



# DHCS Stakeholder Webinar

## Dental Transformation Initiative

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# Presentation Outline

- Review of Domain 4 Local Dental Pilot Project (LDPP) Application Budget Template and Instructions
- Frequently Asked Questions (FAQs) Update
- Medi-Cal 2020 DTI Waiver Evaluation
- Domains 1, 2, and 3 Updates



# LDPP Budget Template

Name of Contractor  
XX-XXXXX  
[Optional pagination format.] Page 1

Exhibit B Attachment I-II – Budget – Sample

Exhibit B Attachment I or II etc.  
Budget  
(Year X) [Retain if multiple budgets are present]  
(XX/XX/XX through XX/XX/XX) [Retain if multiple budgets are present]

Personnel [Itemize all expenses]

Position Title	# of Staff	Monthly Salary Range	FTE %	Annual Cost
XX	X	\$XXX,XXX - \$XXX,XXX	X %	\$ XX
XX	X	\$XXX,XXX - \$XXX,XXX	X %	\$ XX
XX	X	\$XXX,XXX - \$XXX,XXX	X %	\$ XX
XX	X	\$XXX,XXX - \$XXX,XXX	X %	\$ XX
Total Salary				\$ XX
Fringe Benefits (X%)				\$ XX
				Total Personnel \$ XX

Operating Expenses [Itemize all expenses including minor equipment with a Unit cost under \$5,000]

XX	\$XX
XX	\$XX
XX	\$XX
Total Operating Expenses \$ XX	

Equipment [Itemize equipment expenses i.e., items with a Unit cost of \$5,000 or more]

XX	\$XX
Total Equipment Expenses \$ XX	

Travel (At CalHR reimbursement rates)

Total Travel \$ XX	
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Subcontracts [Itemize all subcontracts. A subcontractor budget should be included for all subcontractors and must be included for each subcontractor whose total costs under a contract will equal \$50,000 or more. If a subcontractor budget is required and cannot be supplied, an explanation must accompany the STD 215. DGS can require additional budget detail for any and all subcontractors and other line items]

Personnel	Operating Expenses	Travel	Subcontracts	Indirect Costs	Total Costs
\$XX	\$XX	\$XX	\$XX	\$XX	\$XX
XX – Contractor TBD			\$XX		
				Total Subcontracts \$ XX	
Other Costs [Itemize each expense]					
XX			\$XX		
XX			\$XX		
XX			\$XX		
				Total Other Costs \$ XX	
Indirect Costs (the lower of 20% of Total Personnel Salary excluding Fringe Benefits or indirect costs computed based on the organization's approved federal indirect cost rate or methodology)					
				Indirect Costs \$ XX	
				Annual Budget Total \$ XX	

**Note:** The Annual Budget Total should exclude any expenditures that would otherwise be paid for by other funding sources such as Denti-Cal reimbursement.



# LDPP Budget Instructions

## Exhibit B Attachment I-II – Budget Attachment – Instructions

**Basic rules** When payments are on cost reimbursement basis up to a maximum, a line item budget is required:

- Include all line items shown in the sample budget(s) even costs are \$0.
- Show figures in whole dollars unless the expense tally includes cents.
- Only list expenses that Department of Health Care Services (DHCS) will reimburse under the contract. Do not include matching fund costs. The annual Budgets should exclude any expenditures that would otherwise be paid for by other funding sources such as Denti-Cal reimbursement.
- To the extent that the proposal benefits populations other than Medi-Cal children, the budget should include a methodology to apportion the cost of proposal to Medi-Cal children only.
- Display each fiscal or budget year on a separate page.

**Formats** It is advisable to list expenses within broad cost categories i.e., Communications costs instead of listing costs for telephone, fax, cell phone, email.

**Fringe Benefits** If the fringe benefit % varies for some personnel (i.e., permanent staff vs. temporary or faculty vs. staff) or the % is calculated up to multiple decimal places, preferably enter the % along with a notation about the cost basis. If the cost basis cannot easily be described, just enter a total and place an asterisk (\*) following the line item title (i.e., Fringe Benefits \*) and include a footnote near the bottom of the page explaining how the benefit rate was calculated.

Reimbursement Limit - There is no limit on the percentage or amount of allowable fringe benefit reimbursement under a DHCS contract or grant. To be allowable, the cost must meet the following criteria: (1) Be necessary and reasonable for the performance of the agreement, (2) Be determined in accordance with generally accepted accounting principles, (3) Be consistent with policies that apply uniformly to all activities of the contractor. When payments are made on a cost reimbursement basis, it is common to reimburse actual fringe benefit costs.

Examples of allowable fringe benefit expenses – Fringe benefits are in the form of employer contributions for the employer's portion of payroll taxes and include: FICA, State Unemployment Insurance (SUI), State Disability Insurance (SDI), employee health plan insurance including health, dental, vision; unemployment insurance, worker's compensation insurance; life insurance; and the employer's share of pension/retirement plans granted in accordance with established written organizational policies of the employer.

Examples of disallowed fringe benefit expenses – Fringe benefits shall not include: regular salary or wages, annual leave, personal leave, vacation, sick leave, bereavement leave, holiday pay, jury duty pay, military leave/training, Director's or executive committee member's fees; incentive pay or awards; bonus awards; allowances for off-site pay; location allowances or adjustments; hardship pay; cost-of-living differentials, etc. As a matter of policy DHCS does not separately budget or reimburse unused vacation, sick leave or severance pay.

**Operating Expenses** Itemize all expenses, including minor equipment with a Unit cost under \$5,000.

**Equipment** Itemize all equipment expenses with a Unit cost over \$5,000. Equipment purchased/reimbursed with state and federal funds shall only be used for the performance of this grant agreement and may require return to DHCS at the



## Basic Rules

- When payments are on a cost reimbursement basis up to a maximum amount, a line item budget is required:
  - Include all line items shown in the sample budget(s) even if costs are \$0.
  - Show figures in whole dollars unless the expense tally includes cents.
  - Only list expenses that DHCS will reimburse under the contract. Do not include matching fund costs. The annual Budgets should exclude any expenditures that would otherwise be paid for by other funding sources such as Denti-Cal reimbursement.
  - To the extent that the proposal benefits populations other than Medi-Cal children, the budget should include a methodology to apportion the cost of proposal to Medi-Cal children only.
  - Display each fiscal or budget year on a separate page.



# Budget Sections

- Personnel
  - Fringe Benefits
- Operating Expenses
- Equipment
- Travel
- Subcontracts
- Other Costs
- Indirect Costs



# Personnel

- List position title, number of staff, monthly salary range, full-time equivalent percentage, and annual cost.
- Example

<b>Personnel [Itemize all expenses]</b>					
<b>Position Title</b>	<b># of Staff</b>	<b>Monthly Salary Range</b>	<b>FTE %</b>	<b>Annual Cost</b>	
Project Director	1	\$XXX,XXX - \$XXX,XXX	25%	\$	30,125
Project Analyst	1	\$XXX,XXX - \$XXX,XXX	50%	\$	35,000
Administrative Assistant	1	\$XXX,XXX - \$XXX,XXX	25%	\$	12,500
Project Coordinator	1	\$XXX,XXX - \$XXX,XXX	100%	\$	92,875
			<b>Total Salary</b>	\$	170,500
			<b>Fringe Benefits (25%)</b>	\$	42,625
			<b>Total Personnel</b>	\$	213,125



## Fringe Benefits

- Fringe benefits are in the form of employer contributions for the employer's portion of payroll taxes.
- Reimbursement Limit - There is no limit on the percentage or amount of allowable fringe benefit reimbursement under a DHCS contract or grant. To be allowable, the cost must meet the following criteria:
  - (1) Be necessary and reasonable for the performance of the agreement
  - (2) Be determined in accordance with generally accepted accounting principles
  - (3) Be consistent with policies that apply uniformly to all activities of the contractor. When payments are made on a cost reimbursement basis, it is common to reimburse actual fringe benefit costs.





## Fringe Benefits (continued)

### Allowable Expenses

- Federal Insurance Contributions Act (FICA)
- State Unemployment Insurance (SUI)
- State Disability Insurance (SDI)
- Employee health plan insurance including health, dental, vision;
- Unemployment insurance
- Worker's compensation insurance
- Life insurance
- Employer's share of pension/retirement plans granted in accordance with established written organizational policies of the employer.

### Disallowable Expenses

- Regular salary or wages
- Annual leave
- Personal leave
- Vacation
- Sick leave
- Bereavement leave
- Holiday pay
- Jury duty pay
- Military leave/training
- Director's or executive committee member's fees
- Incentive pay or awards
- Bonus awards
- Allowances for off-site pay
- Location allowances or adjustments
- Hardship pay
- Cost or living differentials, etc.



## Operating Expenses

- Itemize all expenses, including minor equipment with a Unit cost under \$5,000.
- Example

**Operating Expenses** [Itemize all expenses including minor equipment with a Unit cost under \$5,000]

Expendable supplies & minor equip < \$5,000	\$3,500		
Communications	\$1,000		
Reproduction/printing	\$500		
		<b>Total Operating Expenses</b>	<b>\$ 5,000</b>



# Equipment

- Itemize all equipment expenses with a Unit cost over \$5,000.
- Equipment purchased/reimbursed with state and federal funds shall only be used for the performance of this grant agreement and may require return to DHCS at the termination of the agreement.
- Example

**Equipment** [Itemize equipment expenses i.e., items with a Unit cost of \$5,000 or more]

Portable dental equipment

\$16,800

**Total Equipment Expenses** \$ 16,800



## Travel

- CalHR Travel Rules.
- Please see CalHR Reimbursement Rates below.
  - <http://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx>



## Subcontracts

- When funded, annual subcontract costs must be displayed in the Subcontract line Budgets and item in each applicable contract year budget. Subcontract costs are not to be Budget Detail included in the “Operating Expenses” or “Other Costs” line item.
- Subcontractor budgets are required for each known subcontractor whose total costs under a contract will equal or exceed \$50,000. If a subcontractor budget is required yet not included, explain in an attachment why a budget cannot be included for each subcontractor.



## Subcontracts (continued)

- For each known or pre-identified subcontractor, report costs for these line items: Personnel, Operating Expenses, Travel, Subcontracts, Other, and Indirect Costs. DHCS may require more detail or question costs. If possible, include the detail on the Prime Contractor's budget sheet.
- Prime Contractors are to put out to bid all subcontract services exceeding \$5,000. In the absence of bidding a subcontracted service, when required, Prime Contractors are to justify/explain in writing, to the awarding DHCS program, the reason(s) for making a sole or single source subcontract award.



## Subcontracts (continued)

- Example

**Subcontracts** [Itemize all subcontracts. A subcontractor budget should be included for all subcontractors and must be included for each subcontractor whose total costs under a contract will equal \$50,000 or more. If a subcontractor budget is required and cannot be supplied, an explanation must accompany the STD 215. DHCS can require additional budget detail for any and all subcontractors and other line items ]

ABC Health Care Quality Improvement Consultants

Personnel	Operating Expenses	Travel	Subcontracts	Indirect Costs	Total Costs
\$2,000	\$500	\$300	\$0	\$420	\$3,220
Program Assessment Evaluation – Contractor TBD			\$16,800		
				<b>Total Subcontracts</b>	\$ 20,020



## Other Costs

- Each expense, e.g. training, must be itemized.
- Example

**Other Costs** [Itemize each expense]

Training and Training Materials  
A/V equipment rental + setup / tear down  
Database Software

\$1,000  
\$350  
\$2,000

**Total Other Costs** \$ 3,350





## Indirect Costs

- Indirect costs are operating costs incurred during normal business operations (i.e., legal services; human resource costs; business service costs for equipment purchases, mail service, reproduction; janitorial costs; security costs, utilities, etc.)
- Some costs are mistakenly treated as an indirect cost when they can be treated as a direct cost. A direct cost is an expense that would not occur if it were not for entering into the contract.
  - For example, printing costs may be treated as a direct cost if a print job results in a tangible deliverable under the contract. Incidental printing of company letterhead would not qualify as a direct cost because its use extends beyond the contract in question.



## Indirect Costs (continued)

- Indirect Cost are limited to the lower of 20% of “Total Personnel Salary” excluding % display Fringe Benefits or indirect costs computed based on the organization’s approved federal indirect cost rate or methodology.
- Example

Indirect Costs (the lower of 20% of Total Personnel Salary  
excluding Fringe Benefits or indirect costs computed based on the  
organization’s approved federal indirect cost rate or methodology)

Indirect Costs \$ 34,100



# Budget Narrative (LDPP Application)

- 5.1 Financing Structure
  - Describe the financing structure of the LDPP, including a description of how and to whom payments will be distributed.
- 5.2 Funding Request
  - Specify the total requested annual dollar amount for each of the Demonstration Years. Include the amounts for each element of funding that is proposed, including personnel costs, fringe benefits, operating expenses, equipment expenses, subcontractor expenses, travel expenses, other and indirect costs. The funding request shall exclude covered services reimbursable by Medi-Cal Dental or other federal funding resources. The requested funding cannot supplant existing efforts that are currently being funded with Medi-Cal funds or locally funded projects for other sources.
- 5.3 Budget
  - Provide the total annual requested budget amount and link it to expected value(s) or impact(s) that will be achieved each demonstration year (e.g., the performance of specific activities, interventions, supports and services, and/or outcomes) of the LDPP.



## Budget Scoring (LDPP Application)

- Demonstrates reasonableness of the amount of the funding request in relation to proposed LDPP pilot activities.
- Provides detail of the total funding amount requested, by Demonstration Years for each deliverable requested, including baseline data collection, infrastructure, interventions, and outcomes.
- Describes a comprehensive approach how to flow funds, how reimbursement will take place and oversight and monitoring of payment.
- Provides reasonable methodology for establishing the budget request.
- Clear description or diagram explaining how the payment process will function.
- Alignment with/leverage of other funding sources.



## FAQ Update

- DTI FAQ document is updated on an ongoing basis.
- FAQs were last updated on August 16, 2016.
- FAQs can be found below.
  - [http://www.dhcs.ca.gov/provgovpart/Documents/D\\_TIFAQsRevised08.08.16.pdf](http://www.dhcs.ca.gov/provgovpart/Documents/D_TIFAQsRevised08.08.16.pdf)



# FAQ Highlights

- Domain 1
  - “If I see 100 exam patients a day then it seems I need to see 2 extra patients a day to meet the 2% increase for the year. Will the 75% incentive be only paid on those 2 extra exams and not on the first 100 exams?”
    - Incentive payments will be paid for beneficiaries 1 or more percentage points above the service office location baseline.
  - “How will the data be captured for Domain 1 for offices that are FQHCs and do not bill directly to Denti-Cal?”
    - The DHCS Clinic Subworkgroup recommended and DHCS agreed to submission of past and future CDT and treatment data to the Dental FI via paper or electronic submission.



## FAQ Highlights (continued)

- Domain 2
  - “If my county is not selected to participate in Domain 2 I cannot opt in, correct?”
    - If your service office location is not located in a selected county, you will not be able to opt in.
  - “How will DHCS approve dentists for participation in pilot counties?”
    - Eligible dentists must enroll in the pilot by completing a no-cost Department recognized training program and submitting verification documentation.
  - “When will you announce which counties are eligible for Domains 2?”
    - The announcement is forthcoming.



## FAQ Highlights (continued)

- Domain 3
  - “My FQHC has 3 sites, can the patient be seen in any of the 3 sites and be counted?”
    - FQHCs typically submit claims on behalf of the FQHC for all contracted service locations. If this is your current practice, the patient may be seen in any of the 3 locations.
  - “Will we get the names and state data for domains 3 on a regular basis to incorporate into LDPP?”
    - Aggregate data will be shared but beneficiaries' names will not be shared due to privacy regulations.





## FAQ Highlights (continued)

- Domain 4
  - “Would funding for teledentistry equipment qualify for LDPP?”
    - To the extent the proposed LDPP innovation that will be tested is viable and requires funding for equipment, including but not limited to teledentistry equipment to be successful, DHCS may consider approval of funding for equipment as long as the LDPP proposal meets the application requirements to further the goals of one or more of the dental domains or other measures closely tied to the domains. DHCS will not approve the purchase of mobile vans. Please note equipment purchased/reimbursed with state and federal funds shall only be used for the performance of this grant agreement and may require return to DHCS at the termination of the agreement.
  - “Will baseline year metrics be based on claims data specific to the utilization of the enrollee, or on services provided by service office locations, or both?”
    - Baseline metrics will be based upon claims data and service office locations for Domains 1 and 3.



## FAQ Highlights (continued)

- Domain 4 (continued)
  - “Are entities allowed to participate in more than one LDPP application? For example, if a tribal authority, can they apply on their own AND participate in a different application with another entity/LDPP plan?”
    - Yes, entities may participate in more than one LDPP application, apply on their own and/or participate in a different application with another entity/LDPP.
  - “It was stated that a County can be working with a First 5 and one has to make the application. If partnership is shown, does this mean that the First 5 can be the designated Lead Entity as long as they are working in partnership with the County?”
    - A First 5 (county entity) may be designated as a lead entity.



## Medi-Cal 2020 Waiver Evaluation

- CA must submit a draft evaluation design to CMS for all elements of the demonstration by September 19, 2016
- The draft design must include a discussion of the goals, objectives and specific hypotheses, including those that focus on target populations for the demonstration
- The draft design requires sufficient detail to determine that it is scientifically rigorous and include a documented data strategy
- CA shall seek comment from the public on the development of its evaluation design
- CA must cooperate with Federal Evaluators should HHS undertake an evaluation of any component of the demonstration



# DTI Evaluation: Domains Areas of Focus

CA must, at a minimum, address each of the domains and evaluation questions listed below:

- Domain 1: Are provider incentive payments an effective method to encourage service office locations to provide preventive dental services to more Medi-Cal children? To what extent is an incentive payment an effective method for increasing Medi-Cal provider participation, which could impact better access to care for children?
- Domain 2: Is this provider incentive program effective in encouraging providers to perform CRA for the targeted population and ensure completion of the appropriate treatment plan for the management of childhood caries? Has the utilization of emergency room visits for dental issues among the targeted children declined? Have expenditures for emergency room visits for not-traumatic dental issues among targeted children declined? Has utilization and expenditures for dental related general anesthesia and facility fees for targeted children declined? What promising practices were identified in the county Caries Risk Assessment and Management pilots?
- Domain 3: Are incentive payments effective in promoting continuity of care for targeted children?
- Domain 4: Local Dental Pilot Projects will be evaluated based on the performance metrics of Domains 1, 2 and 3 and the goals outlined in the awardees' proposals.
- How do the benefits of the DTI compare to the cost of incentives? Do some portions of the DTI exhibit a more favorable benefit to cost ratio than others?
- What measures can be taken to ensure that the improvements achieved by the DTI can be sustained after the DTI program funding is exhausted?



# Domain 1 Update

- Domain 1 Waiver Amendments
  - Revises the methodology used by DHCS to determine the baseline metrics that will be used by new and existing dental service office locations for purposes of receiving incentive payments; and
  - Adds authority to provide partial incentive payments to provider service office locations that partially meet annual increases in the preventive services provided to children above the pre-determined baseline.
- Why?
  - To ensure new and existing dental provider service office locations are not disadvantaged by having to reach unrealistic increases in the number of children provided preventive services.
- Delay
  - Distribution of service office location benchmark and baseline.
  - Payments will still be issued on January 2017.



## Domain 1 Update (continued)

- Process to collect Safety-Net Clinic (SNC) data has been developed.
  - DHCS convened a SNC stakeholder workgroup to define a data collection process.
  - SNC Data Collection Requirements and Templates have been posted on the DTI webpage.
  - DHCS is mailing SNC Data Collection Requirements to SNC Dental Directors in locations statewide known to provide dental services.
- Dental Fiscal Intermediary (FI) will collect the SNC data via paper or electronic submission.
- Payment system for paying incentives is being developed through the Dental FI.



## Domain 2 Update

- Caries Risk Assessment (CRA) tool
  - A CRA tool has been developed.
  - Piloting of the tool is currently in progress.
  - The tool will be finalized following the outcome of the pilot testing.
  - Anticipated completion date – December 2016
- Caries Treatments
  - Caries arresting treatment has been added to the protocol.
  - Updates to the cost estimates based on revised risk levels are complete.
  - The pilot counties have been re-determined.
- Opt-in Process
  - A process for potential provider participants to opt-in and complete the prerequisites is being developed.
  - Anticipated completion date – January 2017
- Training
  - CRA training is under development and will be available online.
  - Potential provider participants will be required to complete the training prior to completing the Opt-in Process.
  - Anticipated completion date – January 2017



# Domain 3 Update

- **Baselines**
  - Baseline year will be 2015.
  - Claims Data from Fee For Service (FFS) providers has been collected.
  - Process to collect Safety-Net Clinic (SNC) data has been developed.
    - DHCS met with a SNC stakeholder workgroup to define a data collection process.
    - SNC Data Collection Requirements and Templates have been posted on the DTI webpage.
    - DHCS is mailing SNC Data Collection Requirements to SNC Dental Directors in locations known to provide dental services in selected counties.
  - Dental Fiscal Intermediary (FI) will collect the SNC data via paper or electronic submission.
  - Payment system for paying incentives is being developed through the Dental FI.





**For questions, please email the DTI inbox:**  
[DTI@dhcs.ca.gov](mailto:DTI@dhcs.ca.gov).

**For more information, please see the DHCS  
Webpage dedicated to DTI publications, FAQs and  
public information:**

<http://www.dhcs.ca.gov/provgovpart/Pages/DTI.aspx>