funding set-aside for a specific programmatic purpose.

Single State Agency (SSA)
The California Department of Health Care Services (DHCS) is the designated SSA for the purpose of applying for and administering the SABG program in California.

SABG County Application
Standard Agreement with terms and conditions and incorporated enclosures (must be fully executed to be in effect).

Unobligated Funds
Federal funds not obligated within the period of availability.

Vendor
A Vendor is a dealer, distributor, merchant, or other seller providing ancillary goods or services that are required for the conduct of a Federal program.

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Appendix C – SABG Service Descriptions

Nonresidential Treatment
Nonresidential treatment services are provided by program-designated personnel and include the following elements: Personal recovery/treatment planning, educational sessions, social/recreational activities, individual and group sessions, and resource information about health, social, vocational, and other community services, with assistance to some clients in obtaining services. These services are available to youth, ages 12 to 17, and adults. In addition, perinatal providers must provide gender-specific services tailored to meet the treatment, therapeutic, and recovery needs of women and their children. Perinatal providers must also make primary medical care available to the women and their children.

Rehabilitative Ambulatory Intensive Outpatient (Day Care Rehabilitative (DCR))
DCR services are intensive outpatient counseling and rehabilitative services that typically last a minimum of 3 hours but are less than 24 hours per day for three or more days per week. DCR differs from non-intensive Rehabilitative/Ambulatory Outpatient services, in which clients participate according to a minimum attendance schedule and receive regularly assigned treatment activities receive a structured program per week including individual, group, and/or family therapy; and psychoeducation about SUDs and mental disorders.

Rehabilitative/Ambulatory Outpatient or Outpatient Drug Free (ODF) – Group
Treatment/recovery or rehabilitation services are provided to a client who does not reside in a treatment facility. The client receives SUD treatment services with or without medication, including counseling and/or supportive services.

Rehabilitative/Ambulatory Outpatient or Outpatient Drug Free (ODF) – Individual
Treatment/recovery or rehabilitation services are provided to a client who does not reside in a treatment facility. The client receives SUD treatment services with or without medication, including counseling and/or supportive services.

Outpatient Methadone Detoxification (OMD)
This service provides narcotic withdrawal treatment pursuant to the California Code of Regulations (CCR) Title 9, beginning with Section 10000, to clients who, with the aid of medication, are undergoing a period of planned withdrawal from narcotic drug dependence. Withdrawal without medication is not considered detoxification treatment for reporting purposes.

Inpatient Methadone Detoxification (IMD)
In a controlled, 24-hour hospital setting, this service element provides narcotic withdrawal treatment pursuant to CCR Title 9, beginning with Section 10000, to clients who, with the aid of medication, are undergoing a period of planned withdrawal from narcotic drug dependence. Withdrawal without medication is not considered detoxification treatment for reporting purposes.

Rehabilitative Ambulatory Detoxification (Other than Methadone)
Rehabilitative ambulatory detoxification is an outpatient treatment service rendered in

less than 24 hours; it provides for safe withdrawal in an ambulatory setting. (pharmacological or non-pharmacological).

Narcotic Replacement Therapy (NRT)
Narcotic Treatment Programs (NTPs) provide NRT using methadone, buprenorphine and any other Federal Drug Administration (FDA)-approved medications for the treatment of opioid addiction. Medication is dispensed on-site in specialized clinics, as required by federal law. In addition to federal requirements, California also currently regulates the use of methadone. Federal statute allows buprenorphine to be prescribed by a physician in office-based practice who has obtained a Drug Addiction Treatment Act of 2000 (DATA 2000) waiver. California does not independently regulate the use of this medication and refers to the CSAT guidelines. NRT also includes assessment, treatment planning, urinalysis drug testing, group and individual counseling, and educational sessions.

Medication Assisted Treatment (MAT)
MAT includes the ordering, prescribing, administering, and monitoring of all medications for OUD and AUD in combination with counseling and behavioral therapies. Medically necessary services are provided in accordance with an individualized treatment plan determined by a licensed physician or licensed prescriber. Opioid and alcohol dependence, in particular, have well-established medication options that are ordered, prescribed, and administered by licensed and appropriately certified providers. MAT may include FDA-approved medications, such as methadone, buprenorphine, naltrexone, naloxone, acamprosate, and disulfiram.

Residential Treatment
DHCS must license all non-medical adult residential facilities that provide alcohol and drug treatment services on-site. Residential Adolescent Group Homes are licensed by the California Department of Social Services (DSS). Residential services are provided by program-designated personnel and include the following elements: personal recovery/treatment planning, educational sessions, social/recreational activities, individual and group sessions, detoxification services, and information about, and may include assistance in obtaining, health, social, vocational, and other community services. These services are available to youth, ages 12 to 17, and adults. In addition, perinatal providers must provide gender specific services tailored to meet the treatment, therapeutic, and recovery needs of women and their children. Perinatal providers must also make primary medical care available to the women and their children.

Free-Standing Residential Detoxification
Free-standing residential detoxification provides detoxification services in a non-hospital setting, which is designed to provide for safe withdrawal and transition to ongoing treatment.

Residential/Recovery Long Term (over 30 days)
Long term residential care is typically more than 30 days of non-acute care in a setting with recovery/treatment services for SUDs and dependency.

Residential/Recovery Short Term (up to 30 days)
Short term residential care is typically 30 days or less of non-acute care in a setting with recovery/treatment services for alcohol and other drug abuse and dependency.

Services to Intravenous Drug Abusers
In accordance with *42 U.S.C. §300x-23* and *45 C.F.R §96.126*, DHCS ensures that admission preferences, interim services, treatment, outreach, and capacity and waiting list reporting requirements for IVDU, will be provided through a county-based system in California. The services and requirements related to IVDU will be "operationalized" through the SABG County Application entered into between DHCS and the counties. The counties may operate IVDU programs, or they may enter into agreements with local entities to operate the programs. Programs and services for screening and intake of IVDU will include outpatient methadone maintenance; outpatient methadone detoxification; outpatient counseling treatment; residential detoxification; residential treatment; perinatal residential, outpatient, and DCR services. Persons who are IVDU and test positive for Human Immunodeficiency Virus (HIV) will be referred to appropriate treatment and care. DHCS and the counties will meet federal requirements for services to IVDU through the following activities:

Capacity Management

All SUD treatment providers receiving State or federal funds or licensed by the State to dispense methadone will be required to submit data to the State's Capacity/Waiting List Management Program (WLMP) called the Drug and Alcohol Treatment Access Report (DATAR) system each month. (See below for further information on DATAR reporting). DHCS and the counties will use the data and reports to monitor capacity and utilization.

A provider and/or county must also notify DHCS's Family Services Unit (FSU) upon reaching or exceeding 90 percent of its treatment capacity within seven days by emailing FSU at DHCSPerinatal@dhcs.ca.gov.

14-120 Day Performance Requirement

The monthly DATAR will contain specific information regarding the number of days IVDU applicants wait for admission to publicly-funded SUD programs. This information will be tabulated, and reports and information with aggregated data will be electronically available to County AOD Program Administrators for monitoring and planning.

To meet SABG requirements and improve the effectiveness of this system, DHCS will post information on its website and collaborate with County AOD Program Administrators and direct providers. During the annual county compliance reviews, local procedures for maintaining contact with individuals awaiting admission and providing priority placement for IVDU and pregnant women will be examined.

Tuberculosis (TB) Services
In accordance with *42 U.S.C. §300x-24(a)* and *45 C.F.R. §96.127*, DHCS ensures that TB testing, treatment, and referral requirements will be met through a county-based system in California. Meeting these requirements will be "operationalized" through the SABG County Application contracts entered into between DHCS and the counties. The SABG County Application will authorize the counties to spend funds in accordance with federal statutes, regulations, guidelines and State requirements. Everyone receiving SUD treatment services in California must provide documented evidence of their TB status, and, if positive, evidence of ongoing treatment or a physician's clearance to participate in an SUD treatment program. County SUD programs and providers will refer individuals needing SUD treatment and TB testing/treatment to local public health departments for specialized care.

Prospective clients lacking documented evidence or a physician's clearance will be referred to an allied health facility for a skin test, where in most cases, results are immediately evaluated. Or, alternatively, the skin test will be administered at the SUD treatment facility and interpreted by licensed health care professionals.

Treatment programs in California will continue their agreements with allied health facilities to provide TB testing and TB test evaluations. In some instances, treatment provider staff are certified as TB skin test clinicians (individuals must meet the requirement specified in the HSC beginning with Section 121360. California TB skin test clinicians can only administer the skin tests; interpretation of the results is limited to licensed health care professionals. Licensed health care professionals deemed capable to interpret TB skin tests are physicians, registered nurses, physician assistants, and nurse practitioners. In addition, licensed vocational nurses and medical assistants who are TB certified and work in TB clinics may also interpret skin tests.

DHCS will work with California Department of Public Health (CDPH) TB liaison to ensure education in appropriate treatment and infection control is provided in SUD programs. As a disease control measure, SUD treatment providers will be required to obtain a physician or health care provider's clearance for clients who are diagnosed with TB prior to admission for SUD treatment.

CDPH will distribute appropriate client and other information to county health departments. County AOD Program Administrators will work closely with county health departments, which oversee TB control activities, to ensure all SABG requirements are appropriately met.

DHCS Audits and Investigations Division (A&I) will conduct compliance reviews of all county administrative systems to ensure compliance with SABG funding requirements.

HIV Rapid Testing and Counseling
Beginning in SFY 2021-22, California will allow counties to use up to five percent of their total SFY SABG allocation for oral fluid rapid HIV testing as well as HIV pre- and post-test counseling. DHCS will establish an annual allowance for each county.
For more information, see Behavioral Health Information Notice 21-007.

Cost-Sharing Assistance (CSA)
Beginning in SFY 2021-22, SABG funds can be used for CSA purposes for the maintenance of private health insurance coverage to individuals for behavioral health services. Block grant funds may be used to cover health insurance deductibles, coinsurance, copayments, or similar charges to assist individuals in meeting their cost-sharing responsibilities. Cost-sharing assistance does not include premiums, balance billing amounts for non-network providers, or the cost of non-covered services. For more information, see Behavioral Health Information Notice 21-002.

Assessment, Referrals, and Intake
The intake process begins with assessing the individual's needs to assure that clients are placed in the most appropriate treatment modality and are provided with a continuum of services that will adequately support recovery.

Case Management
Case management services are activities involved in the integration and coordination of all necessary services to ensure successful treatment and recovery. Services may include outreach, intake, assessment, individual service plans, monitoring and evaluation of progress, and community resource referrals.

Outreach
Outreach is an element of service that identifies eligible pregnant, parenting women, and injection drug users in need of treatment services and encourages them to take advantage of these services. Outreach may include engagement of prospective program participants by informing them of available treatment services, and can serve as "pre-treatment" by reinforcing prevention and education messages prior to enrollment in treatment. Outreach also may be used to educate the professional community on perinatal, and injection drug user services so that they become referral sources for potential clients.

Interim Services
Interim services are services provided to pregnant women or injection drug users seeking SUD treatment who cannot be admitted to a program due to capacity limitations. Interim services are defined as:

- Counseling and education about HIV and TB, the risk of needle sharing, the risks of transmission to sexual partners and infants, and steps that can be taken to ensure that HIV and TB transmission does not occur.
- Referrals for HIV or TB treatment services, if necessary.
- Counseling pregnant women on the effects of AOD use on the fetus and referrals for prenatal care for pregnant women.
- Referrals based on individual assessments that may include, but are not limited to: self-help recovery groups, pre-recovery and treatment support groups, sources for housing, food and legal aid, case management,

children's services, medical services, and Temporary Assistance to Needy Families (TANF)/Medi-Cal services.

Aftercare
Aftercare provides structured services in an outpatient setting to individuals who have completed treatment to support the gradual transition of the individual back into the community, prevent relapse, and ensure successful recovery. Aftercare may be either an element of a recovery and treatment modality or a free-standing service.

Secondary Prevention
Secondary prevention is made up of selective interventions that focus on specific demographic groups that pose higher risk for substance use and misuse. Individuals are identified by the magnitude and nature of risk factors for substances to which they are exposed. Selective prevention measures are directed to sub-populations that are considered at risk. Selective prevention targets the entire subgroup, regardless of the degree of risk of any individual within the group.

Transportation (Perinatal, Youth and Others)
Transportation shall be provided or arranged for to and from the recovery and treatment site, and to and from ancillary services for women who do not have their own transportation.

- Transportation may be provided or arranged for to and from the recovery and treatment site, and to and from ancillary services for youth and other individuals actively engaged in an SUD prevention, treatment, or recovery support program, who do not have their own transportation.

SABG discretionary allocation funds can be utilized to cover the cost of transportation as well as the perinatal set-aside allocation (for perinatal beneficiary's only), and the adolescent and youth treatment program allocation (for beneficiary's in an adolescent and youth treatment program).

For more information, please refer to the PPG listed at:
https://www.dhcs.ca.gov/individuals/Pages/Perinatal-Services.aspx

Primary Medical Care (Perinatal Only)
Please refer to the Perinatal Treatment Modalities and Services section below, including a link to the PPG.

Pediatric Medical Care (Perinatal Only)
Please refer to the Perinatal Treatment Modalities and Services section in this document and/or the Perinatal Services webpage located at:
https://www.dhcs.ca.gov/individuals/Pages/Perinatal-Services.aspx
The following three entries are examples of Recovery Support Services:

Room and Board
SABG discretionary funds, or SABG perinatal funds (for perinatal beneficiaries only), may be utilized to cover the cost of room and board for the following services:

Transitional Housing (TH)

Counties contracting to provide State Plan SUD services may offer TH as an essential support service in their SUD continuum of care in adherence with the following guidance:

- TH does not provide SUD services or require licensure by DHCS;
- All TH residents must be actively engaged in SUD treatment services to be provided off-site;
- Payment of room and board is for food and lodging expenses only;
- TH residents' stay is limited to short term (up to 24 months);
- Counties shall ensure the TH is secure, safe, and alcohol and drug free; and
- Counties shall develop guidelines for contracted TH providers, provide AOD monitoring and oversight, and fulfill all SABG reporting requirements.

Recovery Residences (RRs)

Counties entering into a state-county intergovernmental agreement to participate in the DMC-ODS Waiver may offer RR services as an ancillary component of the DMC-ODS Waiver in adherence with the following guidance:

- RRs do not provide SUD services or require licensure by DHCS;
- All RR residents must be actively engaged in medically necessary recovery support or SUD treatment services to be provided off-site;
- Payment of room and board is for food and lodging expenses only;
- RR residents' stay is limited to short term (up to 24 months);
- Counties shall ensure the RR is secure, safe, and AOD free; and
- Counties shall develop guidelines for contracted RR providers, provide monitoring and oversight and fulfill all SABG reporting requirements.
- Room and board can include those dependent children residing in the same location as the parent while the parent is receiving offsite SUD treatment.

Residential Treatment

Counties entering into a state-county intergovernmental agreement to participate in the DMC-ODS Waiver are required to provide at least one American Society of Addiction Medicine (ASAM) level of residential treatment for approval of a county implementation plan in the first year. As the room and board portion of the required residential services is not a Medicaid billable activity, SABG discretionary funds, or SABG perinatal funds (for perinatal beneficiaries only), may be utilized to cover the cost of room and board in adherence with the following guidance:

- Residential treatment is a non-institutional, 24-hour, non-medical, short term residential program providing rehabilitation services to beneficiaries with a SUD diagnosis;

- A Medical Director or Licensed Practitioner of the Healing Arts must determine that the residential treatment is medically necessary and in accordance with the beneficiary's individualized treatment plan; and
- Counties must ensure payment of room and board is for food and lodging expenses only.

For more information, you may access MHSUD Information Notice 18-058.

Infrastructure Development
SABG discretionary and/or prevention set-aside allocations can be utilized for statewide SUD system infrastructure development and capacity improvements to reduce substance abuse and improve the lives of those affected by it. Some examples are:

- Increased availability of services for diverse and underserved populations;
- Increased development and implementation of evidence-based practices (EBPs);
- Improved development and collection of specific outcome measures;
- Increased development and maintenance of State data management systems; and
- Increased workforce development.

Linkages to Permanent Housing
Permanent Supportive Housing (PSH) is an EBP that includes access to decent, safe, and affordable housing. In the PSH model, the housing is linked to voluntary and flexible supports and services designed to meet individual needs and preferences. Individuals who can most benefit from PSH include people with disabilities (including those with mental disorders and/or SUDs) who are homeless, or at risk of homelessness. Learn more about supportive housing from the SAMHSA Permanent Supportive Housing Evidence-Based Practices (EBP KIT). Learn more about Housing First at the National Alliance to End Homelessness.

Find information about the housing resources available through the Continuum of Care Program at the Department of Housing and Urban Development (HUD) Exchange.

Resource Development
Expenditures for resource development activities may be direct expenditures (involving the time of state or sub-state personnel, or other state or sub-state resources), or be through funding mechanisms with independent organizations. These include state, regional, and local county support, personnel salaries prorated for time spent and operating costs such as travel, printing, advertising, and conducting meetings related to the categories below. Resource development expenditures provide support to those activities and can be charged to the SABG Discretionary and Primary Prevention Allocations.

The following are descriptions of the categories for resource development:

1. Planning, coordination, and needs assessment – Any funding mechanisms with community-based organizations or local governments for planning and coordination fall into this category, as do needs assessment projects to identify

the scope and magnitude of the problem, resources available, gaps in services, and strategies to close those gaps. Include expenditures for activities such as planning meetings, data collection, analysis, and writing.

2. Quality assurance – This includes activities at any level (state, region, or provider) to assure conformity to acceptable professional standards and to identify problems that need to be remedied. Sub-state administrative agency funding mechanisms to monitor service providers fall in this category, as do expenditures for independent peer review activities.

3. Training (post-employment) – This includes expenditures for staff development and continuing education for personnel employed in local programs as well as support and coordination agencies, as long as the training relates to substance abuse services delivery. Typical costs include course fees, tuition and expense reimbursements to employees, trainer(s) and support staff salaries, and certification expenditures.

4. Program development – This includes consultation, TA, and material support to local providers and planning groups. Generally, these activities are carried out by state and sub-state level agencies.

5. Research and evaluation – This includes program performance measurement, evaluation, and research, such as clinical trials and demonstration projects to test feasibility and effectiveness of a new approach. These activities may have been carried out by the principal agency of the state or an independent organization.

6. Information systems – This includes collecting and analyzing treatment and prevention data to monitor performance and outcomes. These activities might be carried out by the principal agency of the state or an independent organization.

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Appendix D – Determining Subrecipients and Vendors

According to 45 CFR Part 75 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards:

- A subrecipient is a non-Federal entity that expends Federal awards received from a pass-through entity to carry out a Federal program; and
- A vendor is a dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of a Federal program.

45 CFR Part 75 lists the following characteristics, indicating that some or all of the listed features may be present:

Subrecipients	Vendors
Determine who is eligible to receive Federal financial assistance.	Provide goods and services within normal business operations.
Performance is measured against whether the objectives of the Federal program is met.	Provide similar goods or services to many different purchasers.
Responsible for programmatic decision-making.	Operate in a competitive environment.
Responsible for adherence to applicable Federal program compliance requirements.	Provide goods or services that are ancillary to the operation of the Federal program.
Use Federal funds to carry out a program of the organization.	Are not subject to the compliance requirements of the Federal program.

Further, *45 CFR Part 75* states, in part, that:

- Unusual circumstances may exist; therefore, careful judgment should be exercised in determining whether an entity is a subrecipient or vendor; and
- The relationship between the recipient of Federal funds and the entity should be examined, rather than the form of the written agreement between the two parties.

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Appendix E – Criteria for Determining When Obligations Are Made

Compliance with the *42 USC 300x-62* requirements necessitates knowing when an obligation is made. In general terms, an obligation is "a definite commitment which creates a legal liability of the Government for the payment of appropriated funds for goods and services ordered or received." The term "obligation" includes both obligations, which have matured (legal liabilities), and those which are contingent upon some future performance such as the rendition of services or the furnishing of materials. The obligation takes place when the definite commitment is made, even though the actual payment may not take place until the following fiscal year. An amount shall be recorded as an obligation only when supported by documentary evidence. Below is a matrix that provides criteria for determining when obligations are made.

Obligation Matrix

IF OBLIGATION IS FOR	THE OBLIGATION IS MADE WHEN
Personal services by an employee of the State	Salaries of state employees, as well as related items that flow from those salaries such as retirement fund contributions, are obligations at the time the salaries are earned, that is when services are rendered. When a pay increase is granted, the effective date determines the liability to pay the additional compensation. Therefore, the increase is chargeable to the appropriation available for the period to which the increases apply. Annual leave obligates appropriations current at the time the leave is taken. Normally, this will have no special effect on the obligational process since it is automatically included as part of the salary obligation.
Personal services by a contractor who is not an employee of the State.	On the date, which the State makes a binding, written commitment to obtain the services.
Travel	When the travel is performed. Where tickets are purchased in one fiscal year and the travel is performed in the following fiscal year, the obligation is chargeable to the year in which the travel is performed.
Performance of work other than personal services.	On the date a state makes a binding written commitment to obtain the work.

Public Utility Services	When services are received. In making payments for telephone services and services like gas or electricity, where the quantity is based on metered readings, the entire payment for a billing period is chargeable to the appropriations current at the end of the billing period. This is valid even if the billing period begins in one fiscal year and ends in another.
Rental of Real or personal property	When the property is used.
Interagency Agreements	On the date a state makes a binding written commitment.
Grants to subrecipients	The execution of a grant agreement.

It is important to emphasize the relationship between the existence of an obligation and the act of recording an obligation. Recording evidences the obligation but does not create it. If a given transaction is not sufficient to constitute a valid obligation, recording it will not make it one.

Unobligated Funds

Funds not obligated within the period of availability are not available for obligation and are said to have expired. These funds would be returned or revert to the State and subsequently the Federal government as they were not obligated within the time required in *42 USC 300x-62(a).*

De-obligation and Re-obligation of Funds

De-obligation is a downward adjustment of a previously recorded obligation. Funds de-obligated within the original period of obligational availability are once again available for new obligations just as if they had never been obligated in the first place. Any new obligations are subject to the purpose, and time restrictions governing the appropriation.

Funds de-obligated after the expiration of the original period of obligational availability are not available for new obligations. The ability to obligate funds after the expiration of the original period of availability only exists when expressly granted by statute.

Recaptured or Repayment of Funds

If repayment or recapture of funds occurs during the period of obligational availability the funds may be re-obligated for authorized purposes. Any repayments after the expiration of the original period of obligational availability are not available for re-obligation unless expressly granted by statute.

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Appendix F – Funding Hierarchy Matrix

Department of Health Care Services
Funding Hierarchy Matrix
September 1, 2018

PROGRAM	FUNDING OF FIRST RESORT[1]	FUNDING OF SECOND RESORT	FUNDING OF THIRD RESORT
DMC (Regular and Perinatal)	DMC[5, 10]	BHS[11]	N/A
DMC-ODS	DMC[5, 12]	BHS[11]	N/A
Non Categorical Regular Substance Use Disorder Services	Client Fees and Private Insurance	BHS or SABG Discretionary[8]	BHS or SABG Discretionary[8]
Perinatal Services	DMC[5]	BHS Women's & Children's Residential Treatment Fund & SABG Perinatal Set-Aside[2,6,7]	BHS or SABG Discretionary[7]
Adolescent and Youth Treatment	DMC[5]	SABG Adolescent and Youth Treatment Funds	BHS or SABG Discretionary
Early Periodic Screening, Diagnosis and Treatment[9]	DMC[5, 9]	N/A	N/A
Prevention Services	SABG Prevention Set-Aside[3]	BHS or SABG Discretionary	N/A
Substance Abuse and Crime Prevention Act (SACPA)	DMC[5]	BHS or Women's & Children's Residential Treatment Fund	SABG Discretionary or SABG Perinatal Set-Aside[4]
Drug Courts	Drug Court Partnership Act (If Available)	BHS (Drug Court Operations and Treatment)	SABG Discretionary[4]

ACRONYMS
DMC: State Plan Drug Medi-Cal;
DMC ODS: Drug Medi-Cal Organized Delivery System;
SABG: Substance Abuse Treatment & Prevention Block Grant;
BHS: Behavioral Health Sub Account

[1] If the appropriate services are available in the DMC program and the client is DMC eligible, DMC is always the funding of first resort.
[2] For Perinatal services the expenditure of both BHS Women's & Children's Residential Treatment Fund and SABG Perinatal funds is necessary to meet the Perinatal Services Set-Aside (aka Maintenance of Effort (MOE)) requirement. Perinatal funds can only be used for treatment services designed for pregnant women and women with dependent children [Title 42, U.S.C. Section 300x-22(b), and the other requirements contained in Title 45, CFR, Sections 124(c), 124(d), and 124(e)].
[3] The SABG Prevention Set-Aside funds are expended first to meet the Primary Prevention Set-Aside requirement.
[4] SABG funds may be used for SACPA, and Drug Courts (Treatment Only) provided that ALL funding allocated for these programs has been depleted and there are no other funds available to supplement the funding of these programs (BHS). Please note that SABG funds may not be used to cover criminal justice costs associated with these programs – Only treatment costs. Per Title 42, U.S.C. Section 300x-21(b), SABG funds may only be used for purpose of planning, carrying out, and evaluating activities to prevent and treat substance

abuse.
[5] DMC funds may be used if the client is DMC eligible and the clinic is DMC certified.
[6] SABG Perinatal set-aside funds may be used only for those individuals who would qualify for these services. SABG funds are the funding source of last resort for these services; see [7], below.
[7] SABG funds that may be spent is governed by Title 45 CFR Part 96, Section 96.137. Section 96.137 requires that the SABG will be the payment of last resort. Entities that receive funding under the Block Grant and provide services pursuant to sections 96.124(c) and (e), 96.127 and 96.128* shall make every reasonable effort, including the establishment of systems for eligibility determination, billing and collection.
[8] SABG eligible beneficiaries at an SABG funded provider.
[9] Must be eligible for full-scope Medicaid and under the age of 21.
[10] SABG Discretionary may be used to cover the costs of room and board for Transitional Housing, and Recovery Support Services.
[11] May be used to cover costs that exceed the DMC maximum allowances or Narcotic Treatment Program rates.
[12] SABG Discretionary may be used to cover the costs of room and board for expanded Residential Treatment and Recovery Residences and Recovery Support Services.

* Sections 96.124(c) and (e) pertain to women's services. Section 96.124(c) establishes SABG MOE requirement for services designed for pregnant women and women with dependent children. Section 96.124(e) requires that services to pregnant women and women with dependent children pursuant to Section 96.124(c) be provided to individuals who have no other financial means of obtaining such services as provided in Section 96.137. Section 96.124(e) also goes on to require treatment programs receiving funding for such services also provide or arrange for other services, which must be developed in consultation with the State Medical Director for Substance Abuse Services. Sections 96.127 and 96.128 pertain to Tuberculosis services.

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Appendix G – Benefits and Authorized Services Matrix

BENEFITS AND AUTHORIZED SERVICES MATRIX
State Plan Drug Medi-Cal (DMC), DMC Organized Delivery System Waiver (DMC-ODS), and Substance Abuse Prevention and Treatment Block Grant (SABG)

STATE PLAN DMC BENEFITS	DMC-ODS BENEFITS	SABG AUTHORIZED SERVICES
Outpatient Services[1]	Outpatient Services[1]	Outpatient Services[1]
Intensive Outpatient Services	Intensive Outpatient Services	Intensive Outpatient Services
Residential Treatment Services[2]	Residential Treatment Services[3]	Residential Treatment Services[4]
Inpatient Hospital Detoxification	Withdrawal Management[5]	Free-Standing Residential Detoxification
Narcotic Treatment Services[6]	Narcotic Treatment Services[6]	Narcotic Treatment Services[6]
Recovery Support Services[7]	Recovery Support Services[8]	Recovery Support Services[9]
NA	Case Management	Case Management
NA	Physician Consultation	NA
NA	Additional Medication Assisted Treatment[10]	Additional Medication Assisted Treatment[11]
NA	Partial Hospitalization[12]	NA
NA	NA	Ancillary Services[13]
NA	NA	Support Services[14]
NA	NA	Primary Prevention[15]
NA	NA	Secondary Prevention[16]

[1] Rehabilitative/Ambulatory Intensive Outpatient (Day Care Rehabilitative); Rehabilitative/Ambulatory Outpatient or Outpatient Drug Free (ODF) – Group; Rehabilitative Outpatient or Outpatient Drug Free (ODF) – Individual
[2] Perinatal Only with 16 bed limitation
[3] Multiple levels of care for all enrollees with no bed limitation
[4] Residential Detoxification; Residential/Recovery Long Term (over 30 days); Residential/Recovery Short Term (up to 30 days); Perinatal Residential Treatment
[5] Continuum
[6] Outpatient Methadone Detoxification (OMD); Inpatient Methadone Detoxification (IMD); Naltrexone Treatment; Rehabilitative Ambulatory Detoxification (Other than Methadone); Narcotic Replacement Therapy (Dosing and Counseling Services including Methadone, Group Counseling, and Individual Counseling)
[7] Transitional Housing (TH) only
[8] Recovery Residences (RR) only
[9] Room and Board TH/RR; infrastructure; linkages to permanent housing
[10] Optional
[11] Payer of last resort
[12] Optional
[13] Perinatal Outreach; Tuberculosis (TB) Services; Interim Services (within 48 hours); Case Management; Intravenous Drug User (IDU or IVDU); Referrals, Screening, and Intake; Primary Medical Care (Perinatal Only); Pediatric Medical Care (Perinatal Only); Transportation (Perinatal and Youth Only
[14] County Support; Quality Assurance; Training – Post Employment; Program Development; Research and Evaluation; Planning, Coordination, and Needs Assessment
[15] Six Strategies: Information Dissemination; Education; Alternatives; Problem Identification and Referral; Community-Based Process; and Environmental
[16] Early Intervention; Outreach and Intervention

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Appendix H – SABG Frequently Asked Questions

Substance Abuse Prevention and Treatment Block Grant (SABG)
Frequently Asked Questions

Block Grants

Prevention

Treatment Services

Women's and IV Drug Treatment Services

Indirect Cost Rate

BLOCK GRANTS

What is SABG?

SABG, provided through the federal Substance Abuse and Mental Health Services Administration (SAMHSA), is a formulary grant provided to California to address SUDs.

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What is the purpose of SABG?

States use the SABG program for prevention, treatment, recovery supports, and other services that supplement services covered by Medicaid, Medicare and private insurance. Specifically, SABG funds are directed toward four purposes:

- Fund priority treatment and support services for individuals without insurance or for whom coverage is terminated for short periods of time.
  - Fund those priority treatment and support services not covered by Medicaid, Medicare, or private insurance for low income individuals and that demonstrate success in improving outcomes and/or supporting recovery.
  - Fund primary prevention – universal, selective and indicated prevention activities and services.
  - Collect performance and outcome data to determine the ongoing effectiveness of behavioral health promotion, treatment and recovery support services and plan the implementation of new services on a nationwide basis.

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How are SABG allocations calculated?

Upon receipt of the Federal Notice of Award from SAMHSA, DHCS calculates the amount that will be distributed to counties for SUD services. A county's total annual allocation is comprised of a base amount (that can be increased each year for cost of living) plus a per-capita amount based on the county's projected population as published by the Department of Finance. The county's total allocation amount is then divided to maintain MOE requirements along with state and federally required set-aside spending for perinatal services, youth services, primary prevention, and Friday Night Live Program set-asides.

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What is the obligation and expenditure period for SABG funds and can these dates be extended?

Per Title 42, USC §300x-62, SABG funds are available for obligation and expenditure until the end of the fiscal year following the fiscal year for which the funds were appropriated. For example, the obligation and expenditure period for the Federal Fiscal Year (FFY) 2018 SABG award is 10/1/2017 to 9/30/2019. The obligation and expenditure periods are fixed by federal statute and no extensions can be authorized.

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Are there required assurances the State must sign in order to receive SABG funding?

Yes, The State must sign agreements and assurances which then are passed on to subrecipients and contractors. Like the State, subrecipients and contractors must assure they are in compliance with the following:

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

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Do SABG requirements need to be handed down to the subrecipient/subcontractor?

Yes, when funds are distributed to the State, all requirements must be passed on to every county subrecipient/subcontractor that receives SABG funding from the Single State Agency (which is the California Department of Health Care Services).

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Are there Maintenance of Effort (MOE) requirements in order to receive SABG funds?

Yes, the SABG program requires the State to maintain state expenditures for SUD services at a level that is not less than the average level of such expenditures maintained by the State for the 2-year period preceding the fiscal year for which the State is applying for the grant.

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Can changes be made to SABG requirements?

Federal and state mandates are not negotiable and DHCS does not have the authority to waive requirements or mandates in the contracting process. DHCS's acceptance of such mandates are preconditions of receiving SABG allocations.

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Can SABG funds be contracted to "for-profit" agencies?

No, restrictions on the expenditure of grant funds include a prohibition on awards of financial assistance to for-profit entities. Specifically, the PHS Act§ 1931 (a)(l)(E) and 1916(a)(5) and 45 CFR § 96.135(a)(5) prohibit States and Territories from expending

SABG funds "to provide financial assistance to any entity other than a public or nonprofit private entity."

An exception exists that allows use of funds through contracts that create a procurement/acquisition fee-for-service relationship. Characteristics indicative of payment for goods and services received by a vendor are when the organization:

- Provides the goods and services within normal business operations;
- Provides similar goods or services to many different purchasers;
- Operates in a competitive environment;
- Provides goods or services that are ancillary to the operation of the federal program; and
- Is not subject to compliance requirements of the federal program.

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Do SABG funds need to be fiscally tracked?

Title 42, USC Section 300x-62 requires that SABG funds be obligated by the end of the FFY appropriated, and if obligated within such year, remains available for expenditure until the end of the succeeding FFY. These funds must be carefully tracked and reported.

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What services cannot be provided with SABG funding?

SABG funding cannot be used for the following:

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

- To purchase treatment services in penal or correctional institutions.

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Can funds from one federal grant be used as matching funds for another federal grant or can the same non-federal funds be used to match two federal grants?

Neither the federal nor the nonfederal share of a particular grant program may be used by a grantee to match funds provided under another federal grant program, unless specifically authorized by law. In other words, a grantee may neither use funds received under one federal grant to meet the matching funds requirement of a separate grant, nor may it use the same grantee dollars to meet two separate matching requirements. It is also important to note that the use of federal funds and grantee funds to match more than one federal grant is prohibited.

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Can SABG funds be expended to provide services that are not covered by Title-XIX?

Yes. SABG funding may be expended for services not covered by Title XIX; however, the provider must adhere to the priority population funding requirements.

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Can SABG funds be expended to support application for a 501(c)(3)?

No, because funding is to be used for providing services.

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Can SABG funds be expended to buy food at meetings?

Yes, if the primary purpose of the meeting and/or conference is the dissemination of technical information. This includes cost of meals, transportation, rental of facilities, speakers' fees, and other items incidental to such meetings or conferences. Costs must be necessary and reasonable for proper and efficient performance, and administration of Federal awards, and be adequately documented. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstance prevailing at the time the decision was made to incur the cost.

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Are there rules about purchasing equipment with SABG funds?

Yes, the rules are contained in 45 CFR §75.439. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place, must be in place.

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Is licensing SUD programs an authorized activity under SABG?

Yes. Licensing SUD treatment programs is part of the provision of Quality Assurance. Quality Assurance includes activities to assure conformity to acceptable professional standards and identify problems that need to be remedied. Quality Assurance is part of treatment, which is authorized pursuant to Title 42 USC §300x-21(b).

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Is there a specific requirement that treatment and/or prevention activities be an evidence based practice (EBP)?

Yes, for use of SABG funds, EBPs for prevention are required.

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Can SABG funds be expended to provide services to individuals who have a co-occurring general mental health disorder, or a serious mental illness?

SABG funding may be used to cover the SUD treatment services for co-occurring individuals; however, the provider must adhere to the priority population placement and funding requirements.

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Can State General Funds (SGF) counted toward the SABG Maintenance of Effort (MOE) obligation be used to match another federal grant?

SABG MOE provision requires federal grant recipients to maintain non-federal funding for activities described in the application at a level which is not less than expenditures for activities during the fiscal year. The purpose of a MOE requirement is to ensure that funds provided by the federal government are used to fund an increased level of program activity, and that the grantee does not simply replace SGF dollars with federal dollars. Generally, SGFs counted toward the SABG MOE obligation can be used to match another federal grant, but the statutory and regulatory requirements governing the other federal grant(s) must be reviewed prior to making a final determination as to whether or not this is allowable. For example, SGF included in the state's SABG MOE requirement can be used to match federal Medicaid funds for SUD treatment services, but SGF funds included in the state's SABG MOE are not Qualified State Expenditures under the Temporary Assistance for Needy Families (TANF) block grant program. Any amount of SABG MOE used to match one federal grant (e.g. Medicaid) cannot be used to match another federal grant.

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To what SABG set-asides can the costs of Resource Development activities be applied?

The costs of Resource Development activities can be applied to SUD treatment and the 25 percent Primary Prevention Set-Aside, and to Administration, but not any other set-aside. Per SABG Block Grant instructions, Resource Development activities can be distributed between treatment and prevention. Resource Development activities include planning, coordination, and needs assessment, quality assurance, training (post-employment), program development, research and evaluation, and information systems.

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Can SABG funds be expended for Tobacco Cessation Counseling?

SABG funds can be used for Tobacco Cessation Counseling as long as this counseling is part of the clients' substance abuse treatment plan and not a stand-alone program or initiative. Title 42, USC §300x-21(b) authorizes the use of SABG funds only for the purpose of planning, carrying out, and evaluating activities to prevent and treat substance abuse, and for related activities contained in 42 USC §300x-24.

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Is an expenditure for Vocational Rehabilitation Services authorized under SABG?

The use of SABG funds is not allowed for Vocational Rehabilitation Services. Vocational Rehabilitation Services provide for gaining and maintaining job skills, which allow for productive employment. Vocational rehabilitation includes vocational testing, counseling, guidance, job training, job placement, and other relevant activities designed to improve a person's ability to become economically self-supporting. Per Title 42, USC §300x-21(b), SABG Block Grant funds can ONLY be expended for planning, carrying out, and evaluating activities to prevent and treat substance abuse.

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Can SABG funds be expended for Transitional Housing (TH), Recovery Residences (RR), or residential treatment services?

Room and Board

SABG discretionary funds, or SABG perinatal funds (for perinatal beneficiaries only), may be utilized to cover the cost of room and board for the following services:

Transitional Housing (TH)

Counties contracting to provide State Plan SUD services my offer TH as an essential support service in their SUD continuum of care in adherence with the following guidance:

- TH does not provide SUD services or require licensure by DHCS;
- All TH residents must be actively engaged in SUD treatment services to be provided off-site;
- Payment of room and board is for food and lodging expenses only.
- TH residents stay is limited to short term (up to 24 months);
- Counties shall ensure the TH is secure, safe, and alcohol and drug free; and
- Counties shall develop guidelines for contracted TH providers, provide monitoring and oversight and fulfill all SABG reporting requirements.

Recovery Residences (RRs)

Counties entering into a state-county intergovernmental agreement to participate in the DMC-ODS Waiver may offer RR services as an ancillary component of the DMC-ODS Waiver in adherence with the following guidance:

- RRs do not provide SUD services or require licensure by DHCS;
- All RR residents must be actively engaged in medically necessary recovery support or SUD treatment services to be provided off-site;
- Payment of room and board is for food and lodging expenses only;
- RR residents stay is limited to short term (up to 24 months);
- Counties shall ensure the RR is secure, safe, and alcohol and drug free; and
- Counties shall develop guidelines for contracted RR providers, provide monitoring and oversight and fulfill all SABG reporting requirements.

Residential Treatment

Counties entering into a state-county intergovernmental agreement to participate in the DMC-ODS Waiver are required to provide at least one American Society of Addiction Medicine (ASAM) level of residential treatment for approval of a county implementation plan in the first year. As the room and board portion of the required residential services is not a Medicaid billable activity, SABG discretionary funds, or SABG perinatal funds (for perinatal beneficiaries only), may be utilized to cover the cost of room and board in adherence with the following guidance:

- Residential treatment is a non-institutional, 24-hour, non-medical, short-term residential program providing rehabilitation services to beneficiaries with a SUD diagnosis;
- A Medical Director or Licensed Practitioner of the Healing Arts must determine that the residential treatment is medically necessary and in accordance with the beneficiary's individualized treatment plan.
- Counties must ensure payment of room and board is for food and lodging expenses only.

For more information, see MHSUD Information Notice 18-058.

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Are Recovery Residences required to have a six-digit Provider ID Number even if they don't require a State license?

Yes. If you will be providing and reporting services for reimbursement, you will need a provider ID number to report this information on your SABG invoices in order to be reimbursed. Reach out to our Provider Enrollment Division at MPF@DHCS.ca.gov to request a Provider ID.

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Can SABG funds be used to pay for the additional costs of children who are accompanying an adult?

Room and board is allowable for those dependent children residing with the parent in a recovery residence while the parent is receiving offsite SUD treatment, as SABG funding supports treating the family as a unit.

However, the children must be residing in the same location as the parent. If the children are housed in a separate location, the children's room and board becomes a social service issue and may not be funded by SABG funds.

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Can SABG funds be expended for infrastructure development?

SABG discretionary and/or prevention set-aside allocations can be utilized for statewide SUD system infrastructure development and capacity improvements to reduce substance abuse and improve the lives of those affected by it. Some examples are:

- Increased availability of services for diverse and underserved populations.
- Increased development and implementation of evidence-based practices (EBPs).
- Improved development and collection of specific outcome measures.
- Increased development and maintenance of State data management systems.
- Increased workforce development.

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Can SABG funds be expended for linkages to permanent housing?

Permanent Supportive Housing (PSH) is an evidence-based practice that includes access to decent, safe, and affordable housing. In the PSH model, the housing is linked to voluntary and flexible supports and services designed to meet individual needs and preferences. Individuals who can most benefit from PSH include people with disabilities (including those with mental and/or substance use disorders) who are homeless, or at risk of homelessness. Learn more about supportive housing from the SAMHSA

Permanent Supportive Housing Evidence-Based Practices (EBP) KIT – 2010. Learn more about Housing First at the National Alliance to End Homelessness.

Find information about the housing resources available through the Continuum of Care Program at the Department of Housing and Urban Development (HUD) Exchange.

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Can SABG funds be expended to augment funding for programs that receive insufficient program funding?

Yes, if all the following conditions are met:

- SABG funds are used only for planning, carrying out, and evaluating activities to prevent or treat substance abuse;
- The expenditure does not violate a state law or procedure for expending of state funds; and
- The expenditure does not circumvent a requirement, term or condition, or other restriction or prohibition of another federal grant.

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Are there required SABG Set-Asides?

Yes, SABG statute and regulations requires that:

- At least five (5) percent of grant funds be used to increase availability of treatment services (either by establishing new programs or expanding the capacity of existing programs) for pregnant women and women with dependent children;
- No less than 20 percent for primary prevention. In order to ensure statewide compliance, DHCS has set a 25 percent allocation for the Primary Prevention Set-Aside. Funds utilized under this set-aside must be identified and tracked in order to maintain accountability;
- No less than 35 percent for prevention and treatment activities regarding alcohol; and
- No less than 35 percent for prevention and treatment activities regarding other drugs.

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What happens when one or more SABG set-asides are not met?

There are two potential outcomes. One occurs when a set-aside was not met because the funds were not expended. In this case, the unexpended federal funds would be returned to the federal government. The second outcome occurs when the set-aside was not met and the federal funds were expended. In this instance, the Department may not be able to establish that it is entitled to retain the funds. The Department would be subject to repaying, with interest, the amount by which it failed to comply with a given

set-aside. Since the grant funds were expended, repayment would be made from non-Federal funds. The penalties for failure to comply with SABG requirements/agreements are contained in Title 42, USC §300x-55.

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Can SABG funds be expended for drug testing?

If the cost is part of an SUD treatment program and regime, and is not a stand-alone cost, SABG funds can be used for drug testing.

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Can a county or private provider contract with a for profit organization for drug testing?

First, the drug testing must be part of an SUD treatment program and regime, and not a standalone cost. If this test is met, then the answer is yes. The organization providing the drug testing would be a vendor and not be a recipient of financial assistance.

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Can counties expend SABG funds to contract with out-of-state providers?

Counties may contract with out-of-state providers if all the following conditions are met:

- A county complies with all applicable state and relevant "border" county contracting and procurement rules and guidelines;
- A county complies with all SABG regulations; and
- A county is only billed by the out-of-state provider for the treatment costs for eligible California residents.

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Do SABG regulations contain a non-supplantation requirement?

Yes. In addition to the SABG MOE, Title 45, CFR, Part 96, §96.134(a) contains a non-supplantation requirement. Section 96.134(a) reads in part: "The Block Grant shall not be used to supplant state funding of alcohol and other drug prevention and treatment programs." The Federal Register dated March 31, 1993, contains the statement: "In addition to the maintenance of effort by the principal agency, the Secretary requires the state not to use the Block Grant to supplant State funding of substance abuse prevention and treatment programs."

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What is the difference between the SABG MOE requirement and the non-supplantation requirement contained in SABG regulations, 45 C.F.R. §96.134(a)?

The SABG MOE applies to the Department as the Principal State Agency (PSA). The non-supplantation requirement applies to state funding of SUD prevention and treatment programs.

Pursuant to Title 42, USC §300x-30(a), the SABG MOE is derived from a mathematical calculation. Per §300x-30(a), the PSA's current fiscal year's state expenditures for authorized activities must be at least equal to the average of such expenditures for the two preceding fiscal years. If the non-supplantation provision of 45 CFR §96.134(a) were applied to the PSA, the PSA would be required to maintain current year's state expenditures at a level of at least equal to the preceding fiscal year. This would conflict with and change the SABG MOE provisions of Title 42 USC §300x-30(a). Since regulations cannot conflict with or change statutory provisions, the non-supplantation provision of 45 CFR, §96.134(a) apply to state funding of SUD prevention and treatment programs.

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Must SABG funds be expended as the payer of last resort?

SABG funds administered by DHCS are to be used by counties and providers as the last source of payment for a beneficiary. If a client qualifies for Medicaid funding, has full or partial insurance, or private funds available, these sources are primary and should be billed first.

Title 45, CFR, Part 96, §96.137, also emphasizes that SABG is the funding of last resort for services authorized under §300x-22(b), which pertains to services to pregnant women and women with dependent children and tuberculosis services. Subrecipients and/or contractors that receive SABG funding and provide these services must make every reasonable effort, including the establishment of systems for eligibility determination, billing, and collection, to:

- Collect reimbursement for the costs of providing such services to persons who are entitled to insurance benefits under the Social Security Act, including programs under Title XVIII and Title XIX, any State compensation program, and other public assistance program for medical expenses, any grant program, any private health insurance and any other benefit program.
- Secure from patients or clients' payments for services in accordance with their ability to pay.

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What activities can be funded with SABG funds?

Title 42, USC §300x-21(b) contains the authorized activities for SABG. This section states that the State will expend the grant only for the purpose of planning, carrying out,

and evaluating activities to prevent and treat substance abuse and for related activities authorized in Section 300x-24.

Title 42, USC. §300x-22(a) requires 20 percent of a SABG award to be used for Primary Prevention.

Title 42, USC. §300x-22(b) requires that the sum of five (5) percent of the Federal Fiscal Year 1993 SABG award, and five (5) percent of the FFY 1994 SABG award be expended to increase, relative to FFY 1992, treatment services designed for pregnant women and women with dependent children. For FFYs subsequent to FFY 1994, the state must maintain this level of effort for such treatment services. Per Title 42, USC §300x-22(b), the Department is required to expend not less than $26,349,141 in a fiscal year for services to pregnant women and women with dependent children, and of the $26,349,141, $15,554,000 must be SABG funds.

Per Title 45, Code of Federal Regulations, Part 96, §96.137, the SABG Block Grant must be the funding of last resort for services authorized under Section 300x-22(b)

Section 300x-24 contains the requirements governing the use of SABG Block Grant funds for HIV Early Intervention Services and Tuberculosis Services. (Although California is no longer a HIV designated state, beginning in SFY 2021-22, California will allow counties to use up to five percent of their total SABG allocation for oral fluid rapid HIV testing as well as HIV pre- and post-test counseling.)

Just because an activity is authorized does not necessarily mean that the corresponding expenditure is allowable. For example, any cost allocable to other federal grant awards or programs may not be charged to SABG to overcome any restrictions, to fund deficiencies, to avoid restrictions imposed by law or terms of the federal awards, or for other reasons.

Full definitions as well as additional information on the authorized services are contained Title 45, Code of Federal Regulations Part 96.

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What other types of SUD activities can be funded with SABG?

- Projects for the development and implementation of SUD prevention, treatment and recovery activities , including:
    - Treatment: assessment, outpatient counseling, residential rehabilitation-including therapeutic communities, hospital based care (not inpatient hospital services); vocational counseling, case management;
    - Outreach;
    - Detoxification;
    - Prevention: education, counseling and other activities designed to reduce the risk of substance abuse;

    - Program Administration,
    - Peer-to-peer services,
- SAMHSA encourages states to use SABG funding for the provision of short-term (up to 24 months) support services and linkages to housing, including the payment of room and board, for beneficiaries.

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Can all services be supported with SABG funds?

Due to limits on public funding from all sources managed by DHCS, and the increasing demands on this funding, it is necessary to remind providers that these public funds are intended to provide professional SUD treatment services for those who are most clinically in need of these services, and financially unable to pay the cost of these needed services. Persons who do not meet active SUD diagnosis criteria may not be eligible for public funding supports beyond an initial screening or assessment, and/or a minimum initial service period. Such persons may elect, independently or with court directive, to participate in educational, or other services, without proper authorization, but may be expected to pay privately for these services, with advance notice of fees from the program to the client. A person who claims no recurring use of alcohol or other drugs within the past year is not considered actively using.

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Will SABG pay for all types of assessments?

Full assessment, funded by SABG, are to be provided only for clients who are requesting treatment and/or who, based on screening or observation, have a clear and present need to enter some level of professional SUD treatment beyond the assessment. DHCS block grant funding shall not be used for procedural "assessments only", or evaluations ordered of the client by a court or other authority primarily for fact-finding purposes of an external agency, or for driver's license re-evaluations, or reinstatement, or for Child Protective Services directed assessments for evaluative purposes only. Clients seeking only assessments or evaluations, to meet court obligations may be expected to be financially responsible for the cost of these services, and the nature of service provided, and charges, are at the discretion of the provider. New clients, who request an "assessment only" visit for external report purposes, should be informed that they may be financially responsible for this service, and what the cost will be prior to the delivery of the service.

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Can SABG funds be expended for HIV Early Intervention activities or services?

Although California is not considered an HIV designated State, and SABG funds cannot generally be used for HIV activities or services, SAMHSA rules will allow DHCS to use up to five percent of their total SFY SABG allocation for oral fluid rapid HIV testing as well as HIV pre- and post-test counseling. For more information, please refer to Behavioral Health Information Notice 21-007.

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Can SABG funds be expended for Incentives?

SAMHSA policy supports the appropriate, judicious, and conservative use of non-monetary incentives in providing SUD prevention and treatment services. SAMHSA has indicated that non-cash incentives are essential to encourage attendance, retention, and attainment of prevention and treatment goals. The following guidance must be adhered to:

- Non-cash incentives should be the minimum amount necessary to meet the program and evaluation goals of the grant, and may not exceed $30. Some examples include; gift cards, bus passes, prizes, food, and outreach items such as pencils, T-shirts, etc., containing program identification.
- Non-cash incentives should not provide an "undue inducement" that removes the voluntary nature of participation in an SUD prevention and/or treatment program.
- SAMHSA grant funds may not be used to make direct cash payments to individuals to induce them to enter SUD prevention and/or treatment programs or for any other purpose.

Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable. Utilizing SABG funding to provide non-cash incentives, including food must be necessary and reasonable for proper and efficient performance, and administration of the SABG program, and be adequately documented. The use of SABG funding for non-monetary incentives must be for the purpose of encouraging attendance, retention, and attainment of SUD prevention and treatment goals.

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Is it permissible under SABG for a county to purchase a vehicle to provide necessary transportation to beneficiaries of SUD prevention, treatment, and recovery support services?

Yes. According to the terms of the SABG County Application, regarding procurement, and guidance from the Substance Abuse and Mental Health Services Administration (SAMHSA), at the Single State Agency's discretion, a County may purchase a vehicle for use in their SUD prevention, treatment, and recovery support services program

using SABG discretionary funds or if the vehicle is to be used solely for the perinatal or youth services program(s), SABG perinatal or youth set-aside can be utilized.

DHCS pre-approval is required for vehicle purchases utilizing SABG funds. A County must submit a formal letter of request to DHCS (on County letterhead) with justification for a vehicle purchase that must address the questions below. DHCS will then review and issue a determination (approval/denial) on a case-by-case basis.

Please submit your formal request for SABG funded vehicle purchases to:

Vehicle Purchase Request
California Department of Health Care Services
Federal Grants Section
1501 Capitol Avenue, MS 2624, P.O. Box 997413
Sacramento, California 95899-7413

Please address the following questions in your formal request for SABG funded vehicle purchases:

1. Is the purchase necessary? You must provide justification.
2. Can the grantee organization purchase the vehicle with its own funds or finance it? This allows the value of the vehicle to be depreciated over the useful life budgeted using grant funds.
3. Can the vehicle be purchased with another source of funding (federal or non-federal, e.g., program income, foundation funds, county funds, etc.)?
4. Has your organization considered a used vehicle?
5. If purchasing or financing is not possible, you must submit a lease and purchase agreement (signed and dated on the leasing agents or car dealership's letterhead) as stated under 45 CFR 74.44 or 45 CFR 92.36. This analysis of lease and purchase alternatives will determine which would be the most economical and practical procurement for the recipient and the federal government. In other words, contact a car dealership and request on their letterhead, signed and dated, the purchase price of a vehicle. Then request from a leasing agent the cost of leasing a vehicle, on its letterhead, signed and dated.
6. Will other programs occupy this vehicle? Or will the vehicle be dedicated to the proposed project only? If so, what would be the other program's portion of the expense? What would be the SABG project's fair share?
7. How many clients would utilize this vehicle? How many other vehicles are available for these clients to use? Why would your organization need more than one?
8. Who would drive the vehicle? Will you budget for the driver's salary?
9. Will non-grant funds be used for maintenance, insurance, and gasoline? If not, why?

If DHCS approves the vehicle purchase request, a County may purchase a vehicle using SABG discretionary funds (or perinatal/youth set-aside funds as described above), but must follow the terms outlined in Enclosure 5(3), Procurement Rules, and Enclosure 5(4), Equipment Ownership/Inventory/Disposition, of the SABG County Application. List the legal owner as:

California Department of Health Care Services
1501 Capitol Avenue, MS 4000
Sacramento, California 95899-7413

It should be noted that Enclosure 5(4)(G)(1), of the SABG County Application requires that within 30 calendar days prior to the end or termination of the agreement, the Contractor shall ask DHCS as to the requirements, including manner and method, of returning DHCS equipment to the DHCS. DHCS may, at its discretion, authorize the continued use of state equipment for performance of work under a different State agreement.

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Can SABG funds be expended to cover start-up costs for SUD programs?

Costs associated with the initial development of an SUD program within 90 days prior to the provider's ability to provide services is an allowable SABG expenditure. Start-up costs include administrative and staff salaries, training, rent, supplies, and utilities.

It does not mean that counties can use SABG funds indiscriminately to cover start-up costs for multiple new treatment programs. The county would be required, through documentation, to justify the need to increase the availability of treatment services by a specific modality. In the documentation, counties would also need to show that there are no other options to increase the availability of treatment services, such as contracting with an appropriate, established facility.

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Are counties allowed to bill time off to SABG? I.e. if a staff member who is paid 100% out of SABG takes a week off during the quarter do we need to remove that time when completing the SABG invoice?

Per 45 CFR §75.431, the costs of leave are acceptable and allowable as long as the criteria is met:

> §75.431 Compensation—fringe benefits.
>
> (a) Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave (vacation, family-related, sick or military), employee insurance, pensions, and unemployment benefit plans. Except as provided elsewhere in these principles, the costs of

fringe benefits are allowable provided that the benefits are reasonable and are required by law, non-Federal entity-employee agreement, or an established policy of the non-Federal entity.

(b) Leave. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:

(1) They are provided under established written leave policies;

(2) The costs are equitably allocated to all related activities, including Federal awards; and,

(3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.

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Prevention

What is "primary prevention?"

Primary prevention programs are:

- For individuals who do not require treatment for substance abuse;
- To educate and counsel the individuals on such abuse;
- To provide activities to reduce the risk of such abuse by the individual; and
- Activities that address one or more of the six strategies: Information Dissemination; Education; Alternatives; Problem Identification and Referral; Community-based Process; or Environmental.

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Can SABG funds be expended to pay police officers and teachers to do prevention programs?

Generally, no, police and teachers usually have inherent governmental duties and their salaries are already being paid. In this case supplanting would occur if SABG funds were used to pay them.

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Can SABG funds be expended to pay salaries for prevention specialist to write other grants?

No, it is not allowable to use SABG funds to pay the salary of people applying for other Federal funds.

Can the SABG prevention grant be used to provide a small stipend to a group of youth who work alongside their adult allies (paid prevention provider staff) to change youth perceptions on alcohol?

Any stipends intended to be compensation for work performed is universally unallowable. Stipends are intended to offset costs of living/participation, not to be compensation for work—to do so could put the County and DHCS in noncompliance with labor laws.

Stipends are allowable as Participant Support Costs per 45 CFR Part 75.456. Participant Support Costs are defined as: direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects.

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Are there restrictions on the expenditure of SABG funds for prevention services?

Yes, there are restrictions. SABG funds may not be used for anything that cannot be tied directly to a prevention activity. Examples include: Internet and/or cable service, rent, utilities, televisions, shoes, personal items (i.e., denture cream, feminine hygiene products, etc.), diapers, grocery items for non-prevention activities, cell phones, sporting goods for non-prevention activities, car payments, and 501(c)(3) applications).

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Treatment Services

What populations are to be served with SABG funding?

The following populations can be served (in order of priority) with SABG funding:

- Pregnant females who use drugs by injection;
- Pregnant females who use substances;
- Other persons who use drugs by injection;
- Substance using females with dependent children and their families, including women who are attempting to regain custody of their children; and
- As funding is available – all other clients with a SUD, regardless of gender or route of use.

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Must persons be actively using a substance to be accepted into a SABG funded program?

Persons must indicate active substance use within the previous 12-months to be eligible for SABG services. This also includes individuals who were incarcerated, after release, and reported using while incarcerated.

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Are there age restrictions on the population to be served?

No, persons of all ages meeting SABG criteria can be served.

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Does SABG funding support detoxification services?

Yes. However, the State has the discretion to determine which treatment services will be funded with SABG funds based on need and financial constraints.

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Can providers charge a co-payment or sliding-scale fee for SABG-funded treatment services?

While a primary goal of SABG is to reduce barriers to treatment, both perceived and actual, contractors shall conform to revenue collection requirements in the *California Health and Safety Code (HSC), Section 11841*, and the *SABG County Application, Enclosure 3 Part 1, Section 1 H*, by raising revenues in addition to the funds allocated by DHCS. These revenues include, but are not limited to, fees for services (sliding scale fees), private contributions, grants, or other governmental funds. These revenues shall be used in support of additional alcohol and other drug services or facilities. Each alcohol and drug program shall set and collect client fees **based on the client's ability to pay.**

The fee requirement **shall not apply to prevention and early intervention services**. Contractor shall identify in its annual cost report the types and amounts of revenues collected.

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If a person refuses treatment, no shows, cancels treatment or the patient says they are not interested in treatment, do interim services need to be provided, and does the wait list report need to be completed?

Yes, interim services must be provided to all clients. If a person refuses treatment, does not show or cancels referral/treatment, the wait list reporting needs to be completed by providers with their engagement activities indicated.

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Are Perinatal outpatient treatment programs required to provide transportation to clients who need to go to medically necessary appointments such as prenatal care?

Yes. SABG-funded programs must provide or arrange for transportation to and from the recovery and treatment site, and to and from ancillary services for women who do not have their own transportation. Ancillary services does include primary and secondary medical care.

Women's and IV Drug Treatment Services

When do interim services need to be provided?

Each individual who requests and is in need of treatment for intravenous drug abuse shall be admitted to a program of such treatment not later than:

1) 14 days after making the request for admission to such a program; or

2) 120 days after the date of such request, if no such program has the capacity to admit the individual on the date of such request, and if interim services, including referral for prenatal care, are made available to the individual not later than 48 hours after such request.

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If a person identifies a treatment need for residential, detoxification, or intensive outpatient and the client is able to start that identified treatment 14 days, are interim services needed?

Yes, if the identified services are available within the required timeframes, interim services should still be provided within 48 hours. Also, if the person is reassessed as needing a treatment service that is not currently available, interim services are required.

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What if the identified treatment is not currently available?

If a person is referred to a treatment or level of care that has been identified as a clinical need and is not available, the client is to be put on a waiting list. Interim services must then be provided within 48 hours and continuously provided until the most appropriate treatment or level of care becomes available.

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Indirect Cost Rate

Is the $35M limit of direct Federal funding received at the Agency/Department level (i.e. Behavioral Health) or at the County level?

The relevant provision of Appendix VII to 45 CFR Part 75 states that the $35 million limit applies to the governmental department or agency receiving the grant, reading in relevant part as follows (in subsection (D)(1)):

> (b) A governmental department or agency unit that receives more than $35 million in direct Federal funding must submit its indirect cost rate proposal to its cognizant agency for indirect costs. Other governmental department or agency must develop an indirect cost proposal in accordance with the requirements of this Part and maintain the proposal and related supporting documentation for audit. These governmental departments or agencies are not required to submit their proposals unless they are specifically requested to do so by the cognizant agency for indirect costs. Where a non-Federal entity only receives funds as a subrecipient, the pass-through entity will be responsible for negotiating and/or monitoring the subrecipient's indirect costs.

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Is the ICR the same for SABG and the Mental Health Block Grant (MHBG)?

While the established ICR must be used consistently for all SAMHSA grants and cooperative agreements subawarded by DHCS, the county's individual operating agency responsible for administering the respective grant would have its own set of indirect costs, and therefore its own ICR. 45 CFR §75.416 provides additional information on the matter:

a) For states, local governments and Indian tribes, certain services, such as motor pools, computer centers, purchasing, accounting, etc., are provided to operating agencies on a centralized basis. Since Federal awards are performed within the individual operating agencies, there needs to be a process whereby these central service costs can be identified and assigned to benefitted activities on a reasonable and consistent basis. The central service cost allocation plan provides that process.
b) Individual operating agencies (governmental department or agency), normally charge Federal awards for indirect costs through an indirect cost rate. A separate indirect cost rate(s) proposal for each operating agency is usually necessary to claim indirect costs under Federal-awards. Indirect costs include:
    1) The indirect costs originating in each department or agency of the governmental unit carrying out Federal awards; and
    2) The costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

(c) The requirements for development and submission of cost allocation plans (for central service costs and public assistance programs) and indirect cost rate proposals are contained in appendices IV, V and VI to this part.

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If a contractor or subrecipient of DHCS does not have an approved ICR can it still use the 10 percent Modified Total Direct Costs (MTDC)?

Yes, contractors and subrecipients may use the 10 percent MTDC ICR, as outlined in Behavioral Health Information Notice 20-020 indefinitely or while awaiting acknowledgment of a submitted ICR certification.

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How does the ICR affect the set asides in SABG?

Counties may charge county administrative activities and assess indirect costs to Set-Asides. However, it is important to note that uses of these Set-Aside funds must be tied directly to the specific Set-Aside's activities.

Counties may also utilize the Discretionary Set-Aside to cover indirect costs for all SABG-related services and activities.

Because the ICR is a percentage of costs, applying the rate to each program individually would result in the same total dollar amount of indirect costs as applying the rate to the entire allocation. For example, with a total allocation of $50 and a 10 percent ICR on Set-Asides of $10, $20, and $30, the indirect costs are $1, $2, and $3 (respectively), totaling $5. Alternatively, 10% of the entire $50 allocation is $5.

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Does the ICR apply to DMC-funded SUD services as well?

No. The ICR outlined in Behavioral Health Information Notice 20-020 only applies to federal behavioral health grant funds detailed in the BHIN.

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Can counties use the California Department of Public Health (CDPH) Indirect Cost Rate format when submitting their ICR request to DHCS?

No. Counties will be expected to utilize DHCS' ICR Certification Form and submit the required documentation.

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Appendix I – CFR 45 Part 75 – Uniform Administrative Requirements, cost Principles, and Audit Requirements for HHS Awards

Title 45 → Subtitle A → Subchapter A → Part 75

Title 45: Public Welfare

PART 75—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR HHS AWARDS

Contents

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