

ST. CLAIR COUNTY COMMUNITY MENTAL HEALTH AUTHORITY

ADMINISTRATIVE PROCEDURE

Date Issued **7/24**

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I. APPLICATION:

- ☐ SCCCMMH Board
- ☒ SCCCMMH Providers & Subcontractors
- ☐ Direct Operated Programs
- ☐ Community Agency Contractors
- ☐ Residential Programs
- ☐ Specialized Foster Care

II. PURPOSE STATEMENT:

St. Clair County Community Mental Health (SCCCMMH) shall ensure that unit rate contract providers will submit rate proposals in accordance with the costing principles as outlined in 2 CFR 230, "Cost Principles for Nonprofit Organizations" and 2 CFR 225, "Cost Principles for State, Local, and Indian Tribal Governments."

III. DEFINITIONS:

See Exhibit A and B.

IV. STANDARDS:

- A. Bids submitted for rates used in St. Clair County CMH contracts must be in accordance with the appropriate costing principles as described below:
 - 1. Residential Group Home/Supported Living Arrangement Providers – Exhibit A
 - 2. Contract Agencies providing Non Residential/Supported Living Arrangement services – Exhibit B
- B. Where applicable, all cost allocation plans used to apply indirect costs into a unit rate for a St. Clair County CMH contract will have prior approval by the St. Clair County CMH.
- C. Non-residential contracts using a single rate for program costs will identify total allowable program costs and the number of units to be provided.
- D. Non-residential contracts using multiple rates for different services within a program will identify the allowable program costs attributed to each service and the number of units of each service to be provided.

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V. PROCEDURES:

A. **Residential/Supported Living Arrangement**

Group Home/Supported Living Arrangement Providers

1. Prepare a proposed budget schedule, upon request, for each home under contract with the St. Clair County CMH based on form [#0269 Cost Calculation – Residential SLA](#), in accordance with the costing principles and the worksheet instructions (Exhibit A).
2. Submits requested cost calculation worksheet to the St. Clair County CMH contract manager.

SCCCMH Contract Manager

3. Forwards completed Forms to the appropriate finance staff to review and determine contract rate.

B. **Contract Agencies providing Non Residential/Supported Living Arrangement services**

Governmental Organization/Agency

1. Ensures that all cost calculations for unit rates are prepared in accordance with the costing principles for contract agencies providing Non Residential/Supported Living Arrangement services (see Exhibit B).
2. Proposes the unit rate(s) for use in the contracts with the St. Clair County CMH based on the appropriate cost calculation form [#0267 Cost Calculation – Contract Provider Multiple Rates](#) or Form [#0268 Cost Calculation – Contract Provider Single Rate](#) .
3. Submits the appropriate cost calculation worksheet to the St. Clair County CMH contract manager.

SCCCMH Contract Manager

4. Forwards completed Forms to the appropriate finance staff to review and determine contract rate.

VI. REFERENCE:

- A. 2 CFR 230, “Cost Principles for Nonprofit Organizations” and 2 CFR 225, “Cost Principles for State, Local, and Indian Tribal Governments” can be found at the following website:

[http://www. GPO.GOV](http://www.GPO.GOV)

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B. Form [#0267 Cost Calculation – Contract Provider Multiple Rates](#)

C. Form [#0268 Cost Calculation – Contract Provider Single Rate](#)

D. Form [#0269 Cost Calculation – Residential SLA](#)

VII. EXHIBITS:

A. Cost Principles for Residential Providers

B. Cost Principles for Non-Residential Contracts Where the St. Clair County CMH Provides 75% or More of the Agency's Total Revenue

VIII. REVISION HISTORY:

Dates issued 12/97, 05/01, 11/04, 01/07, 12/08, 04/11, 11/12, 11/13, 11/14, 11/15, 05/18, 05/19, 07/20
6/24

Cost Principles for establishing rates used in contracts with the St. Clair County Community Mental Health (CMH) for providing Residential/Supported Living Arrangement services.

Costing Principles are the structured guidelines used to develop costs/rates for services provided.

A. PURPOSE

St. Clair County Community Mental Health shall require that all unit rate contract providers adopt the principles established by 2 CFR 230, “Cost Principles for Nonprofit Organizations” or 2 CFR 225, “Cost Principles for State, Local, and Indian Tribal Governments”, as applicable, in determining costs of services provided through fee for service contracts (awards) and other agreements with contract agencies/ governments. The principles are designed to provide that CMH bear its fair share of costs except where restricted or prohibited by law. The principles do not attempt to prescribe the extent of cost sharing or matching on grants, contracts, or other agreements. A provision for profit or other increment above cost is outside the scope of this Policy.

B. APPLICABILITY

The principles set forth in 2 CFR 230 or 2 CFR 225, whichever is applicable, shall be used in determining the costs of work performed by all unit rate contract providers under grants, cooperative agreements, cost reimbursement contracts, and other contracts in which costs are used in pricing, administration, or settlement. All of these instruments are hereafter referred to as awards. Costs which are allowable per 2 CFR 225/ 2 CFR 230, but are not to be included in the service costs per the Medicaid Provider Manual will not be included in the rate or fee calculations.

The application of these principles is based on the fundamental premises that:

- 1) Residential/Supported Living Arrangement providers are responsible for the efficient and effective administration of CMH contract funds through the application of sound management practices.
- 2) Residential/Supported Living Arrangement providers are responsible for administering CMH contract funds in a manner consistent with underlying agreements, program objectives and the terms and conditions of the Residential/Supported Living Arrangement services contract.
- 3) These principles will be applied by the Residential/Supported Living Arrangement provider in determining rates used for all contracts with the CMH.

C. DEFINITIONS

- 1) Non-profit organization: Any corporation, trust, association, cooperative, or other organization which:
 - a. is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest;
 - b. is not organized primarily for profit; and
 - c. uses its net proceeds to maintain, improve, and/or expand its operations.

- 2) Prior Approval: Securing the awarding agency's permission in advance to incur cost for those items that are designated as requiring prior approval by the Circular. This permission, or denial, will be communicated in writing by the CMH Contract Manager. Where an item of cost requiring prior approval is specified in the budget of an award, approval of the budget constitutes approval of that cost.
- 3) Cost Allocation Plan: The documentation identifying, accumulating and allocating the allowable costs of services provided by the Residential/Supported Living Arrangement provider on a centralized basis to its departments or programs.
- 4) Cost Objective: A function, organizational subdivision, contract, grant or other activity for which cost data are needed and for which costs are incurred.
- 5) Awards: Funding provided under grants, cooperative agreements, cost reimbursement contracts or other contracts in which costs are used in pricing, administration or settlement.

D. PLAN FOR INDIRECT COST ALLOCATION

The indirect cost allocation plan must include the following: a brief description of the service provided, an identification of the unit rendering the service and the cost objectives receiving the service, the item of expense included in the cost of services, and the method used to distribute the cost of the service to benefited cost objectives.

E. COMPOSITION OF RATE CALCULATION

The rate to be applied to CMH contracts is equal to the total projected Medicaid allowable costs (comprised of allowable direct cost of the program, plus its allocable portion of indirect costs, less applicable credits) divided by the number of points/hours of member services to be provided.

F. UNALLOWABLE COSTS

In addition to items not allowed per 2 CFR 230 or 2 CFR 225, as applicable, all costs considered to be Room and Board costs are unallowable for determining the reimbursement rate, as well as medical, dental, surgical and prescription costs that are eligible to be reimbursed under CMH administrative procedures # #07-003-0065 Specialized/Enhanced Medical Equipment and Supplies, Environmental Modifications, and/or Enhanced Pharmacy.

Cost Principles for establishing rates used in contracts with St. Clair County Community Mental Health (CMH) for providing Non-Residential/Supported Living Arrangement services.

Costing Principles are the structured guidelines used to develop costs/rates for services provided.

A. PURPOSE

St. Clair County Community Mental Health shall require that all unit rate contract providers adopt the principles established by 2 CFR 230, "Cost Principles for Nonprofit Organizations" or 2 CFR 225, "Cost Principles for State, Local, and Indian Tribal Governments" in determining costs of services provided through fee for service contracts (awards) and other agreements with contract agencies/governments. The principles are designed to provide that CMH bear its fair share of costs except where restricted or prohibited by law. The principles do not attempt to prescribe the extent of cost sharing or matching on grants, contracts, or other agreements. A provision for profit or other increment above cost is outside the scope of this policy.

B. APPLICABILITY

The principles set forth in 2 CFR 230 or 2 CFR 225, whichever is applicable, shall be used in determining the costs of work performed by non-profit organizations/governmental organizations under grants, cooperative agreements, cost reimbursement contracts, and other contracts in which costs are used in pricing, administration, or settlement. All of these instruments are hereafter referred to as awards. Costs which are allowable per 2 CFR 225/ 2 CFR 230, but are not to be included in the service costs per the Medicaid Provider Manual will not be included in the rate or fee calculations.

The application of these principles is based on the fundamental premises that:

- 1) Contracted providers are responsible for the efficient and effective administration of CMH contract funds through the application of sound management practices.
- 2) Contracted providers are responsible for administering CMH contract funds in a manner consistent with underlying agreements, program objectives and the terms and conditions of the fee for service contract.
- 3) These principles will be applied by the contracted provider in determining rates used for all contracts with the CMH.

C. DEFINITIONS

- 1) Non-profit organization: Any corporation, trust, association, cooperative, or other organization which:
 - a. is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest;
 - b. is not organized primarily for profit; and
 - c. uses its net proceeds to maintain, improve, and/or expand its operations.

- 2) Prior Approval: Securing the awarding agency's permission in advance to incurring any cost for those items that are designated as requiring prior approval by the Circular. This permission, or denial, will be communicated in writing by the CMH Contract Manager. Where an item of cost requiring prior approval is specified in the budget of an award, approval of the budget constitutes approval of that cost.
- 3) Cost allocation plan: The documentation identifying, accumulating and allocating the allowable costs of services provided by the contracted provider on a centralized basis to its departments or programs.
- 4) Cost objective: A function, organizational subdivision, contract, grant or other activity for which cost data are needed and for which costs are incurred.
- 5) Awards: Funding provided under grants, cooperative agreements, cost reimbursement contracts or other contracts in which costs are used in pricing, administration or settlement.

D. PLAN FOR INDIRECT COST ALLOCATION

- 1) The indirect cost allocation plan must include the following: a brief description of the service provided, an identification of the unit rendering the service and the cost objectives receiving the service, the items of expense included in the cost of service, and, the method used to distribute the cost of the services to benefited cost objectives.

E. COMPOSITION OF RATE COMPUTATION

- 1) The rate to be applied to CMH contracts is equal to the total projected costs (comprised of allowable direct cost of the program, plus its allocable portion of indirect costs, less applicable credits) divided by the number of units of member service to be provided.