



State of California—Health and Human Services Agency  
Department of Health Care Services



GAVIN NEWSOM  
GOVERNOR

DATE: July 28, 2020 **PPL 20-035R**  
*Revised*

TO: Local Governmental Agency (LGA) Coordinators for the Targeted Case Management (TCM) Program

**SUBJECT: TCM Cost Report Due Date and Instructions for Reporting State Fiscal Year (SFY) 2019-20 Costs**

This Policy and Procedure Letter (PPL) notifies all LGAs participating in the Department of Health Care Services' (DHCS) TCM program that the SFY 2019-20 TCM cost report is due on November 1, 2020. Please review the following cost report instructions for submission of the TCM cost report for SFY 2019-20.

### **Cost Report Requirement**

Pursuant to Welfare and Institutions Code section 14132.44, filing a cost report is mandatory. Failing to file a cost report will result in recoupment of all interim payments and withhold of all future payments until a cost report is filed by the LGA and accepted by DHCS for processing.

LGAs that participate in the TCM program for less than 12 months or decide to discontinue their participation must still submit their last cost report using the submission guidelines as stated in the sections below.

Any manipulation to the cost report template format and/or formulas will deem the cost report null and void. As a result, any previously reimbursed costs for that year shall be recouped.

### **Cost Report Submission**

LGA cost reports and related documents shall be submitted via electronic mail (e-mail) at [dhsaitcm@dhcs.ca.gov](mailto:dhsaitcm@dhcs.ca.gov). Hard copies of the cost report will not be accepted. DHCS will only review cost reports submitted through an e-mail submission.

LGA cost report e-mail submission must include the following completed documents:

1. Completed Cost Report Template, signed and scanned (PDF), or electronically signed
2. Completed Cost Report Template (Excel)
3. LGA Certification Page, signed and scanned (PDF) , or electronically signed
4. Non-LGA Local Public Entity (LPE) Certification, signed and scanned (PDF) as applicable, or electronically signed

Contact DHCS at [dhcs-tcm@dhcs.ca.gov](mailto:dhcs-tcm@dhcs.ca.gov) to request the above documents for completion of the cost report. Details for an e-mail submission can be found in the TCM Cost Report Instructions. (See, TCM Cost Report Instruction Manual, pages 9-11.)

### **Budget Unit**

The budget unit (BU) is an important part of completing the cost report. A TCM BU is an organizational unit identified on both the LGA's organization chart (physical structure) and the LGA's accounting system (accounting structure) that provides TCM and other non-TCM services by staff within the BU.

The total expenses of the BU shall include the labor and non-labor costs incurred for providing the TCM and non-TCM services, and total program revenues received by the BU substantiated by the LGA's financial statements generated from the accounting structure, such as the LGA's general ledger or trial balance of the BU.

When completing the cost report, an LGA should verify if there are costs included that are not recognized as BU expenses per the TCM BU's trial balance or general ledger. If such costs are included in the cost report, follow pages 16 and 22 of the TCM Cost Report Instruction Manual to add expenses from outside the BU.

Once the LGA has submitted the cost report, DHCS Audits and Investigations Division (A&I) will determine whether the BU is properly defined in the cost report for LGAs seeking federal reimbursement.

### **Naming Convention**

Follow the example below when naming the electronic files for the e-mail submission of the cost report.

Example: Year, Name of LGA, File Format

2020 Santa Cruz CR.xls (FY 2019-20 Santa Cruz Cost Report, Excel version)

2020 Santa Cruz CR.PDF (FY 2019-20 Santa Cruz Cost Report, signed and scanned PDF version)

### **E-mail Subject Line Instructions and E-mail Submission**

Follow the example below when naming the e-mail for the submission of the cost report.

Example: Name of LGA, LGA Code, Fiscal Year End Date (FYE), Part X of X

Santa Cruz County 44 FYE 063020 Part 1 of 3

Submit completed cost reports to [dhsaitcm@dhcs.ca.gov](mailto:dhsaitcm@dhcs.ca.gov) by November 1, 2020.

### **File Size Limitations**

The maximum e-mail file size limit is 50 MB. If an e-mail submission requires multiple e-mails due to the file size, notate the number of the e-mail at the end of the e-mail naming convention accordingly (Part 1 of 3, etc. as reflected above).

### **Time Survey**

The SFY 2019-20 time surveys will be used for reporting SFY 2019-20 costs.

### **Cost Report Accessibility**

Once the cost report is complete and has been submitted to DHCS, the designated LGA staff preparing the cost report should create an audit file. All documents related to the cost report should be accessible to the person responsible for the LGA's DHCS TCM program. DHCS may contact the LGA Coordinator to request information regarding the cost report or to arrange an audit. Further details regarding record retention requirements are stated in Welfare and Institutions Code section 14170.

### **Downward Rate Adjustment**

Per PPL 15-007, LGAs requesting a Downward Rate Adjustment must do so with the LGA's cost report submission on November 1, 2020. A Downward Rate Adjustment may be requested once annually and must be requested using the Downward Rate Adjustment Form.

To request the Downward Rate Adjustment Request Form e-mail DHCS at [dhcs-tcm@dhcs.ca.gov](mailto:dhcs-tcm@dhcs.ca.gov).

Downward Rate Adjustment Request Form Submission:

1. E-mail the Downward Rate Adjustment Request Form with the submission of the LGA's cost report to A&I at [dhsaitcm@dhcs.ca.gov](mailto:dhsaitcm@dhcs.ca.gov) and a copy to the TCM program at [dhcs-tcm@dhcs.ca.gov](mailto:dhcs-tcm@dhcs.ca.gov) by November 1st of each year.
2. Mail a hard copy of the Downward Rate Adjustment Request Form depicting a blue ink signature to the TCM program at:

**U.S. Mail:**

Department of Health Care Services  
Local Governmental Financing Division  
MS 4603  
Targeted Case Management Unit  
P. O. Box 997436  
Sacramento, CA 95899-7436

**Overnight Mail:**

Department of Health Care Services  
Local Governmental Financing Division  
MS 4603  
Targeted Case Management Unit  
1501 Capitol Avenue, Suite 71.3024  
Sacramento, CA 95814

Please contact DHCS at [dhcs-tcm@dhcs.ca.gov](mailto:dhcs-tcm@dhcs.ca.gov) with any questions regarding this PPL.

Sincerely,

**ORIGINAL SIGNED BY**

Shelly Taunk, Chief  
Community Based Claiming and Inmate Services Section