

**RUHS – BEHAVIORAL HEALTH
CONTRACTOR COST RECONCILIATION INSTRUCTIONS
FY2023/2024**

GENERAL INFORMATION:

- ❖ Cost Reconciliation submission includes the following items:
 - **Electronic copy of County Cost Reconciliation Schedules**
 - **Audited Financial Statements and supporting schedules that tie to the County Cost Reconciliation Schedules submitted for the Cost Reconciliation period.**
 - If audited Financial Statements are not available by the date of submission, send the un-audited Financial Statements used to prepare the Cost Reconciliation.
 - If your Financial Statements do not flow to Cost Reconciliation, submit all supporting schedules to trace numbers from Financial Statement to Cost Reconciliation forms.
 - If your fiscal year is not the same as Riverside County's (July 1, 2023 through June 30, 2024), submit multiple financial statements to account for the entire year. For example, if you are on a January through December calendar year basis, submit one financial statement from July 1, 2023 through December 31, 2023 and another financial statement from January 1, 2024 through June 30, 2024 along with schedules to trace numbers from the Financial Statements to the Cost Reconciliation forms.
 - **Cost Reconciliation submission must be emailed to costreport@ruhealth.org.**

- ❖ According to your contract with Behavioral Health, final payments (if applicable) to the Contractor shall not be made by the County until receipt of a properly prepared Cost Reconciliation.

A properly prepared Cost Reconciliation means that the Contractor has correctly submitted the items listed above and both County and Contractor agree upon final Cost Reconciliations. **If the County has received a Cost Reconciliation that is not complete or contains errors/issues that remain unresolved, the Contractor will not be considered to have properly prepared a Cost Reconciliation and the County will therefore have the right to hold future payments.**

- ❖ A separate set of Cost Reconciliation schedules must be prepared for each program code your agency has with Behavioral Health.
- ❖ All of the information that needs to be completed by your Agency is highlighted in green on the Cost Reconciliation schedules.
- ❖ When entering dollar amounts on the Cost Reconciliation forms, be sure to include cents. The Cost Reconciliation has this format configured for you already, thus if your Salaries = \$1,455.45, the Cost Reconciliation will show it as that. If your Salaries = \$1,455, then the Cost Reconciliation will show it as \$1,455.00.
- ❖ When opening up the Schedules in Excel, macros must be enabled in order for these forms to work correctly.
- ❖ The Cost Reconciliation consists of the following schedules:

Schedule 1 -	Methodology
Schedule 2 -	Expenses by Line Items
Schedule 3 -	Revenues by Source
Schedule 4 -	Total Units Provided
Schedule 5 -	Summary Report of Expenditures/Revenues by Program Type

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Note: All figures to be completed are highlighted in green. Also, complete all contact information.

SCHEDULE 1 – METHODOLOGY

Enter the Submission Date, Provider Name, Reporting Unit, Fiscal Number (DeptID) and Legal Entity Number at the top of Schedule 1.

ACCEPTABLE METHODOLOGIES include, but are not limited to:

- COSTS DETERMINED AT SERVICE FUNCTION LEVEL (Cost Centers)
Some legal entities have the technology and reporting mechanisms whereby costs are captured at the service function level. Legal entities that have this capability should allocate costs in this manner.
- TIME STUDY
A Time Study procedure may be used to allocate costs between modes of service and service functions. In order to accomplish this, hours must be reported at the service function level and at the mode of service level. The percentage of total is calculated by dividing the hours for each service function by the total hours for the mode of service.

- **In Schedule 1, Section A, explain the methodology that your agency uses to separate Riverside County cost/revenue from Non-Riverside County cost/revenue.**

EXPENSE/REVENUE METHODOLOGY

Enter in this area the methodology used to separate Riverside County contract costs and revenues from non-Riverside County contract costs and revenues. Include sufficient detail, providing additional pages if necessary.

- **In Schedule 1, Section B, explain the methodology that your agency uses to separate Riverside County Cost between each Mode/Service Function (if applicable).**

MODE/SERVICE FUNCTION CODE METHODOLOGY

Enter in this area the methodology used to distribute expenses and revenues to modes and service function codes for the Riverside County Contract. Include sufficient detail, providing additional pages if necessary.

SCHEDULE 2 - EXPENSES BY LINE ITEM

The following items are needed to complete Schedule 2:

- a. A consolidated Income Statement, for the period of July 1, 2023 through June 30, 2024, showing all expenses (costs).
 - b. A segregated Income Statement (or appropriate allocation method) showing expenses relating only to your contract(s) with the County of Riverside.
 - c. The methodology used to allocate cost to the various programs as explained on Schedule 1.
 - d. The final FY2324 Schedule I/K, if applicable.
- **SALARIES & BENEFITS – Column A - Lines 3a to 3d**

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Column A will include both *Total Riverside County* and *Non-Riverside County* Costs. Thus, line 3x – Total Salaries & Benefits should equal the total on your consolidated Income Statement.

- a. **Line 3a SALARIES** - Enter the total expenses for Salaries for your agency on this line. Salaries include wages and/or payroll paid to your employees (part time or full time). Do not include contracted services or consultants. These expenses should be entered in Column A, line 4a (Professional Svcs/Contracts). Total all Salaries and put the total in Column A, Line 3a.
- b. **Line 3b BENEFITS** - Include Group Health or Life Insurance paid by your agency for your employees, employer contributions to retirement plans (i.e., 401(k), pension, etc.), worker's compensation benefits, and any other items paid for by your agency for your employees. Total all these items together and enter in Column A, Line 3b.
- c. **Line 3c PAYROLL TAXES** - Include all employer paid payroll taxes such as FICA, FUTA, SUI and any city or local taxes on this line. Enter the total in Column A, Line 3c.
- d. **Line 3d OTHER** - Include any miscellaneous payroll or benefit related expenses which do not appear in Column A, Lines 3a to 3c.
- e. **Line 3x TOTAL SALARIES & BENEFITS** – DO NOT INPUT into this line. It is formula driven and should automatically add if you have entered amounts into Lines 3a – 3d. The formula in this line should add Column A, Lines 3a through 3d.

□ **OPERATING EXPENSES - Column A - Lines 4a to 4i**

Column A will include both *Total Riverside County* and *Non-Riverside County* Costs. Thus, line 4x – Total Operating Expenses should equal the total on your consolidated Income Statement.

- a. **Line 4a PROFESSIONAL SVCS/CONTRACTS** - Include all expenses paid to consultants, contractors (non-employee per diems, non-employee registry, etc.) and any other entity that is not an employee of your agency. Do not include any employee payroll. Employee payroll should be included in the Salaries & Benefits section. Total and enter in Column A, Line 4a.
- b. **Line 4b OFFICE SUPPLIES/EXPENSE** - Include all expenses relating to office supplies (i.e., paper, computer supplies, office supplies, tools, minor equipment purchases, etc.). Total and enter in Column A, Line 4b.
- c. **Line 4c TELEPHONE** – Include all expenses for telephone cost. Total and enter in Column A, Line 4c.
- d. **Line 4d UTILITIES** - Include all utility expenses (i.e., gas, electric, water, etc.). Total and enter in Column A, Line 4d.
- e. **Line 4e VEHICLE MAINT/TRANSPORTATION** - Include all expenses for transportation and vehicle costs (i.e., gas, maintenance, minor repairs, etc.). Total and enter in Column A, Line 4e.
- f. **Line 4e FOOD** - Include all expenses for food related costs. Total and enter in Column A, Line 4f.
- g. **Line 4g RENT/OCCUPANCY** - Include all expenses for rent and/or building/office leases. Total and enter in Column A, Line 4g.
- h. **Line 4h INSURANCE** - Include all insurance payments not related to employee benefits. (i.e., Malpractice insurance, liability insurance, vehicle & property insurance, etc.). Total and enter in Column A, Line 4h.
- i. **Line 4i OTHER OPERATING EXPENSE** - Include all operating expenses not itemized above (i.e., Medical Supplies, Food, Maintenance Costs, etc.). Do not include Indirect Administrative Overhead

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Charges. These expenses should be entered in Column A, line 5c (Other). Total and enter in Column A, Line 4i.

- j. **Line 4x TOTAL OPERATING EXPENSES - DO NOT INPUT** into this line. It is formula driven and should automatically add if you have entered amounts into Lines 4a – 4i. The formula in this line should add Column A, Lines 4a – 4i.
- **OTHER EXPENSE - Column A, Lines 5a – 5d**
Column A will include both *Total Riverside County* and *Non-Riverside County* Costs. Thus, line 5x – Total Other should equal the total on your consolidated Income Statement.
- a. **Line 5a DEPRECIATION** - Enter the total depreciation from your financial statements in Column A, Line 5a.
- b. **Line 5b AMORTIZATION** - Enter the total amortization of any capital leases or other leases from your financial statements in Column A, Line 5b.
- c. **Line 5c INDIRECT ADMINISTRATION (IF APPLICABLE)** – Enter Indirect Administrative Overhead Expenses on this line in Column A, Line 5c.
- d. **Line 5d OTHER** - Total any other expenses not categorized above. Total and enter in Column A, Line 5d.
- e. **Line 5x TOTAL OTHER** - DO NOT INPUT into this line. It is formula driven and should automatically add if you have entered amounts into Lines 5a – 5d. The formula in this line should add Column A, Lines 5a – 5d.
- **GROSS COST - Column A, Line 6x**
Column A will include both *Total Riverside County* and *Non-Riverside County* Costs. Thus, line 6x – Gross Cost should equal the total on your consolidated Income Statement.
- a. **Line 6x GROSS COST** - DO NOT INPUT into this line. It is formula driven and should automatically add if you have amounts on Lines 3x, 4x, and 5x. The formula in this line should add Column A, Lines 3x, 4x, and 5x.

NOTE:

- The totals in Column A must agree with your consolidated Income Statement totals. If they do not, you must prepare a schedule to show the correlation of costs from your income statement to the Cost Reconciliation .
 - The expense categories have been entered into the Schedule for you. Combine all related expenses into the most appropriate category (i.e., Utilities should include water, electric, gas, telephone, etc.). Any expense item, which does not fit into a predefined category, should be classified as "Other Operating Expense" (if it is a direct cost) or "Other" (if an indirect cost) and included in the total for that specific category. Attempt to fit most expense items into a predefined category, if possible.
- **NON-CONTRACT (UNALLOWABLE) EXPENSES/ADJUSTMENTS - Column B**
Column B will include *ONLY* Non-Riverside County contract costs and Riverside County contract costs that are not associated with the PROGRAM CODE for which you are submitting the Cost Reconciliation.
- a. Follow the procedure outlined above for Column A to determine the Column B expenses by category.
- b. It is required that **Schedule 1 - Methodology** be used to identify how these non-contract expenses or adjustments to expense were derived (allocation methodology).

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- c. Remember to be consistent and combine expenses by category in the same fashion as the instructions for Column A.

- **TOTAL CONTRACT (ALLOWABLE) COSTS - Column C**
Column C will include **ONLY** Riverside County Costs.
 - a. This Column is formula driven and will subtract Column B from Column A. This total will show how much of your total costs are Riverside County Costs.
 - b. This must equal the amount of expenses provided under contract with Riverside County. Contract (allowable) Cost should equal the total of Riverside County Costs section on your consolidated Income Statement.

- **MODE/SERVICE FUNCTION CODES AND COSTS – Columns D through S**
Distribute the Riverside County Cost found in Column C by each Mode and Service Function Code. Thus, *Columns D through S must equal Column C.*
 - a. Identify individual program costs under the appropriate column. Once again, remember to combine expense categories the same as in columns A through C. The allocation method is to be detailed on **Schedule 1 - Methodology.**
 - b. **APPLICABLE TO BEHAVIORAL HEALTH CONTRACTORS ONLY: Contractor shall report actual costs separately for Flexible Funding, if applicable to their contract. Flexible Funding – Housing, Flexible Funding - Housing Operation Expenses and Flexible Funding - Flex Support should all be reported under Mode/Service Function 60/78.**

NOTE: The last column, **Check Figures**, will automatically calculate and **should always equal zero!**

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SCHEDULE 3 - REVENUES BY SOURCE

The following items are needed to complete Schedule 3:

- a. A consolidated Income Statement for the period of July 1, 2023 through June 30, 2024 showing all revenues (income).
 - b. A segregated Income Statement (or appropriate allocation method) showing revenues relating only to your contract(s) with the County of Riverside.
 - c. The methodology used to allocate revenues to the programs as explained on Schedule 1.
 - d. The final FY2324 Schedule K, if applicable.
- **REVENUE TYPES - Column A, Lines 9 to 15**
Column A will include both *Total Riverside County* and *Non-Riverside County* Revenue. Thus, Line 16x – Total Revenue should equal the total on your consolidated Income Statement.
- a. **Line 9 COUNTY CONTRACT INCOME** - Enter the total revenues from all County and Non - County Contracts for this specific program. Enter the total in Column A, Line 9.
 - b. **Line 10 GRANTS INCOME** - Include all revenues received from Federal, State, Local or other grants. Enter the total in Column A, Line 10.
 - c. **Line 11 DONATIONS INCOME** - Include revenues received from donations from private/public sources. Enter the total in Column A, Line 11.
 - d. **Line 12 PROGRAM FEES** - Include revenue from any fees collected from patients or third party payors. Enter the total in Column A, Line 12.
 - e. **Line 13 FOOD STAMPS** - Enter total revenues received from food stamp collections. Enter the total in Column A, Line 13.
 - f. **Line 14 RENTAL INCOME** - Enter the total of all revenues received for rentals of equipment, furnishings, buildings, etc. Enter the total in Column A, Line 14.
 - g. **Line 15 OTHER INCOME** - Enter the total of all other revenues received that have not been identified above. Include such items as interest revenues and gain on sale of assets. Enter the total in Column A, Line 15.
 - h. **Line 16x TOTAL REVENUE** - DO NOT INPUT into this line. It is formula driven and should automatically add if you have entered amounts into Lines 9 - 15. The formula in this line should add Column A, Lines 9 - 15.

NOTE:

- The totals in Column A must agree with your consolidated Income Statement totals.
 - The Revenue categories have been entered into the Schedule for you. Combine all related revenues into the most appropriate category. Attempt to fit most revenue items into a specific category, if possible.
- **NON-CONTRACT REVENUES/ADJUSTMENTS - Column B**
Column B will include *ONLY* Non-Riverside County contract revenues and Riverside County contract revenues that are not associated with the PROGRAM CODE for which you are submitting the Cost Reconciliation.

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- a. Follow the procedure outlined above for Column A to determine the Column B revenues by category.
 - b. It is required that **Schedule 1 - Methodology** be used to identify how these non-contract revenues or adjustments were derived (allocation methodology).
 - c. Remember to be consistent and combine revenues by category in the same fashion as the instructions for Column A.
- **TOTAL CONTRACT (ALLOWABLE) REVENUES - Column C**
Column C will include *ONLY* Riverside County Revenues.
- a. This Column is formula driven and will subtract Column B from Column A. This total will show how much of your total revenues are Riverside County Revenues.
 - b. This must equal the amount of revenues provided under contract with Riverside County. Contract (allowable) Revenues should equal the total of Riverside County Revenues section on your consolidated Income Statement.
- **MODE/SERVICE FUNCTION CODES AND REVENUES – Columns D through S**
Distribute the Riverside County Revenue found in Column C by each Mode and Service Function Code. Thus, *Columns D through S must equal Column C.*
- a. Identify individual program revenue under the appropriate column. Once again, remember to combine revenue categories the same as in Columns A through C. The allocation method is to be detailed on **Schedule 1 - Methodology**.
 - b. **APPLICABLE TO BEHAVIORAL HEALTH CONTRACTORS ONLY: Contractor shall report actual revenues separately for Start Up and Flexible Funding, if applicable to their Cost Reconciliation . Flexible Funding – Housing, Flexible Funding - Housing Operation Expenses and Flexible Funding - Flex Support should be reported under Mode/Service Function 60/78. Start Up costs should be reported in its own column (column S).**

NOTE: The last column, **Check Figures**, will automatically calculate and **should always equal zero!**

SCHEDULE 4 – UNITS

This schedule will be pre-filled by your Cost Reconciliation Reviewer.

SCHEDULE 5 - SUMMARY REPORT OF EXPENDITURES/REVENUES BY MODE/SFC

The following items are needed to complete Schedule 5:

- a. Completed Schedules 1 through 4.
 - b. The final FY2324 Schedule K.
- **COMPLETE ALL THE APPROPRIATE INFORMATION REGARDING YOUR AGENCY IN THE HEADING and FOOTING AREA.**
- a. **SUBMISSION DATE, PROGRAM CODE/PROVIDER NAME, FISCAL PROGRAM**

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CODE/PROVIDER NUMBER – This is formula driven and is taken from Schedule 1 – Methodology. If you submit a revised Cost Reconciliation, remember to indicate the date of revision on Schedule 1 – Methodology so that it will carry forward through all Schedules.

- b. **TYPE OF CONTRACT** – You must click on the appropriate dot for the final reimbursement to be calculated correctly. Please Select **PEI Actual Cost**
 - c. **TYPE OF ORGANIZATION** - Check the appropriate square (profit or non-profit).
 - d. **ACCOUNTING METHOD** - Check the appropriate square (cash, modified accrual or accrual).
 - e. **DIRECTOR’S SIGNATURE & DATE** – The Director, Department Head, Administrator, or designee must sign and date (original signatures in blue ink are required on both copies).
 - f. **DIRECTOR’S NAME (PRINT) & TITLE** – Print the name of the above signature. Also, enter the title of the individual who signed the Cost Reconciliation.
 - g. **DIRECTOR’S TELEPHONE & EMAIL ADDRESS** - Enter the telephone number and email address of the Director, Department Head, or Administrator.
 - h. **NAME OF PERSON TO CONTACT REGARDING COST RECONCILIATION** – Print the name of the contact person to which we would call regarding information contained in your Cost Reconciliation.
 - i. **CONTACT PERSON’S TELEPHONE, EMAIL, ADDRESS & FAX** – Enter the requested information for the contact person that will be responsible for answering any questions regarding your Cost Reconciliation.
 - j. **REMITTANCE TO – MAILING ADDRESS** – Include the address that you want your Agency’s reimbursement to be mailed to. This address may differ from the Contact Address.
- PROGRAM ELEMENTS – Lines 3x – 5x, 7, 10-15**
- a. A formula will pull over all data from Schedules 2, 3, & 4 into Lines 3x-5x, 7, and 10-15. If there is an amount in the “Check Figure” Column, please review the data you input into Schedules 2, 3, and 4.
- PROGRAM ELEMENTS – Lines 6x, 16x, and 17x**
- a. A formula will calculate your Gross Cost on Line 6x, Total Revenues on Line 16x, and your Net Cost on Line 17x. The Gross Cost is the sum on Lines 3x-5x, Total Revenues are the sum of Lines 10 through 15, and the Net Cost is the Gross Cost on Line 6x less your Total Revenues from Line 16x.
- PROGRAM ELEMENTS – Line 18**
- a. **Line 18 MAXIMUM CONTRACT AMOUNT** - Enter the maximum contract amount for each mode/service function code from your contract with Riverside County in the appropriate column. As indicated in Exhibit C of your contract, no funds allocated for any Mode of Service as designated in Schedule I may be reallocated to another Mode of Service without the prior approval of County’s Program Manager in writing.
- PROGRAM ELEMENTS – Line 19**

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- a. **Line 19 UNALLOWABLE MEDI-CAL COST** - This line is for County use only. When finalizing the Cost Reconciliation Review, the County will calculate the amount, if any, of unallowable Medi-Cal cost.

- **CALCULATING THE REIMBURSEMENT BY TYPE OF CONTRACT – Lines 20(a-h):**
 - a. **PEI ACTUAL COST CONTRACT REIMBURSEMENT CALCULATION (Line 20h)** – This is formula driven and calculates the lower of Net Cost less Revenues or Contract Maximum.

- **CALCULATING THE BALANCE DUE TO PROVIDER/COUNTY on Lines 22a/22b USING THE FINAL REIMBURSEMENT BY TYPE OF CONTRACT on Lines 20(a-h):**
 - a. **Line 21 LESS: PAYMENT RECEIVED FROM COUNTY** - Enter the total of all payments received from Riverside County in the **Total Column** of line 21 (highlighted in green).
 - b. **Lines 22a and 22b, BALANCE DUE PROVIDER/COUNTY** - The balance due is automatically calculated. These lines take the difference between the Final Reimbursement and the Payment Received from County.
 - If there is a BALANCE DUE to COUNTY, meaning that the Final Reimbursement is less than the total payments that the County has paid, this amount will be withheld from the next payment following receipt of two original contractor signed Cost Reconciliation s.
 - If there is a BALANCE DUE to PROVIDER meaning that the Final Reimbursement is greater than the total payments that the County has paid, a check will be processed at the completion of the review process following receipt of two original contractor signed Cost Reconciliation s.