COUNTY OF ORANGE
HEALTH CARE AGENCY

BEHAVIORAL HEALTH SERVICES

MARK A. REFOWITZ
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Received
March 8, 2013
Commission on
State Mandates

March 8, 2013

VIA E-MAIL
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Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
csminfo@csm.ca.gov

Re: Audit of the Costs Claimed by the County of Orange for the Consolidated Handicapped and Disabled Students (HDSII) and Seriously Emotionally Disturbed (SED) Pupils: Out-of State Mental Health Services Program for the following Periods:

- July 1, 2006 through June 30, 2007
- July 1, 2007 through June 30, 2008
- July 1, 2008 through June 30, 2009

To the Commission on State Mandates:

The County of Orange ("the County") Health Care Agency ("HCA") hereby submits an Incorrect Reduction Claim ("IRC") challenging the State Controller's disallowance of a total of $3,738,045.00 in costs claimed by the County for providing legislatively mandated out-of-state mental health services to handicapped and disabled students and seriously emotionally disturbed ("SED") pupils for the time periods of July 1, 2006 through June 30, 2009. Please find attached, the County's timely filed IRC which includes all required supporting documentation.

If you have any questions regarding the County's IRC, please contact Kim Engelby, Health Care Agency Accounting, at (714) 834-5264 or via email at kengelby@ochca.com.

Sincerely,

Mary R Hale

Mary R. Hale
Deputy Agency Director
Behavioral Health Services

COMMISSION ON STATE MANDATES

INCORRECT REDUCTION CLAIM FORM

Authorized by Government Code section 17558

GENERAL INSTRUCTIONS

- To obtain a determination that the Office of State Controller incorrectly reduced a reimbursement claim, a claimant shall file an "incorrect reduction claim" with the commission. All incorrect reduction claims shall be filed with the commission no later than three (3) years following the date of the Office of State Controller's final state audit report, letter, remittance advice, or other written notice of adjustment notifying the claimant of a reduction.

- An incorrect reduction claim shall pertain to alleged incorrect reductions in a reimbursement claim(s) filed by one claimant. The incorrect reduction claim may be for more than one fiscal year.

- Type all responses

- Complete sections 1 through 12, as indicated. Failure to complete any of these sections will result in this incorrect reduction claim being returned as incomplete.

- Original incorrect reduction claim submissions shall be unbound, single-sided, and without tabs. Copies may be double-sided, but unbound and without tabs.

- Mail, or hand-deliver, one original and two copies of your incorrect reduction claim submission to:

Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

OR

E-mail an Adobe Acrobat PDF file to: csminfo@csm.ca.gov. This will satisfy all the service requirements under California Code of Regulations, title 2, section 1181.2, subdivision (d).

Within ten (10) days of receipt of an incorrect reduction claim, commission staff shall notify the claimant if the incorrect reduction claim is complete or incomplete. Incorrect reduction claims will be considered incomplete if any of the required sections are illegible or not included. Incomplete incorrect reduction claims shall be returned to the claimant. If a complete incorrect reduction claim is not received by the Commission within thirty (30) days from the date the incomplete claim was returned to the claimant, the Commission shall deem the filing to be withdrawn.

You may download this form from our website at csm.ca.gov. If you have questions, please contact us:

Website:	www.csm.ca.gov
Telephone:	(916) 323-3562
Fax:	(916) 445-0278
E-Mail:	csminfo@csm.ca.gov

1. INCORRECT REDUCTION CLAIM TITLE

County of Orange Consolidated Handicapped and Disabled Students (HDS), HDSII, & SEDP Pgm for FY06/07-08/09

2. CLAIMANT INFORMATION

County of Orange
Name of Local Agency or School District

Toni Smart
Claimant Contact

Manager, Financial Reporting / Mandated Costs Unit
Title

12 Civic Center Plaza
Street Address

Santa Ana, CA 92702
City, State, Zip

714-834-7480
Telephone Number

714-834-2569
Fax Number

toni.smart@ac.ocgov.com
E-Mail Address

3 CLAIMANT REPRESENTATIVE INFORMATION

Claimant designates the following person to act as its sole representative in this incorrect reduction claim. All correspondence and communications regarding this claim shall be forwarded to this representative. Any change in representation must be authorized by the claimant in writing, and sent to the Commission on State Mandates.

Kimberly Engelby
Claimant Representative Name

Accounting Manager
Title

Auditor-Controller / Health Care Agency
Organization

405 W. 5th Street, 7th Floor
Street Address

Santa Ana, CA 92701
City, State, Zip

714-834-5264
Telephone Number

714-834-5506
Fax Number

kengelby@ochca.com
E-Mail Address

For CSM Use Only

Filing Date: RECEIVED March 8, 2013 COMMISSION ON STATE MANDATES REVISED October 21, 2013

IRC #: 12-9705-I-03

4. IDENTIFICATION OF STATUTES OR EXECUTIVE ORDERS

Please specify the subject statute or executive order that claimaint alleges is not being fully reimbursed pursuant to the adopted parameters and guidelines.

California Government Code Sections 7570 et seq. (AB3632)

5. AMOUNT OF INCORRECT REDUCTION

Please specify the fiscal year and amount of reduction. More than one fiscal year may be claimed.

Fiscal Year	Amount of Reduction
2006/07	$1,539,558.00
2007/08	$1,922,515.00
2008/09	$275,972.00
TOTAL:	$3,738,045.00

6. NOTICE OF INTENT TO CONSOLIDATE

Please check the box below if there is intent to consolidate this claim.

☐ **Yes, this claim is being filed with the intent to consolidate on behalf of other claimants.**

Sections 7 through 11 are attached as follows:

7. Written Detailed Narrative: pages 1 to 9.

8. Documentary Evidence and Declarations: Exhibit A.

9. Claiming Instructions: Exhibit B.

10. Final State Audit Report or Other Written Notice of Adjustment: Exhibit C.

11. Reimbursement Claims: Exhibit D.

Sections 7 through 11 shall be included with each incorrect reduction claim submittal.

7. WRITTEN DETAILED NARRATIVE

Under the heading "7. Written Detailed Narrative," please describe the alleged incorrect reduction(s). The narrative shall include a comprehensive description of the reduced or disallowed area(s) of cost(s).

8. DOCUMENTARY EVIDENCE AND DECLARATIONS

If the narrative describing the alleged incorrect reduction(s) involves more than discussion of statutes or regulations or legal argument and utilizes assertions or representations of fact, such assertions or representations shall be supported by testimonial or documentary evidence and shall be submitted with the claim under the heading "8. Documentary Evidence and Declarations." All documentary evidence must be authenticated by declarations under penalty of perjury signed by persons who are authorized and competent to do so and be based upon the declarant's personal knowledge or information or belief.

9. CLAIMING INSTRUCTIONS

Under the heading "9. Claiming Instructions," please include a copy of the Office of State Controller's claiming instructions that were in effect during the fiscal year(s) of the reimbursement claim(s).

10. FINAL STATE AUDIT REPORT OR OTHER WRITTEN NOTICE OF ADJUSTMENT

Under the heading "10. Final State Audit Report or Other Written Notice of Adjustment," please include a copy of the final state audit report, letter, remittance advice, or other written notice of adjustment from the Office of State Controller that explains the reason(s) for the reduction or disallowance.

11. REIMBURSEMENT CLAIMS

Under the heading "11. Reimbursement Claims," please include a copy of the subject reimbursement claims the claimant submitted to the Office of State Controller.

12. CLAIM CERTIFICATION

Read, sign, and date this section and insert at the end of the incorrect reduction claim submission. *

This claim alleges an incorrect reduction of a reimbursement claim filed with the State Controller's Office pursuant to Government Code section 17561. This incorrect reduction claim is filed pursuant to Government Code section 17551, subdivision (d). I hereby declare, under penalty of perjury under the laws of the State of California, that the information in this incorrect reduction claim submission is true and complete to the best of my own knowledge or information or belief.

Toni Smart
Print or Type Name of Authorized Local Agency or School District Official

Manager, Financial Reporting/Mandated Costs Unit
Print or Type Title

Signature of Authorized Local Agency or School District Official

10-15-13
Date

** If the declarant for this Claim Certification is different from the Claimant contact identified in section 2 of the incorrect reduction claim form, please provide the declarant's address, telephone number, fax number, and e-mail address below.*

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COUNTY OF ORANGE
HEALTH CARE AGENCY

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ITEM 7: WRITTEN DETAILED NARRATIVE

STATE OF CALIFORNIA
COMMISSION ON STATE MANDATES

INCORRECT REDCUTION OF CLAIM BY THE COUNTY OF ORANGE

Re: Audit of the Costs Claimed by the County of Orange for the Consolidated Handicapped and Disabled Students (HDSII) and Seriously Emotionally Disturbed Pupils (SED): Out-of-State Mental Health Services Program for the following Periods:

- July 1, 2006 through June 30, 2007
- July 1, 2007 through June 30, 2008
- July 1, 2008 through June 30, 2009

Introduction

In 1996 the Legislature amended section 7576 of the Government Code (AB 2726) to add new fiscal and programmatic responsibilities for counties to provide mental health services to seriously emotionally disturbed ("SED") pupils placed in out-of-state residential programs. The legislation provided that the fiscal and program responsibilities of counties would be the same regardless of the location of the pupil's placement.

California Code of Regulations, Title 2, sections 60100 and 60200 set forth counties' programmatic and fiscal responsibilities when a SED pupil is placed out-of-state in a residential program. Section 60100 provides that such out-of-state placements may be made when no in-state facility can meet the pupil's needs and may only be in programs that meet the requirements of Welfare and Institutions Code section 11460, subdivisions (c)(2) through (c)(3). Section 11460, subdivision (c)(3) provides that reimbursement will only be paid to a group home organized and operated on a non-profit basis.

As summarized in the Parameters and Guidelines attached hereto in Item 9 as Exhibit B, the Commission on State Mandates ("CSM") adopted its Statement of Decision on the subject

test claim and found the following activities to be reimbursable under Government Code section 17561:

- Payment of out-of-state residential placements for SED pupils;
- Case management of out-of-state residential placements for SED pupils. Case management includes supervision of mental health treatment and monitoring of Psychotropic medications;
- Travel to conduct quarterly face-to-face contacts at the residential facility to monitor level of care, supervision, and the provision of mental health services as required in the pupil's Individualized Education Plan (IEP); and
- Program management, which includes parent notifications, as required, payment facilitation, and all other activities necessary to ensure a county's out-of-state residential placement program meets the requirements of Government Code section 7576 and California Code of Regulations, Title 2, sections 60000-60610.

The CSM consolidated and adopted the parameters and guidelines for the HDS, HDSII, and SED pupils programs on October 26, 2006 and these parameters and guidelines define the program and what costs are reimbursable. The State Controller's office issued claiming instructions on January 2, 2007 and those instructions are attached hereto as Item 9, Exhibit B. Claiming instructions assist the counties in claiming the mandated program's reimbursable costs.

Summary of State's Audit and County's Incorrect Reduction of Claim

The State Controller's Office audited the costs claimed by the County of Orange ("County") for the legislatively mandated HDS, HDSII, and SED Pupils in three separate audits entitled "ORANGE COUNTY Audit Report, "CONSOLIDATED HANDICAPPED AND DISABLED STUDENTS (HDS), HDS II, AND SEDP PROGRAM" for the following audit periods:

- July 1, 2006 through June 30, 2007;
- July 1, 2007 through June 30, 2008;
- July 1, 2008 through June 30, 2009.

The County submitted its Response to the Drafts of the Audits on February 27, 2012. (See Item 10, Exhibit C). The first Audit Report was dated March 7, 2012 and a revised Final version of the Audit is dated December 3, 2012 and was received in December 2012.

For Audit Period 1, the County concurs with total allowable costs of $23,048,752 for the mandated program, and the State found that $21,509,194 was allowable and that $1,539,558 was unallowable due to ineligible vendor costs. For Audit Period 2, the County concurs with total allowable costs of $24,851,344 for the mandated program, and the State found that $22,928,829 was allowable and that $1,922,515 was unallowable due to ineligible vendor costs. And for Audit Period 3, the County concurs with total allowable costs of $24,510,549 for the mandated program, and the State found that $24,234,577 was allowable and that $275,972 was unallowable. The State alleges that the purportedly unallowable costs occurred because the County claimed ineligible vendor payments for out-of-state residential placement of SED pupils in facilities that are owned and operated for profit. The County disputes the State's findings that

allege that the County claimed ineligible vendor payments and asserts that the State has incorrectly reduced the County's claims for all three Audit periods by $3,738,045.

The County disputes the State's Findings in Audit 1, Audit 2 and Audit 3 – unallowable vendor payments – because the authorities cited by the State, California Code of Regulations, Title 2, section 60100, subdivision (h) and Welfare and Institutions Code section 11460, subdivision (c)(3), are in conflict with the requirements of federal law, including the Individuals with Disabilities Education Act (IDEA) and section 472, subsection (c)(2) of the Social Security Act (42 U.S.C. section 672, subsection (c)(2)). The Parameters and Guidelines which are included as an integral part of the Claiming Instructions attached hereto as Item 9, Exhibit B cite the State authorities referenced above which are in conflict with the requirements of federal law. Moreover, in its disallowance of the County of Orange claims, the State ignores the administrative decisions of its own Office of Administrative Hearings (OAH) and a recent United States District Court decision.

The following discussion demonstrates that the subject claims, for Audit P eriods 1, 2, and 3, were incorrectly reduced by $3,738,045.

1. The County Contracted with Nonprofit Facilities.

For the audit periods, the County believed, and still believes, it contracted with nonprofit facilities to provide all program services. The County cannot be held responsible if its nonprofit contractor in turn subcontracts with a for-profit entity to provide the services. This is not prohibited by California statute, regulation, or federal law.

Specifically, during the audit periods in question, the County contracted for out-of-state residential services with Mental Health Systems, Inc. (whose facilities include: Provo Canyon School and Logan River Academy), Aspen Solutions, Inc. (whose facilities include: Aspen Ranch, Youth Care of Utah, and Sunhawk Academy), and Kids Behavioral Health of Alaska, Inc. Each of the entities with whom the County contracted are organized as nonprofit organizations. (See Item 8, Exhibits A-2, A-3 and A-4) Despite this fact, these facilities were disallowed in the three State audits and are the subject of the County's disputes in this Incorrect Reduction Claim. The County contracted with these providers in a manner consistent with the requirements of the California Code of Regulations and Welfare and Institutions Code referenced above.

The County complies with a number of prerequisites before placing seriously emotionally disturbed ("SED") pupils in out-of-state residential facilities. For example, the pupil must be determined to be "emotionally disturbed" by his or her school district. In-state facilities must be unavailable or inappropriate. One of the County's procedural steps is to telephone the out-of-state facility to inquire about its nonprofit status. When advised that the facility is for-profit, that facility is no longer considered for SED pupil placement. When advised that the facility is nonprofit, the County obtains documentation of that status, e.g., an IRS tax determination letter.

Neither the federal nor the state government has provided procedures or guidelines to specify if and/or exactly how counties should determine for-profit or nonprofit status. Although counties have used many of these out-of-state residential facilities for SED student placement for years, the State only recently has begun to question their nonprofit status. Nor has the State ever provided the County with a list of facilities that it deems to be nonprofit, and therefore acceptable to the State. The State's history of paying these costs without question encouraged the County to rely upon the State's acceptance of prior claims for the very same facilities now characterized as for-profit.

Considering the foregoing, the conclusions of the audits lack the "fundamental fairness" that even minimal procedural due process requires.

2. California For-Profit Placement Restriction Is Incompatible With IDEA's "Most Appropriate Placement" Requirement and Placement Provisions.

Regardless of the State's view of the validity of the residential facility contracts questioned by the Audit Reports, the State's position in this matter is in glaring discord with the requirements of the federal Individuals with Disabilities Education Act ("IDEA"). This is because the IDEA requires that special education students are provided "the most appropriate placement," and not the most appropriate nonprofit placement.

The stated purpose of the IDEA is ". . . to ensure that all children with disabilities have available to them . . . a free appropriate public education which emphasizes special education and related services designed to meet their unique needs. . . ." 20 U.S.C. § 1400, subsection (d)(1)(A). The "free appropriate public education" required by IDEA must be tailored to the unique needs of the handicapped child by means of an "individualized educational program." 20 U.S.C. § 1401, subsection (9)(D); *Bd. of Educ. v. Rowley,* 458 U.S. 176, 181 (1982). When a state receives funds under the IDEA, as does California, it must comply with the IDEA and its regulations. 34 C.F.R. § 300.2 (2006).

Local educational agencies ("LEAs") initially were responsible for providing all special education services including mental health services when necessary. The passage of Assembly Bill 3632/882 transferred the responsibility for providing mental health services to the counties. In conjunction with special education mental health services, the IDEA requires that a state pay for a disabled student's residential placement if the student, because of his or her disability, cannot reasonably be anticipated to benefit from instruction without such a placement. 34 C.F.R. § 300.104 (2006); *Indep. Schl. Dist. No. 284 v. A.C.,* 258 F.3d 769, 774 (8th Cir. 2001).

Before 1997, the IDEA required counties to place special education students in nonprofit residential placements only. In 1997, however, section 501 of the Personal Responsibility and Work Opportunity Responsibility Act of 1996 amended section 472, subsection (c)(2) of the Social Security Act (42 U.S.C. 672, subsection (c)(2)) to strike the nonprofit requirement. Section 472, subsection (c)(2) currently states:

> The term 'child-care institution' means a private child-care

> institution, or a public child-care institution which accommodates no more than twenty-five children, which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for licensing or approval of institutions of this type...in accordance with such conditions as the Secretary shall establish in regulations, but the term shall not include detention facilities, forestry camps, training schools, or any other facility operated primarily for the detention of children who are determined to be delinquent.

In direct opposition to the IDEA, California's regulations limit special education residential placements to nonprofit facilities as follows:

> ... Out-of-state placements shall be made only in residential programs that meet the requirements of Welfare and Institutions Code Sections 11460(c)(2) through (c)(3). 2 C.C.R. § 60100, subdivision (h).
>
> . . . State reimbursement for an AFDC-FC rate paid on or after January 1, 1993, shall only be paid to a group home organized and operated on a nonprofit basis. Welf. and Inst. Code § 11460, subdivision (c)(3).

Therefore, California law is inconsistent with the requirements of IDEA and incompatible with its foremost purpose, i.e., to provide each disabled child with special education designed to meet that child's unique needs. 20 U.S.C. §1401(29). **(This idea is supported by the recent U.S. District Court decision discussed in Section 3 below.)** Indeed, special education students who require residential treatment are often the students with the most unique needs of all because of their need for the most restrictive level of placement. This need rules out California programs. The limited number of out-of-state residential facilities that are appropriate for a special education student may not operate on a nonprofit basis. Thus, California's nonprofit requirement results in fewer appropriate services being available to the neediest children—those who can only benefit from their special education when placed in residential facilities.

It should also be noted that LEAs are not precluded by any similar nonprofit limitation. When special education children are placed in residential facilities, out-of-state LEAs can utilize education services provided by certified nonpublic, nonsectarian schools and other agencies operated on a for-profit basis. Educ. Code § 56366.1. Nonpublic schools are certified by the State of California when they meet the provisions of Education Code sections 56365 *et seq.* Nonprofit operation is *not* a requirement. Consequently, the two entities with joint responsibility for residential placement of special education students must operate within different criteria. This anomaly again leads to less available services for critically ill special education children.

3. California Office of Administrative Hearings Special Education Division Corroborates HCA's Contention that For-Profit Placement Restriction Is Incompatible With IDEA's "Most Appropriate Placement" Requirement and Placement Provisions.

The principles set forth in Section 2 above were recently validated and corroborated by the State's own Office of Administrative Hearings ("OAH"), Special Education Division in OAH Case No. N 2007090403, *Student v. Riverside Unified School District and Riverside County Department of Mental Health,* decided January 15, 2008. (See Item 8, Exhibit A-5) (See also Section 4 Discussion, whereby the U.S. District Court affirms the OAH decision.)

In that matter, the school district and mental health agency were unable to find a residential placement that could meet the student's unique mental health and communication needs. All parties agreed that a particular for-profit residential placement was the appropriate placement for the student. Interpreting of California Code of Regulations, Title 2 section 60100, subdivision (h) and Welfare and Institutions Code section 11460, subdivisions (c)(2) through (c)(3) in the same fashion as the State Controller's Audits, the school district and mental health agency concluded that they could not place the student at the for-profit facility.

The OAH disagreed. In fact, it found that section 60100, subdivision (h) of Title 2 of the California Code of Regulations did not prevent placement in a for-profit facility where no other appropriate placement existed for a child. *Student v. Riverside Unif. Sch. Dist.,* Case No. N 2007090403, January 15, 2008. Moreover, the OAH indicated such an interpretation "is inconsistent with the federal statutory and regulatory law by which California has chosen to abide." *Riverside Unif. Sch. Dist.* at p. 8.

The OAH declared that the fundamental purpose of legislation dealing with educational systems is the welfare of the children. *Riverside Unif. Sch. Dist.* at p. 8, quoting *Katz v. Los Gatos-Saratoga Joint Union High School District*, 117 Cal. App. 4th 47, 63 (2004).

Like the school district and mental health agency in *Riverside*, the audits in question utilized a blanket, hard and fast rule that for-profit placements are never allowed, even when the placement itself indicates it is nonprofit, even when there is no other appropriate placement available, and even when the for-profit placement is in the best interests of the child. None of these factors were taken into consideration when the Audits determined that certain residential vendor expenses were ineligible for reimbursement.

In the December 2012 Audit Report, the State Controller rejected our reference to the OAH opinion in *Riverside Unified School District* and stated that the case "is not legally binding on the SCO." He went on to state that the OAH case did not focus on the issue of funding residential placements made outside of the section 60100 regulation and Welfare and Institutions Code section 11460, subdivision (c)(3).

Without debating the issue of the legally binding nature of the OAH decision, we think it clear that the SCO is bound by a recent decision made by the United States District Court (discussed below in Section 4) which affirms the OAH decision and provides additional

clarification regarding IDEA requirements and interprets state law and regulation in light of the IDEA.

4. United States District Court has Affirmed the California Office of Administrative Hearings Special Education Division of *Student v. Riverside Unified School District and Riverside County Department of Mental Health.*

On July 20, 2009 the United States District Court, Central District of California, Eastern Division heard an appeal to reverse the Administrative Law Judge's decision in *Riverside Unified School Dist.*. (See *Riverside County Department of Mental Health v. Sullivan*, Case No. EDCV 08-0503-SGL (RCx)) (See Item 8, Exhibit A-6)

In that case, the U.S. District Court held that placement at the for-profit National Deaf Academy (NDA) was proper. The court went on to state that "California law does not prohibit placement at NDA and does not excuse compliance with IDEA." (*Id.* at 10).

In response to plaintiff's arguments that California Code of Regulations, Title 2, section 60100, subdivision (h)'s reference to Welfare and Institutions Code section 11460, subdivisions (c)(2) through (c)(3) results in a prohibition in placing in for-profit facilities, the court pointed out that California Code of Regulations, Title 2, section 60000 provides that the intent of the chapter in which section 60100 appears "is to assure conformity with the federal Individuals with Disabilities Education Act or IDEA." (*Sullivan*, at 11.) Section 60000 goes onto state, "[t]hus, provisions of this chapter shall be construed as supplemental to, and in the context of, federal and state laws and regulations relating to interagency responsibilities for providing services to pupils with disabilities." (*Id.* at 12.)

Clearly the SCO is bound by the decision of the United States District Court, as referenced above. And the U.S. District Court specifically answered the question of whether out-of-state for-profit placements were prohibited under state law. That binding decision held that "California law does not prohibit placement at NDA and does not excuse compliance with IDEA."

Therefore, even assuming for argument sake, that the disallowed placements were "for-profit," the State is incorrect to disallow reimbursement for out-of-state for-profit placements for the audit periods without it conducting a further review as to whether an alternative nonprofit residential placement, that was able to provide FAPE, existed. Thus the State should reimburse the County for disallowed amounts.

5. Counties Face Increased Litigation if Restricted to Nonprofit Residential Facilities.

Under the IDEA, when parents of a special education pupil believe their child's school district and/or county mental health agency breached their duties to provide the student with a free appropriate public education, the parents can seek reimbursement for the tuition and costs of a placement of the parents' choice. The United States Supreme Court has ruled that parents who

unilaterally withdraw their child from an inappropriate placement must be reimbursed by the placing party(ies). This is true even if the parents' school placement does not meet state educational standards and is not state approved. *Florence County Sch. Dist. Four v. Carter by & Through Carter,* 510 U.S. 7 (1993).

This means that in California, if there is no nonprofit placement to meet the unique needs of a special education child, his or her parents can place the child in *any* school of their choosing, regardless of educational standards, state approval, whether nonprofit or for-profit, etc., and then demand that the school district and/or mental health agency pay the bill. The California regulatory requirement for nonprofit residential placement prevents school districts and mental health agencies from selecting the most appropriate placement, regardless of tax status. Because of California's arbitrary regulatory requirement, which is not in accord with the 1997 amendment to IDEA, school districts and mental health agencies may be forced to place a child in a less appropriate facility increasing the likelihood that the parents will choose a different facility. The placement agencies are thereafter legally required to subsidize the expenses of the parents' unilateral choice, even if that unilateral placement does not meet the State's nonprofit and academic standards. The decision in *Riverside* explained and cited above precisely mirrors such a situation.

6. Federal and State Law Do Not Impose Tax Status Requirements on Provider Treatment Services.

Special education mental health psychotherapy and assessment services must be conducted by qualified mental health professionals as specified in regulations developed by the State Department of Mental Health in consultation with the State Department of Education. Cal. Govt. Code § 7572, subdivision (c). These services can be provided directly or by contract at the discretion of county mental health agencies. 2 Cal. Code. Regs. § 60020, subdivision (i). Licensed practitioners included as "qualified mental health professionals" are listed in California Code of Regulations, Title 2, section 60020, subdivision (j). Neither section contains any requirement regarding the provider's tax status. Because tax status has no bearing on eligibility for mental health provider services, there is no basis for disallowing these claimed treatment costs.

7. The State's Interpretation of Welfare and Institutions Code Section 11460, subdivision (c)(3) Would Result in Higher State Reimbursement Costs.

In conducting a review of the facilities that the State has disallowed reimbursement, it has become clear that the State's interpretation of Welfare and Institutions Code section 11460, subdivision (c)(3) would result in an overall increase the cost of reimbursement.

This conclusion is based on a comparison between the cost of mental health services provided at residential facilities that are organized as for-profit versus the same costs at residential facilities that are organized as nonprofit. On average, we have found that nonprofit residential placements cost more than for-profit residential placements. (See Item 8, Exhibit A-7).

Clearly, it could not have been the intent of the drafters of section 11460, subdivision (c)(3) to increase the cost of State reimbursement by limiting State reimbursement to group homes organized and operated on a nonprofit basis. The more reasonable interpretation of what the drafters intended was based on a (mistaken) assumption that nonprofit facilities are less expensive than for-profit facilities or a desire to mirror Federal IDEA law, which has since been modified to remove the nonprofit reimbursement restriction.

Therefore, to apply such an interpretation, without providing Counties any prior notice of the State's desire to enforce the code section in such a manner is clearly unfair and unreasonable, especially in light of the retroactive enforcement of the interpretation and the lack of any guidance provided by the State. Fairness requires that the state advise counties of its intent to enforce the interpretation moving forward, not retroactively. By providing counties advance notice of its intent to disallow a category of payment that has historically be reimbursed, would provide counties the ability to make adjustments and comply with the State's changed interpretation.

Thus, the State should reimburse County for all submitted amounts. If the State continues to disagree with the arguments and authorities provided in this IRC, then at least counties have notice of the possibility of future disallowances if they place in for-profit residential facilities.

Conclusion

Based on the foregoing, the County of Orange maintains that its total claimed program costs for Audit Periods 1, 2, and 3 in the amount of $72,410,645 remain allowable and eligible for reimbursement.

Sincerely,

Mary R. Hale
Deputy Agency Director
Behavioral Health Services

MRH:ke

cc: Mark A Refowitz, HCA Director
Jan Grimes, CPA, Chief-Deputy Auditor-Controller
Margaret Cady, County Executive Office
James Harman, Supervising Deputy County Counsel
Kenneth Grebel, Program Manager, Children & Youth Services
Tan Suphavarodom, HCA BH Program Support Manager
Kimberly Engelby, HCA Accounting Manager
Sal Lopez, HCA Accounting

ITEM 8
DOCUMENTARY EVIDENCE AND DECLARATIONS
EXHIBIT A-1

ITEM 8
DOCUMENTARY EVIDENCE AND DECLARATIONS
EXHIBIT A-1

County of Orange, Health Care Agency
Summary of Program Costs
Seriously Emotionally Disturbed Pupils: Out of State Mental Health Service Program
Period of July 1, 2006 to June 30, 2009

Cost Elements	Actual Costs Claimed	Allowable Costs Concurred
July 1, 2006 - June 30, 2007		
Ongoing mental health services costs:		
Vendor reimbursements	9,231,577	9,225,011
Other program costs	10,622,295	10,560,567
Indirect costs:	3,317,317	3,263,174
Total program costs	23,171,189	23,048,752
Less: Offsetting revenues		(17,252,624)
Less: Late claim penalty		(10,000)
Less: Amount paid by state		(4,561,267)
Allowable costs claimed in excess of amount paid		1,224,861
Allowable per State Audit		21,509,194
Difference - amount being appealed		(1,539,558)
July 1, 2007 - June 30, 2008		
Ongoing mental health services costs:		
Vendor reimbursements	10,969,480	10,969,480
Other program costs	11,176,985	11,131,618
Indirect costs:	2,782,305	2,750,246
Total program costs	24,928,770	24,851,344
Less: Offsetting revenues		(15,453,091)
Less: Late claim penalty		-
Less: Amount paid by state		-
Allowable costs claimed in excess of amount paid		9,398,253
Allowable per State Audit		22,928,829
Difference - amount being appealed		(1,922,515)
July 1, 2008 - June 30, 2009		
Ongoing mental health services costs:		
Vendor reimbursements	10,540,143	10,540,143
Other program costs	11,107,207	11,159,398
Indirect costs:	2,783,471	2,811,008
Total program costs	24,430,821	24,510,549
Less: Offsetting revenues		(19,495,067)
Less: Late claim penalty		(10,000)
Less: Amount paid by state		-
Allowable costs claimed in excess of amount paid		5,005,482
Allowable per State Audit		24,234,577
Difference - amount being appealed		(275,972)

County of Orange, Health Care Agency
Summary of Program Costs
Seriously Emotionally Disturbed Pupils: Out of State Mental Health Service Program
Period of July 1, 2006 to June 30, 2009

Cost Elements	Actual Costs Claimed	Allowable Costs Concurred
Summary: July 1, 2006 - June 30, 2009		
Ongoing mental health services costs:		
Vendor reimbursements	30,741,200	30,734,634
Other program costs	32,906,487	32,851,583
Indirect costs:	8,883,093	8,824,428
Total program costs	72,530,780	72,410,645
Less: Offsetting revenues		(52,200,782)
Less: Late claim penalty		(20,000)
Less: Amount paid by state		(4,561,267)
Allowable costs claimed in excess of amount paid		15,628,596
Allowable per State Audit		68,672,600
Difference - amount being appealed		(3,738,045)

ITEM 8
DOCUMENTARY EVIDENCE AND DECLARATIONS
EXHIBIT A-2

ITEM 8
DOCUMENTARY EVIDENCE AND DECLARATIONS
EXHIBIT A-2

Administration

MAY 0 7 2007

Internal Revenue Service

Date: April 28, 2007

MENTAL HEALTH SYSTEMS INC
9465 FARNHAM ST
SAN DIEGO CA 92123

Department of the Treasury
P. O. Box 2508
Cincinnati, OH 45201

Person to Contact:
T. Buckingham 29-70700
Customer Service Representative
Toll Free Telephone Number:
877-829-5500
Federal Identification Number:
95-3302967

Dear Sir or Madam:

This is in response to your request of April 26, 2007, regarding your organization's tax-exempt status.

In November 1982 we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records indicate that your organization is also classified as a public charity under section 509(a)(2) of the Internal Revenue Code

Our records indicate that contributions to your organization are deductible under section 170 of the Code, and that you are qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Internal Revenue Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,

Michele M. Sullivan

Michele M. Sullivan, Oper. Mgr.
Accounts Management Operations 1

ITEM 8
DOCUMENTARY EVIDENCE AND DECLARATIONS
EXHIBIT A-3

ITEM 8
DOCUMENTARY EVIDENCE AND DECLARATIONS
EXHIBIT A-3

2142294

ENDORSED - FILED
in the office of the Secretary of State
of the State of California

JUN 26 1999

BILL JONES, Secretary of State

ARTICLES OF INCORPORATION OF ASPEN SOLUTIONS, INC.

ARTICLE I

The name of this corporation is Aspen Solutions, Inc.

ARTICLE II

This Corporation is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this Corporation is to engage in any lawful act or activity for which a corporation may be organized under such law.

ARTICLE III

The name in the State of California for this Corporation's initial agent for service of process is:

CT Corporation Systems

IN WITNESS WHEREOF, the undersigned, who is the incorporator of this Corporation, has executed these Articles of Incorporation on June 17, 1999.

Harold Z. Pope, Esq.
Incorporator

OFFICE OF THE SECRETARY OF STATE

43692

ITEM 8
DOCUMENTARY EVIDENCE AND DECLARATIONS
EXHIBIT A-4

ITEM 8
DOCUMENTARY EVIDENCE AND DECLARATIONS
EXHIBIT A-4

Alaska Entity # 78003D

State of Alaska
Department of Commerce, Community, and Economic Development

CERTIFICATE
OF
GOOD STANDING

THE UNDERSIGNED, as Commissioner of Commerce, Community, and Economic Development of the State of Alaska, and custodian of corporation records for said state, hereby certifies that

KIDS BEHAVIORAL HEALTH OF ALASKA, INC.

on the 12th day of November, 2002 filed in this office its Articles of Incorporation, as a Nonprofit Corporation organized under the laws of this state.

I FURTHER CERTIFY that said Nonprofit Corporation is in good standing, having fully complied with all the requirements of this office.

No information is available in this office on the financial condition, business activity or practices of this corporation.

IN TESTIMONY WHEREOF, I execute this certificate and affix the Great Seal of the State of Alaska on the 7th day of December, 2007.

Emil Notti
Commissioner

Certification Number: 236711-1
Verify this certificate online at https://myalaska.state.ak.us/business/scskb/verify.asp

Francine Giani
Executive Director
Department of Commerce

Jon M. Huntsman, Jr.
Governor
State of Utah

Kathy Berg
Director
Division of Corporations
& Commercial Code

STATE OF UTAH
DEPARTMENT OF COMMERCE
DIVISION OF CORPORATIONS & COMMERCIAL CODE
CERTIFICATE OF REGISTRATION

CT CORPORATION SYSTEM
KIDS BEHAVIORAL HEALTH OF ALASKA, INC.
136 E SOUTH TEMPLE STE 2100
SALT LAKE CITY UT 84111

Access Code
Code: 4361694

State of Utah
Department of Commerce
Division of Corporations & Commercial Code

CERTIFICATE OF REGISTRATION

Corporation - Foreign - Non-Profit

This certifies that KIDS BEHAVIORAL HEALTH OF ALASKA, INC. has been filed and approved on December 07, 2007 and has been issued the registration number 6840462-0141 in the office of the Division and hereby issues this Certification thereof.

Kathy Berg

KATHY BERG
Division Director

*The Access Code is used for Online Applications used by this Division only.

ITEM 8
DOCUMENTARY EVIDENCE AND DECLARATIONS
EXHIBIT A-5

ITEM 8
DOCUMENTARY EVIDENCE AND DECLARATIONS
EXHIBIT A-5

BEFORE THE
OFFICE OF ADMINISTRATIVE HEARINGS
SPECIAL EDUCATION DIVSION
STATE OF CALIFORNIA

In the Matter of:

STUDENT,

Petitioner,

v.

RIVERSIDE UNIFIED SCHOOL DISTRICT and RIVERSIDE COUNTY DEPARTMENT of MENTAL HEALTH,

Respondents.

OAH CASE NO. N2007090403

NOTICE: This decision has been UPHELD by the United States District Court. Click here to view the USDC's decision.

DECISION

Administrative Law Judge Judith L. Pasewark, Office of Administrative Hearings, Special Education Division, State of California (OAH), heard this matter by written stipulation and joint statement of facts presented by the parties, along with written argument and closing briefs submitted by each party.

Heather D. McGunigle, Esq., of Disability Rights Legal Center, and Kristelia Garcia, Esq., of Quinn Emanuel Urquhart Oliver & Hedges, represented Student (Student).

Ricardo Soto, Esq., of Best Best & Krieger, represented Riverside Unified School District (District).

Sharon Watt, Esq., of Filarsky & Watt, represented Riverside County Department of Mental Health (CMH).

Student filed his first amended Request for Due Process Hearing on September 25, 2007. At the pre-hearing conference on December 7, 2007, the parties agreed to submit the matter on a written Joint Stipulation of Facts, and individual written closing arguments. The documents were received, the record closed, and matter was submitted for decision on December 31, 2007.

ISSUE

May the educational and mental health agencies place Student in an out-of-state for-profit residential center under California Code of Regulations section 60100, subdivision (h), and California Welfare and Institutions Code section 11460, subdivision (c)(2) and (3), when no other appropriate residential placement is available to provide Student a FAPE?

CONTENTIONS

All parties agree that Student requires a therapeutic residential placement which will meet his mental health and communication needs pursuant to his October 9, 2007 Individual Educational Plan (IEP). The District and CMH have conducted a nation-wide search and have been unable to locate an appropriate non-profit residential placement for Student.

Student contends that, as the District and CMH's searches for an appropriate non-profit residential placement have been exhausted, the District and CMH are obligated to place Student in an appropriate out-of-state for-profit residential program in order to provide Student with a free and appropriate public education (FAPE).

Both the District and CMH contend that they do not have the authority to place Student at an out-of-state for-profit residential program.

JOINT STIPULATION OF FACTS[1]

1. Student is 17 years old and resides with his Mother (Mother) within the District in Riverside County, California. Student's family is low-income and meets Medi-Cal eligibility requirements.

2. Student is deaf, has impaired vision and an orthopedic condition known as legg-perthes. Student has been assessed as having borderline cognitive ability. His only effective mode of communication is American Sign Language (ASL). Student also has a long history of social and behavioral difficulties. As a result, Student is eligible for special education and related services and mental health services through AB2726/3632 under the category of emotional disturbance (ED), with a secondary disability of deafness.

3. Student requires an educational environment in which he has the opportunity to interact with peers and adults who are fluent in ASL. Student attended the California

[1] The parties submitted a Stipulated Statement of Undisputed Facts and Evidence which is admitted into evidence as Exhibit 67, and incorporated herein. The stipulated facts have been consolidated and renumbered for clarity in this decision. As part of the same document, the parties stipulated to the entry of the joint Exhibits 1 through 66, which are admitted into evidence.

School for the Deaf, Riverside (CSDR) between January 2005 and September 2006, while a resident of the Monrovia Unified School District.

4. CSDR does not specialize in therapeutic behavior interventions. In January 2005, CSDR terminated Student's initial review period due to his behaviors. CSDR removed Student from school as suicide prevention because Student physically harmed himself. At that time, both CSDR and Monrovia USD believed Student to be a danger to himself and others. They, therefore, placed him in home-hospital instruction.

5. Between June 2005 and October 2005, Student's behaviors continued to escalate. Student was placed on several 72-hour psychiatric holds for which he missed numerous days of school. On one occasion, Student was hospitalized for approximately two weeks. On another occasion, he was hospitalized at least a week.

6. Pursuant to a mental health referral, on September 14, 2006, Monrovia USD and Los Angeles County Department of Mental Health (LACDMH) met, and determined that Student had a mental disturbance for which they recommended residential placement.[2] At that time, Amy Kay, Student's ASL-fluent therapist through LACDMH's AB2726 program, recommended a residential placement at the National Deaf Academy (NDA). Ms. Kay specifically recommended that Student be placed in a residential placement at NDA due to his need for a higher level of care to address his continuing aggressive and self-injurious behaviors. Additionally, the rehabilitation of these behaviors would be unsuccessful without the ability for Student to interact with deaf peers and adults. Ms. Kay further indicated that the use of an interpreter did not provide an effective method for Student to learn due to his special needs.

7. On August 5, 2006, NDA sent Student a letter of acceptance into its program. Monrovia USD and LACDMH, however, placed Student at Willow Creek/North Valley Non-public School. This placement failed as of March 2007, at which time both Monrovia USD and LACDMH indicated they were unable to find a residential placement for Student that could meet his mental health and communication needs. They did not pursue the residential treatment center at NDA because of its for-profit status.

8. Student and his mother moved to the District and Riverside County in April 2007.

9. On April 20, 2007, the District convened an IEP meeting to develop Student's educational program. The District staff, CMH staff, staff from CSDR, Student, his mother and attorney attended and participated in the IEP meeting. The IEP team changed Student's primary disability classification from emotional disturbance to deafness with social-emotional overlay. The parties agreed to this change in eligibility as CSDR required that

---

[2] As noted in Student's prior IEP, Student also required an educational environment which provided instruction in his natural language and which facilitated language development in ASL.

deafness be listed as a student's primary disability in order to be admitted and no other appropriate placements were offered. The IEP team offered placement at CSDR for a 60-day assessment period, individual counseling, speech and language services through CSDR, and individual counseling through CMH. The IEP team also proposed to conduct an assessment to determine Student's current functioning and to make recommendations concerning his academic programming based upon his educational needs.

10. CSDR suspended Student within its 60-day assessment period. CSDR subsequently terminated Student when, during his suspension, Student was found in the girl's dormitory following an altercation with the staff.

11. On May 23, 2007, the District convened another IEP meeting to discuss Student's removal from CSDR. The IEP team recommended Student's placement at Oak Grove Institute/Jack Weaver School (Oak Grove) in Murrieta, California, with support from a deaf interpreter pending the assessment agreed to at the April 2007 IEP meeting. CMH also proposed conducting an assessment for treatment and residential placement for Student.

12. On August 3, 2007, the District convened an IEP meeting to develop Student's annual IEP, and to review the assessments from CSDR and CMH. District staff, Oak Grove staff, CMH staff, Student's mother and attorney attended the IEP meeting. Based upon the information reviewed at the meeting, the IEP team proposed placement at Oak Grove with a signing interpreter, deaf and hard of hearing consultation and support services from the District, and individual counseling with a signing therapist through CMH. Mother and her attorney agreed to implementation of the proposed IEP, but disagreed that the offer constituted an offer of FAPE due to its lack of staff, teachers and peers who used ASL.

13. On October 9, 2007, the District convened another IEP meeting to review Student's primary disability. District staff, Oak Grove staff, CMH staff, Student's mother and attorney attended the IEP meeting. At this meeting, the IEP team once again determined Student's primary special education eligibility category as emotional disturbance with deafness as a secondary condition. The IEP team recommended placement in a residential treatment program, as recommended by CMH. Placement would remain at Oak Grove with a signing interpreter pending a residential placement search by CMH. Mother consented to the change in eligibility and the search for a residential placement. Mother also requested that Student be placed at NDA.

14. CMH made inquiries and pursued several leads to obtain a therapeutic residential placement for Student. CMH sought placements in California, Florida, Wyoming, Ohio and Illinois. All inquiries have been unsuccessful, and Student has not been accepted in any non-profit residential treatment center. At present CMH has exhausted all leads for placement of Student in a non-profit, in-state or out-of-state residential treatment center.

15. Student, his mother and attorney have identified NDA as an appropriate placement for Student. NDA, located in Mount Dora, Florida, is a residential treatment center for the treatment of deaf and hard-of-hearing children with the staff and facilities to

accommodate Student's emotional and physical disability needs. NDA also accepts students with borderline cognitive abilities. In addition, nearly all of the service providers, including teachers, therapists and psychiatrists are fluent in ASL. The residential treatment center at NDA is a privately owned limited liability corporation, and is operated on a for-profit basis. The Charter School at NDA is a California certified non-public school. All parties agree that NDA is an appropriate placement which would provide Student a FAPE.

16. Student currently exhibits behaviors that continue to demonstrate a need for a residential treatment center. Student has missed numerous school days due to behaviors at home. As recently as December 11, 2007, Student was placed in an emergency psychiatric hold because of uncontrollable emotions and violence to himself and others.

LEGAL CONCLUSIONS

1. Under *Schaffer v. Weast* (2005) 546 U.S. 49 [126 S.Ct. 528], the party who files the request for due process has the burden of persuasion at the due process hearing. Student filed this due process request and bears the burden of persuasion.

2. A child with a disability has the right to a free appropriate public education (FAPE) under the Individuals with Disabilities Education Act (IDEA or the Act) and California law. (20 U.S.C. § 1412(a)(1)(A); Ed. Code, § 56000.) The Individuals with Disabilities Education Improvement Act of 2004 (IDEIA), effective July 1, 2005, amended and reauthorized the IDEA. The California Education Code was amended, effective October 7, 2005, in response to the IDEIA. Special education is defined as specially designed instruction provided at no cost to parents and calculated to meet the unique needs of a child with a disability. (20 U.S.C. § 1401(29); Ed. Code, § 56031.)

3. In *Board of Education of the Hendrick Hudson Central School District, et. al. v. Rowley* (1982) 458 U.S. 176, 201 [102 S.Ct. 3034, 73 L. Ed.2d 690] (*Rowley*), the Supreme Court held that "the 'basic floor of opportunity' provided by the IDEA consists of access to specialized instruction and related services which are individually designed to provide educational benefit to a child with special needs." *Rowley* expressly rejected an interpretation of the IDEA that would require a school district to "maximize the potential" of each special needs child "commensurate with the opportunity provided" to typically developing peers. (*Id.* at p. 200.) Instead, *Rowley* interpreted the FAPE requirement of the IDEA as being met when a child receives access to an education that is "sufficient to confer some educational benefit" upon the child. (*Id.* at pp. 200, 203-204.) The Court concluded that the standard for determining whether a local educational agency's provision of services substantively provided a FAPE involves a determination of three factors: (1) were the services designed to address the student's unique needs, (2) were the services calculated to provide educational benefit to the student, and (3) did the services conform to the IEP. (*Id.* at p.176; *Gregory K. v. Longview Sch. Dist.* (9th Cir. 1987) 811 F. 2d 1307, 1314.) Although the IDEA does not require that a student be provided with the best available education or services or that the services maximize each child's potential, the "basic floor of opportunity"

of specialized instruction and related services must be individually designed to provide some educational benefit to the child. De minimus benefit or trivial advancement is insufficient to satisfy the *Rowley* standard of "some" benefit. (*Walczak v. Florida Union Free School District* (2d Cir. 1998) 142 F.3d at 130.)

4. Under California law, "special education" is defined as specially designed instruction, provided at no cost to parents, that meets the unique needs of the child. (Ed. Code, § 56031.) "Related services" include transportation and other developmental, corrective, and supportive services as may be required to assist a child to benefit from special education. State law refers to related services as "designated instruction and services" (DIS) and, like federal law, provides that DIS services shall be provided "when the instruction and services are necessary for the pupil to benefit educationally from his or her instructional program." (Ed. Code, § 56363, subd. (a).) Included in the list of possible related services are psychological services other than for assessment and development of the IEP, parent counseling and training, health and nursing services, and counseling and guidance. (Ed. Code, § 56363, subd. (b).) Further, if placement in a public or private residential program is necessary to provide special education and related services to a child with a disability, the program, including non-medical care and room and board, must be at no cost to the parent of the child. (34 C.F.R § 300.104.) Thus, the therapeutic residential placement and services that Student requests are related services/DIS that must be provided if they are necessary for Student to benefit from special education. (20 U.S.C. § 1401(22); Ed. Code, § 56363, subd. (a).) Failure to provide such services may result in a denial of a FAPE.

5. A "local educational agency" is generally responsible for providing a FAPE to those students with disabilities residing within its jurisdictional boundaries. (Ed. Code, § 48200.)

6. Federal law provides that a local educational agency is not required to pay for the cost of education, including special education and related services, of a child with a disability at a private school or facility if that agency made a free appropriate public education available to the child and the parents elected to place the child in such private school or facility. (20 U.S.C. § 1412(a)(10)(C)(i).)

7. Under California law, a residential placement for a student with a disability who is seriously emotionally disturbed may be made outside of California only when no in-state facility can meet the student's needs and only when the requirements of subsections (d) and (e) have been met. (Cal. Code Regs., tit. 2, § 60100, subd. (h).) An out-of-state placement shall be made only in residential programs that meet the requirements of Welfare and Institutions Code sections 11460, subdivisions (c)(2) through (c)(3).

8. When a school district denies a child with a disability a FAPE, the child is entitled to relief that is "appropriate" in light of the purposes of the IDEA. (*School Comm. of the Town of Burlington v. Dept. of Educ.* (1985) 471 U.S. 359, 374 [105 S.Ct. 1996].) Based on the principle set forth in *Burlington*, federal courts have held that compensatory education is a form of equitable relief which may be granted for the denial of appropriate

special education services to help overcome lost educational opportunity. (*See e.g. Parents of Student W. v. Puyallup Sch. Dist.* (9th Cir. 1994) 31 F.3d 1489, 1496.) The purpose of compensatory education is to "ensure that the student is appropriately educated within the meaning of the IDEA." (*Id.* at p. 1497.) The ruling in *Burlington* is not so narrow as to permit reimbursement only when the placement or services chosen by the parent are found to be the exact proper placement or services required under the IDEA. (*Alamo Heights Independent Sch. Dist. v. State Bd. of Educ.*(6th Cir. 1986) 790 F.2d 1153, 1161.) However, the parents' placement still must meet certain basic requirement of the IDEA, such as the requirement that the placement address the child's needs and provide him educational benefit. (*Florence County Sch. Dist. Four v. Carter* (1993) 510 U.S. 7, 13-14 [114 S.Ct. 361].)

Determination of Issues

9. In summary, based upon Factual Findings 2, 3, and 6 through 16, all parties agree that the placement in the day program at Oak Grove NPS with an interpreter cannot meet Student's unique educational needs because it does not sufficiently address his mental health and communication needs and does not comport with his current IEP. All parties agree that Student requires a therapeutic residential placement in order to benefit from his education program. Further, all parties agree that the nationwide search by the District and CMH for an appropriate non-profit residential placement with a capacity to serve deaf students has been exhausted, and Student remains without a residential placement. Lastly, all parties agree that the National Deaf Academy can meet both Student's mental health and communication needs. Further, the charter school at NDA is a California certified NPS.

10. The District and CMH rely upon Legal Conclusion 7 to support their contentions that they are prohibited from placing Student in an out-of-state for-profit residential placement, even if it represents the only means of providing Student with a FAPE.

11. As administrative law precedent, CMH cites *Yucaipa-Calimesa Joint Unified School District and San Bernardino County Department of Behavioral Health (Yucaipa),* OAH Case No. N2005070683 (2005), which determined that the District and County Mental Health were statutorily prohibited from funding an out-of-state for-profit placement. The *Yucaipa* case can be distinguished from the one at hand. Clearly, the ruling in *Yucaipa,* emphasized that the regulation language used the mandatory term "shall," and consequently there was an absolute prohibition from funding a for-profit placement. The ALJ, however, did not face a resulting denial of FAPE for Student. In *Yucaipa,* several non-profit placement options were suggested, including residential placement in California, however, the parent would not consider any placement other than the out-of-state for-profit placement. In denying Student's requested for-profit placement, the ALJ ordered that the parties continue to engage in the IEP process and diligently pursue alternate placements. In the current matter, however, pursuant to Factual Findings 12 through 14, CMH has conducted an extensive multi-state search, and all other placement possibilities for Student have been exhausted. Pursuant to Factual Finding 15, NDA is the only therapeutic residential placement remaining, capable of providing a FAPE for Student.

12. "When Congress passed in 1975 the statute now known as the Individuals with Disabilities Act (IDEA or Act), it sought primarily to make public education available to handicapped children. Indeed, Congress specifically declared that the Act was intended to assure that all children with disabilities have available to them. . . appropriate public education and related services designed to meet their unique needs, to assure the rights of children with disabilities and their parents or guardians are protected. . . and to assess and assure the effectiveness of efforts to educate children with disabilities." (*Hacienda La Puente Unified School District v. Honig* (1992) 976 F.2d 487, 490.) The Court further noted that the United States Supreme Court has observed that "in responding to these programs, Congress did not content itself with passage of a simple funding statute...Instead, the IDEA confers upon disabled students an enforceable substantive right to public education in participating States, and conditions federal financial assistance upon a State's compliance with the substantive and procedural goals of the Act." (*Id.* at p. 491.)

13. California maintains a policy of complying with IDEA requirements in the Education Codes, sections 56000, et seq. With regard to the special education portion of the Education Code, the Legislature intended, in relevant part, that every disabled child receive a FAPE. Specifically, "It is the further intent of the Legislature to ensure that all individuals with exceptional needs are provided their rights to appropriate programs and services which are designed to meet their unique needs under the Individuals with Disabilities Education Act." (Ed. Code, § 56000.)

14. California case law explains further, "although the Education Code does not explicitly set forth its overall purpose, the code's primary aim is to benefit students, and in interpreting legislation dealing with our educational systems, it must be remembered that the fundamental purpose of such legislation is the welfare of the children." (*Katz v. Los Gatos-Saratoga Joint Union High School Dist.* (2004) 117 Cal.App. 4th 47, 63.)

15. Pursuant to Legal Conclusion 6, a district is not required to pay for the cost of education, including special education and related services, of a child with a disability at a private school or facility if the district made a free appropriate public education available to the child. All parties concur, in Factual Findings 12 through 15, that the District has been unable to provide a FAPE to Student because no appropriate placement exists except in an out-of-state for-profit residential program.

16. Assuming the District's interpretation of section 60100, subdivision (h) of Title 2 of the California Code of Regulations is correct, it is inconsistent with the federal statutory and regulatory law by which California has chosen to abide. California education law itself mandates a contrary response to Welfare and Institutions Code section 11460, subdivision (c)(3), where no other placement exists for a child. Specifically, "It is the further intent of the Legislature that this part does not abrogate any rights provided to individuals with exceptional needs and their parents or guardians under the federal Individuals with Disabilities Education Act." (Ed. Code, § 56000, subd. (e) (Feb. 2007).) A contrary result

would frustrate the core purpose of the IDEA and the companion state law, and would prevent Student from accessing educational opportunities.[3]

17. Regardless of whether the District and CMH properly interpreted Legal Conclusion 7, Student has ultimately been denied a FAPE since May 23, 2007, when he was terminated from attending CSDR, as indicated in Factual Findings 10 through 16. Pursuant to Factual Findings 6 and 16, Student's need for therapeutic residential placement with ASL services continues. As a result of this denial of FAPE, Student is entitled to compensatory education consisting of immediate placement at the National Deaf Academy through the 2008-2009 school years. The obligation for this compensatory education shall terminate forthwith in the event Student voluntarily terminates his attendance at NDA after his 18th birthday, or Student's placement is terminated by NDA.

ORDER

The District has denied Student a free appropriate public education as of May 23, 2007. The District and CMH are to provide Student with compensatory education consisting of immediate placement at the National Deaf Academy and through the 2008-2009 school year. The obligation for this compensatory education shall terminate forthwith in the event Student voluntarily terminates his attendance at NDA after his 18th birthday, or Student's placement is terminated by NDA.

PREVAILING PARTY

Pursuant to California Education Code section 56507, subdivision (d), the hearing decision must indicate the extent to which each party has prevailed on each issue heard and decided. Student has prevailed on the single issue presented in this case.

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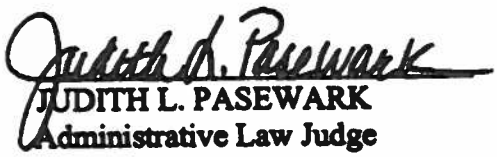
[3] Further, there appears to be no argument that had Mother completely rejected the District's IEP offer, and privately placed Student at NDA, she would be entitled to reimbursement of her costs from the District, if determined that the District's offer of placement did not constitute a FAPE. By all accounts, Student's low income status prevented placement at NDA, and therefore precluded Student from receiving a FAPE via reimbursement by the District.

RIGHT TO APPEAL THIS DECISION

The parties to this case have the right to appeal this Decision to a court of competent jurisdiction. If an appeal is made, it must be made within 90 days of receipt of this Decision. (Ed. Code, § 56505, subd. (k).)

Dated: January 15, 2008



JUDITH L. PASEWARK
Administrative Law Judge
Special Education Division
Office of Administrative Hearings

ITEM 8
DOCUMENTARY EVIDENCE AND DECLARATIONS
EXHIBIT A-6

ITEM 8
DOCUMENTARY EVIDENCE AND DECLARATIONS
EXHIBIT A-6

JS - 6

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA - EASTERN DIVISION

RIVERSIDE COUNTY DEPARTMENT OF MENTAL HEALTH,

Plaintiff,

v.

ANTHONY SULLIVAN et al,

Defendants.

CONSOLIDATED CASES:

MONICA VALENTINE,

Plaintiff,

v.

RIVERSIDE UNIFIED SCHOOL DISTRICT et al,

Defendants.

RIVERSIDE UNIFIED SCHOOL DISTRICT,

Plaintiff,

v.

ANTHONY SULLIVAN et al,

Defendants.

CASE NO. EDCV 08-0503-SGL (RCx)

ORDER AFFIRMING ADMINISTRATIVE LAW JUDGE'S DECISION

At its core, the case before the Court presents a simple question: Is a school district excused from its duty under the federal Individuals with Disabilities Education Act ("IDEA") to provide a free, appropriate public education ("FAPE") where certain state administrative code provisions prohibit the reimbursement of expenses associated with placement at an out-of-state for-profit facility but where that facility is the only one identified as an appropriate placement? As set forth below, the Court rejects arguments that the ALJ exceeded the scope of her authority, that California law prohibits the recommended placement, and that a limited waiver made by the student does not preclude the remedy imposed and, in the end, the Court concludes that such a funding structure does not excuse the school district from its duty.

I. INTRODUCTION

This case arises from a dispute regarding the provision of educational services to a disabled individual, defendant Anthony Sullivan ("Sullivan"). Plaintiffs Riverside County Department of Mental Health ("DMH") and Riverside Unified School District ("RUSD") seek the reversal of the January 15, 2008, decision of Administrative Law Judge Judith L. Pasewark ("ALJ"), Office of Administrative Hearings, Special Education Division, State of California ("OAH"), in *Anthony Sullivan v. Riverside Unified School District and Riverside County Department of Mental Health*, and ask the Court to find that Sullivan was not entitled to an order directing placement at the National Deaf Academy ("NDA") under the Individuals with Disabilities Education Act ("IDEA"), 20 U.S.C. § 1400 *et seq.*, or California special education law, California Education Code section 56000 *et seq.* *See* Administrative Record ("A.R.") 780-89.

Sullivan filed his First Amended Request for Due Process Hearing on September 25, 2007. A.R. 780. At the pre-hearing conference on December 7, 2007, the parties agreed to have the matter decided by the ALJ without oral argument based stipulation facts, stipulated evidence, and written closing arguments. *Id.* Ultimately, in the decision that is the subject of the current appeal, the ALJ decided that defendant had been denied a free, appropriate public education ("FAPE"), and ordered immediate placement

of defendant at an out-of-state residential facility. In a separate decision (which is also the subject of the present appeal), the ALJ denied a motion for reconsideration based on an issue of waiver.

Upon review of the ALJ's decision, the ALJ's Order Denying Motion for Reconsideration, the pleadings, and the administrative record, the Court **AFFIRMS** the ALJ's decisions.

II. FACTUAL BACKGROUND

At the time of the administrative hearing, Sullivan was seventeen years old and resided with his mother, Monica Valentine ("Valentine"), within the RSUD in Riverside County, California.[1] His family was considered low-income. Sullivan is deaf, has impaired vision, and an orthopedic condition affecting the hip known as legg-perthes. His only effective mode of communication is American Sign Language ("ASL"). He has also been assessed as having borderline cognitive ability and a long history of social and behavioral difficulties. As a result, Sullivan was eligible for special education and related services and mental health services under the category of emotional disturbance ("ED"), with a secondary disability of deafness.

Sullivan requires an education environment in which he has an opportunity to interact with peers and adults who are fluent in ASL. Between January, 2005, and September, 2006, he was a resident of the Monrovia Unified School District ("MUSD") and attended the California School for the Deaf, Riverside ("CSDR"). CSDR did not specialize in therapeutic behavior interventions. Sullivan was removed from CSDR for suicide prevention because he physically harmed himself and was placed in home-hospital instruction. Between June, 2005, and October, 2005, Sullivan was placed on several 72-hour psychiatric holds.

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[1] As part of the Request for Due Process Hearing, the Parties filed a joint Stipulated Statement of Undisputed Facts and Evidence to the ALJ. A.R. 731 - 738. The facts presented here are contained in the Parties' joint stipulation, which was relied upon by the ALJ. *See* A.R. 781 - 784.

On September 14, 2006, MUSD and the Los Angeles County Department of Mental Health ("LACDMH") held a meeting and recommended residential placement for Sullivan. It was recommended that Sullivan be placed at National Deaf Academy ("NDA") because of his need for a higher level of care to address his continuing aggressive and self-injurious behaviors and to interact with deaf peers and adults without the use of an interpreter. On August 5, 2006, Sullivan was accepted by NDA, but was instead placed at Willow Creek/North Valley Non-public School. The placement failed in March, 2007; MUSD and LACDMH indicated they were unable to find a residential placement for Sullivan that could meet his mental health and communication needs. As explained more fully below, NDA was not considered an option for MUSD and LACDMH because of NDA's for-profit status.

In April 2007, defendants moved into Riverside County and RUSD. On April 20, 2007, RUSD convened an Individual Education Plan ("IEP") meeting. The IEP team changed Sullivan's primary disability classification from ED to deafness with social-emotional overlay to enroll him in CSDR for a 60-day assessment period, which was the only appropriate placement. CSDR terminated Sullivan's placement for poor behavior within the 60-day assessment period.

On May 23, 2007, RUSD convened another IEP meeting to discuss Sullivan's termination from CSDR. It was recommended that Sullivan be placed at Oak Grove Institute/Jack Weaver School ("Oak Grove") and have support from a deaf interpreter. On August 3, 2007, RUSD convened another IEP meeting to develop an annual IEP. The IEP team proposed placement at Oak Grove with a signing interpreter, deaf and hard-of-hearing consultation, and support services provided by RUSD and DMH. Sullivan, his mother, and his attorney agreed to the proposed IEP, but disagreed that the offer constituted a FAPE due to Oak Grove's lack of staff, teachers, and peers who used ASL.

On October 9, 2007, RUSD convened another IEP and it was determined that Sullivan's primary special education eligibility category should be changed back to ED

with deafness as a secondary condition. It was recommended by the IEP team that Sullivan be placed in a residential treatment program and, until a proper residential placement was found, he would remain at Oak Grove. DMH made inquiries to find a proper non-profit residential placement for Sullivan, including schools in California, Florida, Wyoming, Ohio, and Illinois, but was unsuccessful.

Sullivan, his mother, and his attorney all identified NDA as an appropriate placement for Sullivan. NDA is a residential treatment center for the treatment of deaf and hard-of-hearing children with the staff and facilities to accommodate Sullivan's emotional and physical disability needs. NDA also accepts students with borderline cognitive abilities. Also, nearly all of the service providers, including teachers, therapists and psychiatrists are fluent in ASL. The Charter School at NDA is a California certified non-public school and is operated on a for-profit basis. All parties agree that NDA is an appropriate placement and would provide Sullivan with a FAPE.

Notwithstanding this agreement, the RSUD and DMH took the position that they could not place Sullivan at NDA because it is operated by a for-profit entity. Sullivan filed for a due process hearing to resolve the issue.

III. THE ALJ'S DECISION

As noted previously, the matter was submitted to the ALJ by stipulation. The parties stipulated to a single issue, which was articulated as:

> Must RUSD and RCDMH place Anthony at the National Deaf Academy or other appropriate therapeutic residential placement that can meet both his mental health and communication needs, regardless of whether the facility is run on a for-profit basis, in the absence of existing alternatives?

A.R. 724. In articulating this issue, the parties noted their agreement on a number of key points: (1) Sullivan's current placement at Oak Grove did not constitute a FAPE; (2) Sullivan required therapeutic residential placement; (3) despite a nationwide search,

no appropriate non-for-profit residential placement could be found; and (4) placement at NDA, would constitute a FAPE.

On January 15, 2008, the ALJ issued her decision in favor of Sullivan. A.R. 788. She found that Sullivan had been denied a FAPE since May 23, 2007, when he was removed from CSDR, that his need for therapeutic residential placement with ASL service continued, and that he was "entitled to compensatory education consisting of immediate placement at the National Deaf Academy." A.R. 788.

On January 28, 2008, RUSD submitted a Motion for Reconsideration of Decision and Order. A.R. 791-97. The motion challenged the propriety of the remedy ordered by the ALJ – immediate placement at NDA, in light of the fact that such a remedy was not sought by the parties' stipulation, and in light of the fact that Sullivan had agreed to waive all claims for a compensatory education for the period April, 2007, through October 9, 2007. The existence of a waiver was not disputed by Sullivan. The ALJ, on February 20, 2008, denied the Motion for Reconsideration. A.R. 818-20.

In response, Plaintiffs filed the instant action.

IV. THE IDEA

THE IDEA guarantees all disabled children a FAPE "that emphasizes special education and related services designed to meet their unique needs and prepare them for further education, employment, and independent living." 20 U.S.C. § 1400(d)(1)(A). A FAPE is defined as special education and related services that: (1) are available to the student at public expense, under public supervision and direction, and without charge; (2) meet the state education standards; (3) include an appropriate education in the state involved; and (4) conform with the student's IEP. 20 U.S.C. § 1401(9).

"Special education" is defined as instruction specially designed to meet a disabled student's unique needs, at no cost to parents, whether it occurs in the classroom, at home, or in other settings. 20 U.S.C. § 1401(29); Cal. Educ. Code § 56031. "Related services" include developmental, corrective, and supportive services, such as speech-language services, needed to assist a disabled child in benefitting from

education, and to help identify disabling conditions. 20 U.S.C. § 1401(26); Cal. Educ. Code § 56363.

The primary tool for achieving the goal of providing a FAPE to a disabled student is the IEP. *Van Duyn ex rel. Van Duyn v. Baker School Dist. 5J*, 502 F.3d 811, 818 (9th Cir. 2007). An IEP is a written statement containing the details of the individualized education program for a specific child, which is crafted by a team that includes the child's parents and teacher, a representative of the local education agency, and, whenever appropriate, the child. 20 U.S.C. § 1401(14), § 1414(d)(1)(B). An IEP must contain: (1) Information regarding the child's present levels of performance; (2) a statement of measurable annual goals; (3) a statement of the special educational and related services to be provided to the child; (4) an explanation of the extent to which the child will not participate with non-disabled children in the regular class; and (5) objective criteria for measuring the child's progress. 20 U.S.C. § 1414(d)(1)(A).

The IDEA contains numerous procedural safeguards to ensure that the parents or guardians of a disabled student be kept informed and involved in decisions regarding the child's education. 20 U.S.C. § 1415. As part of this procedural scheme, the local educational agency must give parents an opportunity to present complaints regarding the provision of a FAPE to the child. 20 U.S.C. § 1415(b)(6). Upon the presentation of such a complaint, the parent or guardian is entitled to an impartial due process administrative hearing conducted by the state or local educational agency. 20 U.S.C. § 1415(f).

V. JUDICIAL REVIEW OF ADMINISTRATIVE DECISIONS

The IDEA provides that a party aggrieved by the findings and decisions made in a state administrative due process hearing has the right to bring an original civil action in federal district court. 20 U.S.C. § 1415(i)(2). The party bringing the administrative challenge bears the burden of proof in the administrative proceeding. *Schaffer ex rel. Schaffer v. Weast*, 546 U.S. 49, 62 (2005). Similarly, the party challenging the administrative decision bears the burden of proof in the district court. *Hood v. Encinitas*

Union Sch. Dist., 486 F.3d 1099, 1103 (9th Cir. 2007).

The standard for district court review of an administrative decision under the IDEA is set forth in 20 U.S.C. § 1415(i)(2), which provides as follows:

> In any action brought under this paragraph the court -- (i) shall receive the records of the administrative proceedings; (ii) shall hear additional evidence at the request of a party; and (iii) basing its decision on the preponderance of the evidence, shall grant such relief as the court determines is appropriate.

20 U.S.C. § 1415(i)(2)(C). Thus, judicial review of IDEA cases is quite different from review of most other agency actions, in which the record is limited and review is highly deferential. *Ojai Unified Sch. Dist. v. Jackson*, 4 F.3d 1467, 1471 (9th Cir. 1993). Courts give "due weight" to administrative proceedings, *Board of Educ. of the Hendrick Hudson Central Sch. Dist. Westchester County v. Rowley*, 458 U.S. 176, 206 (1982), but how much weight is "due" is a question left to the court's discretion, *Gregory K. v. Longview Sch. Dist.*, 811 F.2d 1307, 1311 (9th Cir. 1987). In exercising this discretion, the Court considers the thoroughness of the hearing officer's findings and award more deference where the hearing officer's findings are "thorough and careful." *Capistrano Unified Sch. Dist. v. Wartenberg*, 59 F.3d 884, 891 (9th Cir. 1995).

A hearing officer's findings are treated as "thorough and careful when the officer participates in the questioning of witnesses and writes a decision contain[ing] a complete factual background as well as a discrete analysis supporting the ultimate conclusions." *R.B., ex rel. F.B. v. Napa Valley Unified Sch. Dist.*, 496 F.3d 932, 942 (9th Cir. 2007) (internal quotation marks and citations omitted).[2]

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[2] Plaintiffs contend that the Court, when reviewing purely legal questions such as those at issue here, must subject the ALJ's decision to *de novo* review. Plaintiffs' contention is not without support. *See Paul K. ex rel. Joshua K. v. Hawaii*, 567 F.Supp.2d 1231, 1234 (D. Hawai'i 2008) (setting forth standard of review in IDEA case by stating, *inter alia*, "[s]tatutory interpretation is reviewed de novo," and collecting

VI. CHALLENGES TO THE ALJ DECISIONS

Plaintiffs oppose the decisions of the ALJ on three grounds: (1) First, they argue that the remedy the ALJ ordered was beyond the scope of the order to which the parties stipulated, and thus, should not have been decided by the ALJ; (2) next, California law is an absolute bar to a placement at NDA; and (3) finally, that Sullivan waived his rights to a compensatory education for the time period April, 2007, through October 9, 2007.

In the end, the Court rejects each of these challenges.

A. The Remedy Ordered by the ALJ was Proper

Plaintiffs assert that the ALJ overstepped her authority by awarding compensatory education to Sullivan. Essentially, plaintiffs contend that the ALJ was limited by the stipulation before her to the issue of the duty of plaintiffs regarding placement of Sullivan in light of certain California Administrative Code provisions.

The ALJ rejected plaintiffs' argument in her February 20, 2008, Order Denying Motion for Reconsideration. The ALJ found that "[n]one of the documents filed in this matter indicate that Student's Request for Due Process Hearing had been restructured as a request of Declaratory Relief only." A.R. 820. The Court agrees with the ALJ's assessment.

When the ALJ ordered that Sullivan be placed at NDA, she ordered the natural remedy that flowed from her determination that Sullivan was denied a FAPE and that the California Administrative Code provisions relied upon by plaintiffs did not excuse them from providing one. All the parties agreed that Sullivan was not receiving a FAPE, and they agreed that NDA was the only facility, despite a nationwide search that could provide him with a FAPE. Upon the presentation of the issue to the ALJ, the parties should have understood that any affirmative response by the ALJ would result in an order setting forth an appropriate remedy.

The suggestion that the ALJ was limited to sending the issue back to the parties

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cases). Nevertheless, because the Court's own analysis would lead it to the same conclusion as that reached by the ALJ, the Court need not resolve this issue.

for another IEP process is absurd in light of the agreement as to the only appropriate placement. Sullivan would be forced to litigate an issue that he was entitled to a particular placement when an ALJ had already effectively determined the issue. Such an outcome is horribly inefficient; it would be a waste of administrative and judicial resources, and would result in a wholly avoidable delay in the only appropriate placement identified for Sullivan.

Accordingly, this Court finds that the issue of a compensatory education was presented to the ALJ and she did not overstep her authority by granting Sullivan a remedy after finding that he had been denied a FAPE.

B. California Law Does Not Prohibit Placement at NDA and Does Not Excuse Compliance with the IDEA

The heart of the present appeal is represented by plaintiffs' argument regarding funding for Sullivan's placement at NDA. As alluded to earlier, the difficulty in placing Sullivan at that facility is in its for-profit status.

The Court begins with Cal. Adm. Code tit. 2, § 60100(h), relating to "Interagency Responsibility for Providing Services to Pupils with Disabilities" in the area of "Residential Placement" such as that considered for Sullivan:

> (h) Residential placements for a pupil with a disability who is seriously emotionally disturbed may be made out of California only when no in-state facility can meet the pupil's needs and only when the requirements of subsections (d) and (e) have been met. Out-of-state placements shall be made only in residential programs that meet the requirements of Welfare and Institutions Code Sections 11460(c)(2) through (c)(3). For educational purposes, the pupil shall receive services from a privately operated non-medical, non-detention school certified by the California Department of Education.

Id. This provision has many requirements, but no party contends that the student is not "seriously emotionally disturbed," that there is an "instate-facility [that] can meet [his] needs," that the requirements of subsection (d) (relating to documentation for residential placement) have not been met, or that the requirements of subsection (e) (relating to a mental health service case manager assessment) have not been met. Rather, plaintiffs focus on the requirement that out-of-state placements meet the requirements of Cal. Welfare & Inst. Code § 11460(c)(2)-(3) have not been met.

In relevant part, § 11460(c)(2)-(3) provides that "(3) State reimbursement for an AFDC-FC rate paid on or after January 1, 1993, shall only be paid to a group home organized and operated on a nonprofit basis."[3]

Reading these statutes together, the Court, like the ALJ, can discern no outright prohibition under California law on Sullivan's placement at NDA. To be sure, § 60100(h) speaks in terms of conditions precedent to out-of-state placements when it provides as follows: "Out-of-state placements ***shall be made only*** in residential programs that meet the requirements of Welfare and Institutions Code Sections 11460(c)(2) through (c)(3)," but the subsection upon which plaintiffs focus, subsection (c)(3) does not set forth a requirement so much as a limitation upon reimbursement for the costs of such placement.[4] This is especially so when viewed in light of § 60000, which provides that the intent of the chapter of the Administrative Code in which § 60100 appears "is to assure conformity with the federal Individuals with Disabilities Education Act or IDEA." That section provides guidance on interpretation of the Code provisions that follow it:

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[3] The parties cite to subsection (c)(2) and (c)(3), but the "for-profit" non-placement provision is found only in subsection (c)(3).

[4] This incorporation of the requirements makes much more sense as to subsection (c)(2), which sets forth certain conditions relating to the operations of the facility. Plaintiffs do not argue that these requirements have not been met; their argument is that they are prohibited from placing Sullivan at NDA because of its for-profit status.

> Thus, provisions of this chapter shall be construed as supplemental to, and in the context of, federal and state laws and regulations relating to interagency responsibilities for providing services to pupils with disabilities.

Id.

Plaintiffs reliance on *Yucaipa-Calimesa Joint Unified School District and San Bernardino County Department of Behavioral Health*, OAH Case No. N2005070683 (2005), does not compel a contrary result. The ALJ properly distinguished that case on the grounds that other acceptable placements were identified for the student. No such alternative placements have been identified for Sullivan, and therefore the cited case is unpersuasive.

What was apparent to the ALJ, and what is apparent to this Court, is that whatever funding limitations plaintiffs may face, the duty under the IDEA to provide to Sullivan a FAPE is clear and cannot be diminished. Equally clear from the record before the ALJ, and before this Court, is that Sullivan can receive a FAPE through placement at NDA, and that no other alternative placement has been identified.

C. Sullivan's Waiver Was Limited and Does not Affect the ALJ-Ordered Remedy

The waiver was limited to the time period of April, 2007, through October 9, 2007. Rights for the time period thereafter are expressly reserved. DMH Compl., Exh. D. ("Parent does not waive any claims of any kind from October 9, 2007 forward.").

The compensatory education ordered by the ALJ only applied to the period from the date of her decision, January 15, 2008, through the 2008- 2009 school year, several months after the Defendants' waiver expired. A.R. 788. The ALJ's order of compensatory education was a prospective equitable remedy that did not require RUSD and DMH to provide any compensation for the time period before January 15, 2008.

VI. CONCLUSION

Accordingly, and for the foregoing reasons, the Court **AFFIRMS** the ALJ's January 15, 2008, decision requiring RUSD and DMH provide Sullivan with a compensatory education consisting of immediate placement at the National Deaf Academy. The Court also **AFFIRMS** ALJ's February 20, 2008 Order Denying Motion for Reconsideration.

Counsel for defendants shall lodge a proposed judgment that complies with Fed. R. Civ. P. 54(a) within five days of the entry of this Order. A motion for attorney fees may be filed in accordance with the schedule previously set by the Court.

IT IS SO ORDERED.

DATE: July 20, 2009

STEPHEN G. LARSON
UNITED STATES DISTRICT JUDGE

ITEM 8
DOCUMENTARY EVIDENCE AND DECLARATIONS
EXHIBIT A-7

ITEM 8
DOCUMENTARY EVIDENCE AND DECLARATIONS
EXHIBIT A-7

County of Orange, Health Care Agency
Seriously Emotionally Disturbed Pupils: Out of State Mental Health Service Program
Comparison of the Rates of Mental Health Services (Does not include Board & Care Services)
For-Profit Facilities & Nonprofit Facilities
Period of July 1, 2006 to June 30, 2009

Facility Name	Daily Rates (1)		
	FY 06/07	FY 07/08	FY 08/09
Facilities Identified in Audit as "For-Profit"			
Aspen Solutions, Inc./Aspen Ranch of UTAH	88.00	88.00	88.00
Aspen Solutions, Inc./Sunhawk Academy	82.00	82.00	–
Aspen Solutions, Inc./Youth Care of Utah	95.00	95.00	95.00
Kids Behavioral Health of Alaska	110.00	110.00	110.00
Mental Health Systems/Logan River Academy	77.41	81.28	81.28
Mental Health Systems/Provo Canyon	75.00	78.00	81.00
AVERAGE DAILY RATE	**87.90**	**89.05**	**91.06**
Facilities Identified in Audit as "NonProfit"			
Alpine Academy	109.05	123.88	123.88
Cathedral Home for Children	150.00	150.00	150.00
Chileda Institue	101.62	102.33	112.90
Cinnamon Hill Youth Crisis Ctr	45.00	60.00	60.00
Colorado Boys Ranch	111.94	111.94	111.94
Daystar Residential	80.00	80.00	80.00
Devereux Foundation (Florida - Orlando)	–	180.07	180.07
Devereux Texas (Unit 1)	138.10	161.91	161.91
Devereux Texas (Unit 4/5)	100.72	122.55	122.55
Devereux Texas (Unit 3/6)	143.11	167.74	167.74
Devereux Texas (Victoria/Children)	57.20	62.88	62.88
Devereux Texas (Victoria/Adult)	23.03	37.29	37.29
Devereux Cleo Wallace	135.00	149.00	149.00
Emily Griffith Centers	121.11	123.53	123.53
Excelsior Youth Center	93.46	95.33	96.76
Heritage School	54.95	57.00	59.00
Intermountain Children's Home	–	–	82.73
The Learning Clinic	–	47.68	47.68
Red Rock Canyon School	–	112.00	112.00
Yellowstone Boys/Girls Ranch	70.00	80.00	80.00
AVERAGE DAILY RATE	**95.89**	**106.59**	**106.09**

(1) Source: Seriously Emotionally Disturbed Pupils: Out-of-State Mental Health Services Annual Claim for FY's 2006/07, 07/08, and 08/09; Component/Activity Cost Detail, Form SEDP-2.

ITEM 9
CLAIMING INSTRUCTIONS
EXHIBIT B

ITEM 9
CLAIMING INSTRUCTIONS
EXHIBIT B

OFFICE OF THE STATE CONTROLLER

STATE MANDATED COST CLAIMING INSTRUCTIONS NO. 2007-01

HANDICAPPED AND DISABLED STUDENTS

JANUARY 2, 2007

In accordance with Government Code (GC) section 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state mandated cost programs. The following are claiming instructions and forms that eligible claimants will use for filing claims for the Handicapped and Disabled Students (HDS) program. These claiming instructions are issued subsequent to adoption of the program's Amended Parameters and Guidelines (P's & G's) by the Commission on State Mandates (COSM).

On May 26, 2005, the COSM adopted the Statement of Decision pursuant to Senate Bill 1895. The COSM determined that the test claim legislation established costs mandated by the State according to the provisions listed in the Amended P's & G's. For your reference, the Amended P's & G's are included as an integral part of the claiming instructions.

Limitations

Commencing with fiscal year 2006-07, reimbursement claims shall be filed through the consolidated P's and G's for HDS, HDS II, and Seriously Emotionally Disturbed (SED) Pupils: Out of State Mental Health Services.

Claims should **exclude** reimbursable costs included in claims previously filed, beginning in fiscal year 2004-05, for HDS II or SED Pupils: Out of State Mental Health Services, except that costs previously claimed under HDS for renewing interagency agreement, initial assessment of pupil, participation in IEP team, lead case manager, out-of-home residential care, and due process hearings, shall be included and refiled under these claiming instructions.

Reimbursement to parents for attorneys' fees when parents prevail in due process hearings and in negotiated settlement agreements **is not** reimbursable.

There shall be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.

Eligible Claimants

Any county that incurs increased costs as a result of this mandate, is eligible to claim reimbursement of these costs.

Filing Deadlines

A. Reimbursement Claims

Initial reimbursement claims must be filed within 120 days from the issuance date of claiming instructions. Costs incurred for this program are reimbursable for fiscal years 2004-05 and 2005-06. Claims must be filed with the SCO and be delivered or postmarked on or before **May 2, 2007**.

In order for a claim to be considered properly filed, it must include any specific supporting documentation requested in the instructions. **Claims filed more than one year after the deadline or without the requested supporting documentation will not be accepted.**

B. Late Penalty

1. Initial Claims

AB 3000, enacted into law on September 30, 2002, amended the late penalty assessments on initial claims. Late initial claims submitted **on or after September 30, 2002,** are assessed a late penalty of 10% of the total amount of the initial claims **without limitation.**

2. Annual Reimbursement Claims

All late annual reimbursement claims are assessed a late penalty of 10% subject to the $1,000 limitation regardless of when the claims were filed.

C. Estimated Claims

Unless otherwise specified in the claiming instructions, local agencies are not required to provide cost schedules and supporting documents with an estimated claim if the estimated amount does not exceed the previous fiscal year's actual costs by more than 10%. Claimants can simply enter the estimated amount on form FAM-27, line (07).

However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, the supplemental claim forms must be completed to support the estimated costs as specified for the program to explain the reason for the increased costs. If no explanation supporting the higher estimate is provided with the claim, it will automatically be adjusted to 110% of the previous fiscal year's actual costs. Future estimated claims filed with the SCO must be postmarked by January 15 of the fiscal year in which costs will be incurred. Claims filed timely will be paid before late claims.

Minimum Claim Cost

GC section 17564(a) provides that no claim shall be filed pursuant to Sections 17551 and 17561, unless such claim exceeds one thousand dollars ($1,000).

Reimbursement of Claims

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs incurred to implement the mandated activities. These costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at, or near, the same time the actual cost was incurred for the event or activity in question.

Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts. Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. It may also include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

Certification of Claim

In accordance with the provisions of GC section 17561, an authorized representative of the claimant shall be required to provide a certification of claim stating: "I certify, (or declare), under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of the Code of Civil Procedure section 2015.5, for those costs mandated by the State and contained herein.

Audit of Costs

All claims submitted to the SCO are reviewed to determine if costs are related to the mandate, are reasonable and not excessive, and the claim was prepared in accordance with the SCO's claiming instructions and the P's & G's adopted by the COSM. If any adjustments are made to a claim, a "Notice of Claim Adjustment" specifying the claim component adjusted, the amount adjusted, and the reason for the adjustment, will be mailed within 30 days after payment of the claim.

Pursuant to GC section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency for this mandate is subject to the initiation of an audit by the SCO no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the SCO to initiate an audit shall commence to run from the date of initial payment of the claim.

In any case, an audit shall be completed no later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities must be retained during the period subject to audit. If an audit has been initiated by the SCO during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings. On-site audits will be conducted by the SCO as deemed necessary.

Retention of Claiming Instructions

The claiming instructions and forms in this package should be retained permanently in your Mandated Cost Manual for future reference and use in filing claims. These forms should be duplicated to meet your filing requirements. You will be notified of updated forms or changes to claiming instructions as necessary.

Questions, or requests for hard copies of these instructions, should be faxed to Angie Lowi-Teng at (916) 323-6527 or e-mailed to **ateng@sco.ca.gov**. Or, if you wish, you may call Angie of the Local Reimbursements Section at (916) 323-0706.

For your reference, these and future mandated costs claiming instructions and forms can be found on the Internet at **www.sco.ca.gov/ard/local/locreim/index.shtml.**

Address for Filing Claims

Claims should be rounded to the nearest dollar. Submit a signed original and a copy of form FAM-27, Claim for Payment, and all other forms and supporting documents. **(To expedite the payment process, please sign the form in blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**

Use the following mailing addresses:

If delivered by
U.S. Postal Service:

Office of the State Controller
Attn: Local Reimbursements Section
Division of Accounting and Reporting
P. O. Box 942850
Sacramento, CA 94250

If delivered by
other delivery services:

Office of the State Controller
Attn.: Local Reimbursements Section
Division of Accounting and Reporting
3301 C Street, Suite 500
Sacramento, CA 95816

Amendment Adopted: October 26, 2006
Corrected: July 21, 2006
Adopted January 26, 2006

AMENDED PARAMETERS AND GUIDELINES

Government Code Sections 7570-7588
Statutes 1984, Chapter 1747 (Assem. Bill No. 3632);
Statutes 1985, Chapter 1274 (Assem. Bill No. 882)

California Code of Regulations, Title 2, Sections 60000-60610
(Emergency regulations effective January 1, 1986 [Register 86, No. 1], and re-filed June 30, 1986, designated effective July 12, 1986 [Register 86, No. 28])

Handicapped and Disabled Students (04-RL-4282-10)

EFFECTIVE FOR REIMBURSEMENT CLAIMS FILED FOR COSTS INCURRED THROUGH THE 2005-2006 FISCAL YEAR

I. SUMMARY OF THE MANDATE

Statutes 2004, chapter 493 (Sen. Bill No. 1895) directed the Commission on State Mandates (Commission) to reconsider its prior final decision and parameters and guidelines on the *Handicapped and Disabled Students* program (CSM 4282). On May 26, 2005, the Commission adopted a Statement of Decision on *Handicapped and Disabled Students* (04-RL-4282-10) pursuant to Senate Bill 1895.

The Handicapped and Disabled Students program was enacted in 1984 and 1985 as the state's response to federal legislation (Individuals with Disabilities Education Act, or IDEA) that guaranteed to disabled pupils, including those with mental health needs, the right to receive a free and appropriate public education.

The Commission determined that the test claim legislation imposes a reimbursable state-mandated program on counties pursuant to article XIII B, section 6 of the California Constitution for the activities expressly required by statute and regulation. The Commission also concluded that there is revenue and/or proceeds that must be identified as an offset and deducted from the costs claimed.

Two other Statements of Decision have been adopted by the Commission on the Handicapped and Disabled Students program. They include *Handicapped and Disabled Students II* (02-TC-40/02-TC-49), and *Seriously Emotionally Disturbed (SED) Pupils: Out-of-State Mental Health Services* (97-TC-05).

These parameters and guidelines address only the Commission's findings on reconsideration of the *Handicapped and Disabled Students* program. These parameters and guidelines are effective for reimbursement claims filed through the 2005-2006 fiscal year. Commencing with the 2006-2007 fiscal year, reimbursement claims shall be filed through the consolidated parameters and guidelines for *Handicapped and Disabled Students* (04-RL-4282-10), *Handicapped and Disabled Students II* (02-TC-40/02-TC-49), and *Seriously Emotionally Disturbed (SED) Pupils: Out-of-State Mental Health Services* (97-TC-05).

II. ELIGIBLE CLAIMANTS

Any county, or city and county, that incurs increased costs as a result of this reimbursable state-mandated program is eligible to claim reimbursement of those costs.

III. PERIOD OF REIMBURSEMENT

The period of reimbursement for the activities in this parameters and guidelines amendment begins on July 1, 2004.

Pursuant to Government Code section 17560, reimbursement for state-mandated costs may be claimed as follows:

1. A local agency may file an estimated reimbursement claim by January 15 of the fiscal year in which costs are to be incurred, and, by January 15 following that fiscal year shall file an annual reimbursement claim that details the costs actually incurred for that fiscal year; or it may comply with the provisions of subdivision (b).
2. A local agency may, by January 15 following the fiscal year in which costs are incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year.
3. In the event revised claiming instructions are issued by the Controller pursuant to subdivision (c) of section 17558 between October 15 and January 15, a local agency filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim.

Reimbursable actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Government Code section 17561, subdivision (d)(1), all claims for reimbursement of initial years' costs shall be submitted within 120 days of the issuance of the State Controller's claiming instructions. If the total costs for a given fiscal year do not exceed $1,000, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564.

There shall be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.

IV. REIMBURSABLE ACTIVITIES

To be eligible for mandated cost reimbursement for any given fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, calendars, and declarations. Declarations must include a certification or declaration stating, "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure section 2015.5. Evidence corroborating the source documents may include data relevant to the

reimbursable activities otherwise reported in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Claims should *exclude* reimbursable costs included in claims previously filed, beginning in fiscal year 2004-2005, for *Handicapped and Disabled Students II* (02-TC-40/02-TC-49), or *Seriously Emotionally Disturbed (SED) Pupils: Out-of State Mental Health Services* (97-TC-05). In addition, estimated and actual claims filed for fiscal years 2004-2005 and 2005-2006 pursuant to the parameters and guidelines and claiming instructions for *Handicapped and Disabled Students* (CSM 4282) shall be re-filed under these parameters and guidelines.

Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate. For each eligible claimant, the following activities are eligible for reimbursement:

A. Renew the interagency agreement with the local educational agency every three years and, if necessary, revise the agreement (Gov. Code, § 7571; Cal. Code Regs., tit. 2, §§ 60030, 60100)

   1. Renew the interagency agreement every three years, and revise if necessary.
   2. Define the process and procedures for coordinating local services to promote alternatives to out-of-home care of seriously emotionally disturbed pupils.

B. Perform an initial assessment of a pupil referred by the local educational agency, and discuss assessment results with the parents and IEP team (Gov. Code, § 7572, Cal. Code Regs., tit. 2, § 60040)

   1. Review the following educational information of a pupil referred to the county by a local educational agency for an assessment: a copy of the assessment reports completed in accordance with Education Code section 56327, current and relevant behavior observations of the pupil in a variety of educational and natural settings, a report prepared by personnel that provided "specialized" counseling and guidance services to the pupil and, when appropriate, an explanation why such counseling and guidance will not meet the needs of the pupil.
   2. If necessary, observe the pupil in the school environment to determine if mental health assessments are needed.
   3. If necessary, interview the pupil and family, and conduct collateral interviews.
   4. If mental health assessments are deemed necessary by the county, develop a mental health assessment plan and obtain the parent's written informed consent for the assessment.
   5. Assess the pupil within the time required by Education Code section 56344.
   6. If a mental health assessment cannot be completed within the time limits, provide notice to the IEP team administrator or designee no later than 15 days before the scheduled IEP meeting.

7. Prepare and provide to the IEP team, and the parent or guardian, a written assessment report in accordance with Education Code section 56327. The report shall include the following information: whether the pupil may need special education and related services; the basis for making the determination; the relevant behavior noted during the observation of the pupil in the appropriate setting; the relationship of that behavior to the pupil's academic and social functioning; the educationally relevant health and development, and medical findings, if any; for pupils with learning disabilities, whether there is such a discrepancy between achievement and ability that it cannot be corrected without special education and related services; a determination concerning the effects of environmental, cultural, or economic disadvantage, where appropriate; and the need for specialized services, materials, equipment for pupils with low incidence disabilities.
8. Review and discuss the county recommendation with the parent and the appropriate members of the IEP team before the IEP team meeting.
9. In cases where the local education agency refers a pupil to the county for an assessment, attend the IEP meeting if requested by the parent.
10. Review independent assessments of a pupil obtained by the parent.
11. Following review of the independent assessment, discuss the recommendation with the parent and with the IEP team before the meeting of the IEP team.
12. In cases where the parent has obtained an independent assessment, attend the IEP team meeting if requested.

C. Participate as a member of the IEP team whenever the assessment of a pupil determines the pupil is seriously emotionally disturbed and residential placement may be necessary (Gov. Code, § 7572.5, subds. (a) and (b); Cal. Code Regs., tit. 2, § 60100)

1. Participate as a member of the IEP team whenever the assessment of a pupil determines the pupil is seriously emotionally disturbed and residential placement may be necessary.
2. Re-assess the pupil in accordance with section 60400 of the regulations, if necessary.

D. Act as the lead case manager if the IEP calls for residential placement of a seriously emotionally disturbed pupil (Gov. Code, § 7572.5, subd. (c)(1); Cal. Code Regs., tit. 2, § 60110)

1. Designate a lead case manager when the expanded IEP team recommends out-of-home residential placement for a seriously emotionally disturbed pupil. The lead case manager shall perform the following activities:
    a. Convene parents and representatives of public and private agencies in accordance with section 60100, subdivision (f), in order to identify the appropriate residential facility.
    b. Complete the local mental health program payment authorization in order to initiate out of home care payments.
    c. Coordinate the completion of the necessary County Welfare Department, local mental health program, and responsible local education agency financial paperwork or contracts.

d. Coordinate the completion of the residential placement as soon as possible.

e. Develop the plan for and assist the family and pupil in the pupil's social and emotional transition from home to the residential facility and the subsequent return to the home.

f. Facilitate the enrollment of the pupil in the residential facility.

g. Conduct quarterly face-to-face contacts with the pupil at the residential facility to monitor the level of care and supervision and the implementation of the treatment services and the IEP.

h. Notify the parent or legal guardian and the local education agency administrator or designee when there is a discrepancy in the level of care, supervision, provision of treatment services, and the requirements of the IEP.

E. Issue payments to providers of out-of-home residential care for the residential and non-educational costs of seriously emotionally disturbed pupils (Gov. Code, § 7581; Cal. Code Regs., tit. 2, § 60200, subd. (e))

1. Issue payments to providers of out-of-home residential facilities for the residential and non-educational costs of seriously emotionally disturbed pupils. Payments are for the costs of food, clothing, shelter, daily supervision, a child's personal incidentals, liability insurance with respect to a child, and reasonable travel to the child's home for visitation. Counties are eligible to be reimbursed for 60 percent of the total residential and non-educational costs of a seriously emotionally disturbed child placed in an out-of-home residential facility.

   Beginning July 19, 2005, Welfare and Institutions Code section 18355.5 applies to this program and prohibits a county from claiming reimbursement for its 60-percent share of the total residential and non-educational costs of a seriously emotionally disturbed child placed in an out-of-home residential facility if the county claims reimbursement for these costs from the Local Revenue Fund identified in Welfare and Institutions Code section 17600 and receives the funds.

2. Submit reports to the State Department of Social Services for reimbursement of payments issued to seriously emotionally disturbed pupils for 24-hour out-of-home care.

F. Participate in due process hearings relating to mental health assessments or services (Gov. Code, § 7586; Cal. Code Regs., tit. 2, § 60550.) When there is a proposal or a refusal to initiate or change the identification, assessment, or educational placement of the child or the provision of a free, appropriate public education to the child relating to mental health assessments or services, the following activities are eligible for reimbursement:

1. Retaining county counsel to represent the county mental health agency in dispute resolution. The cost of retaining county counsel is reimbursable.

2. Preparation of witnesses and documentary evidence to be presented at hearings.

3. Preparation of correspondence and/or responses to motions for dismissal, continuance, and other procedural issues.

4. Attendance and participation in formal mediation conferences.

5. Attendance and participation in information resolution conferences.
6. Attendance and participation in pre-hearing status conferences convened by the Office of Administrative Hearings.
7. Attendance and participation in settlement conferences convened by the Office of Administrative Hearings.
8. Attendance and participation in Due Process hearings conducted by the Office of Administrative Hearings.
9. Paying for psychological and other mental health treatment services mandated by the test claim legislation (California Code of Regulations, title 2, sections 60020, subdivisions (f) and (i)), and the out-of-home residential care of a seriously emotionally disturbed pupil (Gov. Code, § 7581; Cal. Code Regs., tit. 2, § 60200, subd. (e)), that are required by an order of a hearing officer or a settlement agreement between the parties to be provided to a pupil following due process hearing procedures initiated by a parent or guardian.

Reimbursement to parents for attorneys' fees when parents prevail in due process hearings and in negotiated settlement agreements is not reimbursable.

V. CLAIM PREPARATION AND SUBMISSION

Each of the following cost elements must be identified for each reimbursable activity identified in section IV. of this document. Each claimed reimbursable cost must be supported by source documentation as described in section IV. Additionally, each reimbursement claim must be filed in a timely manner.

There are two satisfactory methods of submitting claims for reimbursement of increased costs incurred to comply with the mandate: the direct cost reporting method and the cost report method.

Direct Cost Reporting Method

A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

3. Contracted Services

Report the name of the contractor and services performed to implement the reimbursable activities. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the services that were performed during the period covered by the reimbursement claim. If the contract services are also used for purposes other than the reimbursable activities, only the pro-rata portion of the services used to implement the reimbursable activities can be claimed. Submit contract consultant and invoices with the claim and a description of the contract scope of services.

4. Fixed Assets and Equipment

Report the purchase price paid for fixed assets and equipment (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset or equipment is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

5. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination point, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1, Salaries and Benefits, for each applicable reimbursable activity.

B. Indirect Cost Rates

Indirect costs are costs that are incurred for a common or joint purpose, benefiting more than one program, and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include (1) the overhead costs of the unit performing the mandate; and (2) the costs of the central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the Office of Management and Budget (OMB) Circular A-87. Claimants have the option of using 10% of labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the claimant shall have the choice of one of the following methodologies:

1. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected; or
2. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

Cost Report Method

A. Cost Report Method

Under this claiming method, the mandate reimbursement claim is still submitted on the State Controller's claiming forms in accordance with claiming instructions. A complete copy of the annual cost report, including all supporting schedules attached to the cost report as filed with the Department of Mental Health, must also be filed with the claim forms submitted to the State Controller.

B. Indirect Cost Rates

To the extent that reimbursable indirect costs have not already been reimbursed, they may be claimed under this method.

Indirect costs are costs that are incurred for a common or joint purpose, benefiting more than one program, and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include (1) the overhead costs of the unit performing the mandate; and (2) the costs of the central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the Office of Management and Budget (OMB) Circular A-87. Claimants have the option of using 10% of labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the claimant shall have the choice of one of the following methodologies:

1. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected; or

2. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

VI. RECORDS RETENTION

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter[1] is subject to the initiation of an audit by the State Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

VII. OFFSETTING REVENUES AND OTHER REIMBURSEMENTS

Any offsets the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any of the following sources shall be identified and deducted from this claim:

1. Funds received by a county pursuant to Government Code section 7576.5.

2. Any direct payments or categorical funding received from the state that is specifically allocated to any service provided under this program. This includes the appropriation made by the Legislature in the Budget Act of 2001, which appropriated funds to counties in the amounts of $12,334,000 (Stats. 2001, ch. 106, items 4440-131-0001), the $69 million appropriations in 2003 and 2004 (Stats. 2003, ch. 157, item 6110-161-0890, provision 17; Stats. 2004, ch. 208, item 6110-161-0890, provision 10), and the $69 million appropriation in 2005 (Stats. 2005, ch. 38, item 6110-161-0890, provision 9).

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[1] This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

3. Funds received and applied to this program from the appropriation made by the Legislature in the Budget Act of 2005 for disbursement by the State Controller's Office, which appropriated $120 million for costs claimed for fiscal years 2004-2005 and 2005-2006 for the *Handicapped and Disabled Students program* (CSM 4282) and for *Seriously Emotionally Disturbed (SED) Pupils: Out-of-State Mental Health Services* (97-TC-05). (Stats. 2005, ch. 38, item 4440-295-0001, provisions 11 and 12.)
4. Private insurance proceeds obtained with the consent of a parent for purposes of this program.
5. Medi-Cal proceeds obtained from the state or federal government, exclusive of the county match, that pay for a portion of the county services provided to a pupil under the Handicapped and Disabled Students program in accordance with federal law.
6. Any other reimbursement received from the federal or state government, or other non-local source.

Except as expressly provided in section IV(E)(1) of these parameters and guidelines, Realignment funds received from the Local Revenue Fund that are used by a county for this program are not required to be deducted from the costs claimed. (Stats. 2004, ch. 493, § 6 (Sen. Bill No. 1895).)

VIII. STATE CONTROLLER'S CLAIMING INSTRUCTIONS

Pursuant to Government Code section 17558, subdivision (c), the Controller shall issue revised claiming instructions for each mandate that requires state reimbursement not later than 60 days after receiving the revised parameters and guidelines from the Commission, to assist local agencies and school districts in claiming costs to be reimbursed. The claiming instructions shall be derived from the test claim decision and the revised parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561, subdivision (d)(2), issuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon parameters and guidelines adopted by the Commission.

IX. REMEDIES BEFORE THE COMMISSION

Upon request of a local agency or school district, the Commission shall review the claiming instructions issued by the State Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557, subdivision (a), and the California Code of Regulations, title 2, section 1183.2.

X. LEGAL AND FACTUAL BASIS FOR THE PARAMETERS AND GUIDELINES

The Statement of Decision on reconsideration is legally binding on all parties and provides the legal and factual basis for the parameters and guidelines. The support for the legal and factual

findings is found in the administrative record for the test claim and the reconsideration. The administrative record, including the Statement of Decision, is on file with the Commission.

Received
March 21, 2013
Commission on
State Mandates

OFFICE OF THE STATE CONTROLLER

STATE MANDATED COST CLAIMING INSTRUCTIONS NO. 2010-15

AMENDED CONSOLIDATED HANDICAPPED AND DISABLED STUDENTS (HDS),

HDS II, AND

SERIOUSLY EMOTIONALLY DISTURBED (SED) PUPILS: OUT-OF-STATE MENTAL HEALTH SERVICES

OCTOBER 4, 2010

In accordance with Government Code (GC) Sections 17560 and 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state mandated cost programs. The following are claiming instructions and forms that eligible claimants will use for filing claims for the Consolidated HDS, HDS II, and SED program. These claiming instructions are issued subsequent to adoption of the program's Amended Parameters and Guidelines (P's & G's) by the Commission on State Mandates (Commission). The Amended P's & G's are included as an integral part of the claiming instructions.

On May 25, 2000 the Commission adopted a Statement of Decision for the Seriously Emotionally Disturbed (SED) Pupils: Out-of-State Mental Health Services program, addressing the counties' responsibilities for out-of-state placement of seriously emotionally disturbed students.

On May 26, 2005 the Commission adopted a Statement of Decision on the reconsideration of Handicapped and Disabled Students. The Commission also adopted a Statement of Decision for the Handicapped and Disabled Students II program addressing the statutory and regulatory amendments to the program.

On October 26, 2006 the Commission adopted the Consolidated P's & G's to combine HDS, HDS II, and SED: Out-of-State Mental Health Services. During the consolidation one sentence was inadvertently omitted from the end of Section VI, Record Retention.

On July 29, 2010 the Commission adopted the amendment to the Consolidated P's and G's to include the requirement for claimants to identify the number of pupils in out-of-state residential programs for the costs being claimed.

Requirements, Limitations, and Exceptions

1. There will be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.
2. There are two satisfactory methods of submitting claims for reimbursement of increased costs incurred to comply with the mandate:
    a. Direct Cost Reporting Method – Costs incurred specifically for the reimbursable activities. Those costs are listed on the SCO's Form 1 and Form 2.
    b. Cost Report Method – Under this claiming method, claims are still submitted on the SCO's forms in accordance with the claiming instructions. In addition, a complete copy of the annual cost report, including all supporting schedules attached to the cost

Received
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State Mandates

report as filed with the Department of Mental Health, must also be filed with the claim forms submitted to the State Controller.

Eligible Claimants

Any county that incurs increased costs, as a direct result of this mandate is eligible to claim reimbursement of these costs.

Filing Deadlines

A. Reimbursement Claims

Costs incurred for compliance with this mandate are reimbursable beginning with fiscal year 2008-2009 and subsequent fiscal years. If the fiscal year 2008-2009 claim was previously filed, only Form 1, lines (01) to (03) should be submitted with a revised FAM 27 which includes on line (22) the statistical information from Form 1. For those who did not submit the 2008-2009 claim, these claims must be filed with the SCO and be delivered or postmarked on or before **February 1, 2011.** Claims filed after **February 1, 2011** are subject to a late penalty. Claims for fiscal year 2009-2010 must be postmarked or delivered on or before **February 15, 2011**. C**laims filed more than one year after the applicable deadlines will not be accepted.**

B. Late Penalty

1. Initial Claims

Late initial claims are assessed a late penalty of 10% of the total amount of the initial claims without limitation.

2. Annual Reimbursement Claims

Annual reimbursement claims must be filed by February 15 of the following fiscal year in which costs were incurred or the claims will be reduced by a late penalty.

Late annual reimbursement claims are assessed a late penalty of 10% of the claim amount; $10,000 maximum penalty.

Minimum Claim Cost

GC Section 17564(a) provides that no claim may be filed pursuant to Sections 17551, 17560 and 17561, unless such a claim exceeds one thousand dollars (**$1,000**).

Reimbursement of Claims

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, notices of order of suspension or revocation, sworn reports, arrest reports, notices to appear, employee time records, or time logs, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, and declarations.

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Declarations must include a certification or declaration stating: "I certify, (or declare), under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of the Code of Civil Procedure Section 2015.5.

Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, these documents cannot be substituted for source documents.

Audit of Costs

All claims submitted to the SCO are subject to review to determine if costs are related to the mandate, are reasonable and not excessive, and the claim was prepared in accordance with the SCO's claiming instructions and the P's & G's adopted by the Commission. If any adjustments are made to a claim, a Notice of Claim Adjustment specifying the claim activity adjusted, the amount adjusted, and the reason for the adjustment, will be mailed within thirty days after payment of the claim.

On-site audits will be conducted by the SCO as deemed necessary. Pursuant to GC Section 17558.5, Subdivision (a), a reimbursement claim for actual costs filed by a claimant is subject to audit by the SCO no later than three years after the date that the actual reimbursement claim was filed or last amended, whichever is later. However, if no funds were appropriated or no payment was made to a claimant for the program for the fiscal year for which the claim was filed, the time for the Controller to initiate an audit will commence to run from the date of initial payment of the claim.

All documents used to support the reimbursable activities must be retained during the period subject to audit. If an audit has been initiated by the SCO during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings. Supporting documents must be made available to the SCO on request.

Retention of Claim Documentation

All documentation to support actual costs claimed must be retained for a period of three years after the end of the calendar year in which the reimbursement claim was filed or last amended regardless of the year of costs incurred. If no funds were appropriated for initial claims at the time the claim was filed, supporting documents must be retained for three years from the date of initial payment of the claim. Therefore, all documentation to support actual costs claimed must be retained for the same period, and must be made available to the SCO on request.

Address for Filing Claims

Submit a signed original and a copy of form FAM-27, Claim for Payment, and all other forms. **To expedite the payment process, please sign the form in blue ink, and attach a copy of the form FAM-27 to the top of the claim package.**

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Use the following mailing addresses:

If delivered by
U.S. Postal Service:

Office of the State Controller
Attn.: Local Reimbursement Section
Division of Accounting and Reporting
P. O. Box 942850
Sacramento, CA 94250

If delivered by
other delivery services:

Office of the State Controller
Attn.: Local Reimbursement Section
Division of Accounting and Reporting
3301 C Street, Suite 700
Sacramento, CA 95816

Mandated costs claiming instructions and forms are available online at the SCO's Web site: **www.sco.ca.gov/ard_mancost.html.** If you have any questions, you may call the Local Reimbursements Section at (916) 324-5729, or e-mail **LRSDAR@sco.ca.gov**.

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Amended: July 29, 2010
Adopted: October 26, 2006

AMENDMENT TO CONSOLIDATED PARAMETERS AND GUIDELINES

Government Code Sections 7570-7588
Statutes 1984, Chapter 1747 (Assem. Bill No. 3632)
Statutes 1985, Chapter 1274 (Assem. Bill No. 882)
Statutes 1994, Chapter 1128 (Assem. Bill No. 1892)
Statutes 1996, Chapter 654 (Assem. Bill No. 2726)

California Code of Regulations, Title 2, Sections 60000-60610
(Emergency regulations effective January 1, 1986 [Register 86, No. 1], and re-filed June 30, 1986, designated effective July 12, 1986 [Register 86, No. 28]; and Emergency regulations effective July 1, 1998 [Register 98, No. 26], final regulations effective August 9, 1999 [Register 99, No. 33])

Handicapped and Disabled Students (04-RL-4282-10);
Handicapped and Disabled Students II (02-TC-40/02-TC-49); and
Seriously Emotionally Disturbed (SED) Pupils: Out-of-State Mental Health Services (97-TC-05)

Commencing with Fiscal Year 2008-2009

I. SUMMARY OF THE MANDATE

The *Handicapped and Disabled Students* program was enacted in 1984 and 1985 as the state's response to federal legislation (Individuals with Disabilities Education Act, or IDEA) that guaranteed to disabled pupils, including those with mental health needs, the right to receive a free and appropriate public education, including psychological and other mental health services, designed to meet the pupil's unique educational needs. The legislation shifted to counties the responsibility and funding of mental health services required by a pupil's individualized education plan (IEP).

The Commission on State Mandates (Commission) adopted amended parameters and guidelines for the *Handicapped and Disabled Students* program (CSM 4282) on January 26, 2006, ending the period of reimbursement for costs incurred through and including June 30, 2004. Costs incurred after this date are claimed under the parameters and guidelines for the Commission's decision on reconsideration, *Handicapped and Disabled Students* (04-RL-4282-10).

The Commission adopted its Statement of Decision on the reconsideration of *Handicapped and Disabled Students* (04-RL-4282-10) on May 26, 2005. The Commission found that the 1990 Statement of Decision in *Handicapped and Disabled Students* correctly concluded that the test claim legislation imposes a reimbursable state-mandated program on counties pursuant to article XIII B, section 6 of the California Constitution. The Commission determined, however, that the 1990 Statement of Decision does not fully identify all of the activities mandated by the statutes and regulations pled in the test claim or the offsetting revenue applicable to the claim. Thus, the Commission, on reconsideration, identified the activities expressly required by the test claim legislation and the offsetting revenue that must be identified and deducted from the costs

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claimed. Parameters and guidelines were adopted on January 26, 2006, and corrected on July 21, 2006, with a period of reimbursement beginning July 1, 2004.

The Commission also adopted a Statement of Decision for the *Handicapped and Disabled Students II* program on May 26, 2005, addressing the statutory and regulatory amendments to the program. Parameters and guidelines were adopted on December 9, 2005, and corrected on July 21, 2006, with a period of reimbursement beginning July 1, 2001.

On May 25, 2000, the Commission adopted a Statement of Decision for the *Seriously Emotionally Disturbed (SED) Pupils: Out-of-State Mental Health Services* (97-TC-05) program, addressing the counties' responsibilities for out-of-state placement of seriously emotionally disturbed students. Parameters and guidelines were adopted on October 26, 2000, and corrected on July 21, 2006, with a period of reimbursement beginning January 1, 1997.

These parameters and guidelines consolidate the Commission's decisions on the Reconsideration of *Handicapped and Disabled Students* (04-RL-4282-10), *Handicapped and Disabled Students II* (02-TC-40/02-TC-49), and *SED Pupils: Out-of-State Mental Health Services* (97-TC-05) for reimbursement claims filed for costs incurred commencing with the 2006-2007 fiscal year.

II. ELIGIBLE CLAIMANTS

Any county, or city and county, that incurs increased costs as a result of this reimbursable state-mandated program is eligible to claim reimbursement of those costs.

III. PERIOD OF REIMBURSEMENT

The period of reimbursement for the activities in this consolidated parameters and guidelines begins on July 1, 2006.

Reimbursable actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Government Code section 17561, subdivision (d)(1), all claims for reimbursement of initial years' costs shall be submitted within 120 days of the issuance of the State Controller's claiming instructions. If the total costs for a given fiscal year do not exceed $1,000, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564.

There shall be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.

IV. REIMBURSABLE ACTIVITIES

To be eligible for mandated cost reimbursement for any given fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, calendars, and declarations. Declarations must include a certification or declaration stating, "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure

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section 2015.5. Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise reported in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible claimant, the following activities are eligible for reimbursement:

A. The one-time activity of revising the interagency agreement with each local educational agency to include the following eight procedures (Cal. Code Regs., tit. 2, § 60030):

   1. Resolving interagency disputes at the local level, including procedures for the continued provision of appropriate services during the resolution of any interagency dispute, pursuant to Government Code section 7575, subdivision (f). For purposes of this subdivision only, the term "appropriate" means any service identified in the pupil's IEP, or any service the pupil actually was receiving at the time of the interagency dispute. (Cal. Code Regs, tit. 2, § 60030, subd. (c)(2).)

   2. A host county to notify the community mental health service of the county of origin within two (2) working days when a pupil with a disability is placed within the host county by courts, regional centers or other agencies for other than educational reasons. (Cal. Code Regs, tit. 2, § 60030, subd. (c)(4).)

   3. Development of a mental health assessment plan and its implementation. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(5).)

   4. At least ten (10) working days prior notice to the community mental health service of all IEP team meetings, including annual IEP reviews, when the participation of its staff is required. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(7).)

   5. The provision of mental health services as soon as possible following the development of the IEP pursuant to section 300.342 of Title 34 of the Code of Federal Regulations. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(9).)

   6. The provision of a system for monitoring contracts with nonpublic, nonsectarian schools to ensure that services on the IEP are provided. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(14).)

   7. The development of a resource list composed of qualified mental health professionals who conduct mental health assessments and provide mental health services. The community mental health service shall provide the LEA with a copy of this list and monitor these contracts to assure that services as specified on the IEP are provided. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(15).)

   8. Mutual staff development for education and mental health staff pursuant to Government Code section 7586.6, subdivision (a). (Cal. Code Regs., tit. 2, § 60030, subd. (c)(17).)

This activity is reimbursable only if it was not previously claimed under the parameters and guidelines for *Handicapped and Disabled Students II* (02-TC-40/02-TC-49).

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B. Renew the interagency agreement with the local educational agency every three years and, if necessary, revise the agreement (Gov. Code, § 7571; Cal. Code Regs., tit. 2, §§ 60030, 60100)

1. Renew the interagency agreement every three years, and revise if necessary.
2. Define the process and procedures for coordinating local services to promote alternatives to out-of-home care of seriously emotionally disturbed pupils.

C. Referral and Mental Health Assessments (Gov. Code, §§ 7572, 7576; Cal. Code Regs., tit. 2, §§ 60040, 60045, 60200, subd. (c))

1. Work collaboratively with the local educational agency to ensure that assessments performed prior to referral are as useful as possible to the community mental health service in determining the need for mental health services and the level of services needed. (Gov. Code, § 7576, subd. (b)(1).)
2. A county that receives a referral for a pupil with a different county of origin shall forward the referral within one working day to the county of origin. (Gov. Code, § 7576, subd. (g); Cal. Code Regs., tit. 2, § 60040, subd. (g).)
3. If the county determines that a mental health assessment is not necessary, the county shall document the reasons and notify the parents and the local educational agency of the county determination within one day. (Cal Code Regs., tit. 2, § 60045, subd. (a)(1).)
4. If the county determines that the referral is incomplete, the county shall document the reasons, notify the local educational agency within one working day, and return the referral. (Cal. Code Regs., tit. 2, § 60045, subd. (a)(2).)
5. Notify the local educational agency when an assessment is determined necessary. (Cal. Code Regs., tit. 2, § 60045, subd. (b).)
6. If mental health assessments are deemed necessary by the county, develop a mental health assessment plan and obtain the parent's written informed consent for the assessment. (Cal. Code Regs., tit. 2, § 60045, subd. (b).)
7. Provide the assessment plan to the parent. (Cal. Code Regs., tit. 2, § 60045, subd. (b).)
8. Report back to the referring local educational agency or IEP team within 30 days from the date of the receipt of the referral if no parental consent for a mental health assessment has been obtained. (Cal. Code Regs., tit. 2, § 60045, subd. (c).)
9. Notify the local educational agency within one working day after receipt of the parent's written consent for the mental health assessment to establish the date of the IEP meeting. (Cal. Code Regs., tit. 2, § 60045, subd. (d).)
10. Review the following educational information of a pupil referred to the county by a local educational agency for an assessment: a copy of the assessment reports completed in accordance with Education Code section 56327, current and relevant behavior observations of the pupil in a variety of educational and natural settings, a report prepared by personnel that provided "specialized" counseling and guidance services to the pupil and, when appropriate, an explanation why such counseling and guidance will not meet the needs of the pupil. (Cal. Code Regs., tit. 2, § 60045, subd. (a).)

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11. If necessary, observe the pupil in the school environment to determine if mental health assessments are needed.
12. If necessary, interview the pupil and family, and conduct collateral interviews.
13. Assess the pupil within the time required by Education Code section 56344. (Cal. Code Regs., tit. 2, § 60045, subd. (e).)
14. Prepare and provide to the IEP team, and the parent or guardian, a written assessment report in accordance with Education Code section 56327. The report shall include the following information: whether the pupil may need special education and related services; the basis for making the determination; the relevant behavior noted during the observation of the pupil in the appropriate setting; the relationship of that behavior to the pupil's academic and social functioning; the educationally relevant health and development, and medical findings, if any; for pupils with learning disabilities, whether there is such a discrepancy between achievement and ability that it cannot be corrected without special education and related services; a determination concerning the effects of environmental, cultural, or economic disadvantage, where appropriate; and the need for specialized services, materials, equipment for pupils with low incidence disabilities. (Cal. Code Regs., tit. 2, § 60045, subds. (f) and (g).)
15. Provide the parent with written notification that the parent may require the assessor to attend the IEP meeting to discuss the recommendation when the parent disagrees with the assessor's mental health service recommendation. (Cal. Code Regs., tit. 2, § 60045, subd. (f).)
16. Review and discuss the county recommendation with the parent and the appropriate members of the IEP team before the IEP team meeting. (Gov. Code, § 7572, subd. (d)(1); Cal. Code Regs., tit. 2, § 60045, subd. (f).)
17. In cases where the local education agency refers a pupil to the county for an assessment, attend the IEP meeting if requested by the parent. (Gov. Code, § 7572, subd. (d)(1); Cal. Code Regs., tit. 2, § 60045, subd. (f).)
18. Review independent assessments of a pupil obtained by the parent. (Gov. Code, § 7572, subd. (d)(2).)
19. Following review of the independent assessment, discuss the recommendation with the parent and with the IEP team before the meeting of the IEP team. (Gov. Code, § 7572, subd. (d)(2).)
20. In cases where the parent has obtained an independent assessment, attend the IEP team meeting if requested. (Gov. Code, § 7572, subd. (d)(2).)
21. The county of origin shall prepare yearly IEP reassessments to determine the needs of a pupil. (Cal. Code Regs., tit. 2, § 60045, subd. (h).)

D. Transfers and Interim Placements (Cal. Code Regs., tit. 2, § 60055)

1. Following a pupil's transfer to a new school district, the county shall provide interim mental health services, as specified in the existing IEP, for thirty days, unless the parent agrees otherwise.

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2. Participate as a member of the IEP team of a transfer pupil to review the interim services and make a determination of services.

E. Participate as a member of the IEP team whenever the assessment of a pupil determines the pupil is seriously emotionally disturbed and in-state or out-of-state residential placement may be necessary (Gov. Code, §§ 7572.5, subds. (a) and (b), 7572.55; Cal. Code Regs., tit. 2, § 60100)

1. Participate as a member of the IEP team whenever the assessment of a pupil determines the pupil is seriously emotionally disturbed and residential placement may be necessary.
2. Re-assess the pupil in accordance with section 60400 of the regulations, if necessary.
3. When a recommendation is made that a child be placed in an out-of-state residential facility, the expanded IEP team, with the county as a participant, shall develop a plan for using less restrictive alternatives and in-state alternatives as soon as they become available, unless it is in the best educational interest of the child to remain in the out-of-state school. Residential placements for a pupil who is seriously emotionally disturbed may be made out of California only when no in-state facility can meet the pupil's needs and only when the requirements of Title 2, California Code of Regulations, section 60100, subdivisions (d) and (e), have been met. (Gov. Code, § 7572.55, subd. (c); Cal. Code Regs., tit. 2, § 60100, subd. (h).)
4. The expanded IEP team, with the county as a participant, shall document the alternatives to residential placement that were considered and the reasons why they were rejected. (Cal. Code Regs., tit. 2, § 60100, subd. (c).)
5. The expanded IEP team, with the county as a participant, shall ensure that placement is in accordance with the admission criteria of the facility. (Cal. Code Regs., tit. 2, § 60100, subd. (j).)
6. When the expanded IEP team determines that it is necessary to place a pupil who is seriously emotionally disturbed in either in-state or out-of-state residential care, counties shall ensure that: (1) the mental health services are specified in the IEP in accordance with federal law, and (2) the mental health services are provided by qualified mental health professionals. (Cal. Code Regs., tit. 2, § 60100, subd. (i).)

F. Designate the lead case manager if the IEP calls for in-state or out-of-state residential placement of a seriously emotionally disturbed pupil to perform the following activities (Gov. Code, § 7572.5, subd. (c)(1); Cal. Code Regs., tit. 2, §§ 60100, 60110)

1. Convene parents and representatives of public and private agencies in order to identify the appropriate residential facility. (Cal. Code Regs., tit. 2, §§ 60110, subd. (c)(1).)
2. Identify, in consultation with the IEP team's administrative designee, a mutually satisfactory placement that is acceptable to the parent and addresses the pupil's educational and mental health needs in a manner that is cost-effective for both public agencies, subject to the requirements of state and federal special education law, including the requirement that the placement be appropriate and in the least restrictive environment. (Cal. Code Regs, tit. 2, §§ 60100, subd. (e), 60110, subd. (c)(2).)

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3. Document the determination that no nearby placement alternative that is able to implement the IEP can be identified and seek an appropriate placement that is as close to the parents' home as possible. (Cal. Code Regs., tit. 2, § 60100, subd. (f).)
4. Coordinate the residential placement plan of a pupil with a disability who is seriously emotionally disturbed as soon as possible after the decision has been made to place the pupil in residential placement. The residential placement plan shall include provisions, as determined in the pupil's IEP, for the care, supervision, mental health treatment, psychotropic medication monitoring, if required, and education of the pupil. (Cal. Code Regs., tit, 2, § 60110, subd, (b)(1).)
5. When the IEP team determines that it is necessary to place a pupil with a disability who is seriously emotionally disturbed in a community treatment facility, the lead case manager shall ensure that placement is in accordance with admission, continuing stay, and discharge criteria of the community treatment facility. (Cal. Code Regs., tit. 2, § 60110, subd. (b)(3).)
6. Complete the local mental health program payment authorization in order to initiate out of home care payments. (Cal. Code Regs., tit. 2, § 60110, subd. (c)(3).)
7. Coordinate the completion of the necessary County Welfare Department, local mental health program, and responsible local education agency financial paperwork or contracts. (Cal. Code Regs., tit. 2, § 60110, subd. (c)(4).)
8. Develop the plan for and assist the family and pupil in the pupil's social and emotional transition from home to the residential facility and the subsequent return to the home. (Cal. Code Regs., tit. 2, § 60110, subd. (c)(5).)
9. Facilitate the enrollment of the pupil in the residential facility. (Cal. Code Regs., tit. 2, § 60110, subd. (c)(6).)
10. Notify the local educational agency that the placement has been arranged and coordinate the transportation of the pupil to the facility if needed. (Cal. Code Regs, tit. 2, § 60110, subd. (c)(7).)
11. Conduct quarterly face-to-face contacts with the pupil at the residential facility to monitor the level of care and supervision and the implementation of the treatment services and the IEP. (Cal. Code Regs, tit. 2, § 60110, subd. (c)(8).)
12. Evaluate the continuing stay criteria, as defined in Welfare and Institutions Code section 4094, of a pupil placed in a community treatment facility every 90 days. (Cal. Code Regs, tit. 2, § 60110, subd. (c)(8).)
13. Notify the parent or legal guardian and the local education agency administrator or designee when there is a discrepancy in the level of care, supervision, provision of treatment services, and the requirements of the IEP. (Cal. Code Regs, tit. 2, § 60110, subd. (c)(9).)
14. Schedule and attend the next expanded IEP team meeting with the expanded IEP team's administrative designee within six months of the residential placement of a pupil with a disability who is seriously emotionally disturbed and every six months thereafter as the pupil remains in residential placement. (Cal. Code Regs, tit. 2, § 60110, subd. (c)(10).)

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15. Facilitate placement authorization from the county's interagency placement committee pursuant to Welfare and Institutions Code section 4094.5, subdivision (e)(1), by presenting the case of a pupil with a disability who is seriously emotionally disturbed prior to placement in a community treatment facility. (Cal. Code Regs, tit. 2, § 60110, subd. (c)(11).)

G. Authorize payments to in-state or out-of-state residential care providers / Issue payments to providers of in-state or out-of-state residential care for the residential and non-educational costs of seriously emotionally disturbed pupils (Gov. Code, § 7581; Cal. Code Regs., tit. 2, § 60200, subd. (e))

1. Authorize payments to residential facilities based on rates established by the Department of Social Services in accordance with Welfare and Institutions Code sections 18350 and 18356. This activity requires counties to determine that the residential placement meets all the criteria established in Welfare and Institutions Code sections 18350 through 18356 before authorizing payment.

2. Issue payments to providers of out-of-home residential facilities for the residential and non-educational costs of seriously emotionally disturbed pupils. Payments are for the costs of food, clothing, shelter, daily supervision, a child's personal incidentals, liability insurance with respect to a child, and reasonable travel to the child's home for visitation. Counties are eligible to be reimbursed for 60 percent of the total residential and non-educational costs of a seriously emotionally disturbed child placed in an out-of-home residential facility.

   Welfare and Institutions Code section 18355.5 applies to this program and prohibits a county from claiming reimbursement for its 60-percent share of the total residential and non-educational costs of a seriously emotionally disturbed child placed in an out-of-home residential facility if the county claims reimbursement for these costs from the Local Revenue Fund identified in Welfare and Institutions Code section 17600 and receives the funds.

3. Submit reports to the State Department of Social Services for reimbursement of payments issued to seriously emotionally disturbed pupils for 24-hour out-of-home care.

H. Provide Psychotherapy or Other Mental Health Treatment Services (Cal. Code Regs., tit. 2, §§ 60020, subd. (i), 60050, subd. (b), 60200, subd. (c)[1])

1. The host county shall make its provider network available and provide the county of origin a list of appropriate providers used by the host county's managed care plan who are currently available to take new referrals. (Cal. Code Regs., tit. 2, § 60200, subd. (c)(1).)

[1] Section 60200, subdivision (c), of the regulations defines the financial responsibilities of the counties and states that "the county of origin shall be responsible for the provision of assessments and mental health services included in an IEP in accordance with Sections 60045, 60050, and 60100 [pupils placed in residential facilities]. Mental health services shall be provided directly by the community mental health service [the county] or by contractors."

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2. The county of origin shall negotiate with the host county to obtain access to limited resources, such as intensive day treatment and day rehabilitation. (Cal. Code Regs., tit. 2, § 60200, subd. (c)(1).)

3. Provide case management services to a pupil when required by the pupil's IEP. This service shall be provided directly or by contract at the discretion of the county of origin. (Cal. Code Regs., tit. 2, § 60020, subd. (i).)

4. Provide case management services and individual or group psychotherapy services, as defined in Business and Professions Code section 2903, when required by the pupil's IEP. This service shall be provided directly or by contract at the discretion of the county of origin. (Cal. Code Regs., tit. 2, § 60020, subd. (i).)

5. Provide mental health assessments, collateral services, intensive day treatment, and day rehabilitation services when required by the pupil's IEP. These services shall be provided directly or by contract at the discretion of the county of origin. (Cal. Code Regs., tit. 2, § 60020, subd. (i).)

6. Provide medication monitoring services when required by the pupil's IEP. "Medication monitoring" includes all medication support services with the exception of the medications or biologicals themselves and laboratory work. Medication support services include prescribing, administering, and monitoring of psychiatric medications or biologicals as necessary to alleviate the symptoms of mental illness. This service shall be provided directly or by contract at the discretion of the county of origin. (Cal. Code Regs., tit. 2, § 60020, subds. (f) and (i).)

7. Notify the parent and the local educational agency when the parent and the county mutually agree upon the completion or termination of a service, or when the pupil is no longer participating in treatment. ((Cal. Code Regs., tit. 2, § 60050, subd. (b).)

When providing psychotherapy or other mental health treatment services, the activities of crisis intervention, vocational services, and socialization services are not reimbursable.

I. Participate in due process hearings relating to mental health assessments or services (Gov. Code, § 7586; Cal. Code Regs., tit. 2, § 60550.) When there is a proposal or a refusal to initiate or change the identification, assessment, or educational placement of the child or the provision of a free, appropriate public education to the child relating to mental health assessments or services, the following activities are eligible for reimbursement:

1. Retaining county counsel to represent the county mental health agency in dispute resolution. The cost of retaining county counsel is reimbursable.

2. Preparation of witnesses and documentary evidence to be presented at hearings.

3. Preparation of correspondence and/or responses to motions for dismissal, continuance, and other procedural issues.

4. Attendance and participation in formal mediation conferences.

5. Attendance and participation in information resolution conferences.

6. Attendance and participation in pre-hearing status conferences convened by the Office of Administrative Hearings.

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7. Attendance and participation in settlement conferences convened by the Office of Administrative Hearings.
8. Attendance and participation in Due Process hearings conducted by the Office of Administrative Hearings.
9. Paying for psychological and other mental health treatment services mandated by the test claim legislation (California Code of Regulations, title 2, sections 60020, subdivisions (f) and (i)), and the out-of-home residential care of a seriously emotionally disturbed pupil (Gov. Code, § 7581; Cal. Code Regs., tit. 2, § 60200, subd. (e)), that are required by an order of a hearing officer or a settlement agreement between the parties to be provided to a pupil following due process hearing procedures initiated by a parent or guardian.

Attorneys' fees when parents prevail in due process hearings and in negotiated settlement agreements are not reimbursable.

V. CLAIM PREPARATION AND SUBMISSION

Each of the following cost elements must be identified for each reimbursable activity identified in Section IV, Reimbursable Activities, of this document. Each claimed reimbursable cost must be supported by source documentation as described in Section IV. Additionally, each reimbursement claim must be filed in a timely manner.

There are two satisfactory methods of submitting claims for reimbursement of increased costs incurred to comply with the mandate: the direct cost reporting method and the cost report method.

Direct Cost Reporting Method

A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

3. Contracted Services

Report the name of the contractor and services performed to implement the reimbursable activities. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the services that were performed during the period covered by the reimbursement claim. If the

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contract services are also used for purposes other than the reimbursable activities, only the pro-rata portion of the services used to implement the reimbursable activities can be claimed. Submit contract consultant and attorney invoices with the claim and a description of the contract scope of services.

4. Fixed Assets and Equipment

Report the purchase price paid for fixed assets and equipment (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset or equipment is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

5. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination point, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1, Salaries and Benefits, for each applicable reimbursable activity.

B. Indirect Cost Rates

Indirect costs are costs that are incurred for a common or joint purpose, benefiting more than one program, and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both (1) overhead costs of the unit performing the mandate; and (2) the costs of the central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the Office of Management and Budget (OMB) Circular A-87. Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB Circular A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the claimant shall have the choice of one of the following methodologies:

1. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect

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costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected; or

2. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

Cost Report Method

A. Cost Report Method

Under this claiming method, the mandate reimbursement claim is still submitted on the State Controller's claiming forms in accordance with claiming instructions. A complete copy of the annual cost report, including all supporting schedules attached to the cost report as filed with the Department of Mental Health, must also be filed with the claim forms submitted to the State Controller.

B. Indirect Cost Rates

To the extent that reimbursable indirect costs have not already been reimbursed, they may be claimed under this method.

Indirect costs are costs that are incurred for a common or joint purpose, benefiting more than one program, and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include (1) the overhead costs of the unit performing the mandate; and (2) the costs of the central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the Office of Management and Budget (OMB) Circular A-87. Claimants have the option of using 10% of labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the claimant shall have the choice of one of the following methodologies:

1. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and

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(2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected; or

2. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

VI. RECORD RETENTION

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter[2] is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings. All claims shall identify the number of pupils in out-of-state residential programs for the costs being claimed.

VII. OFFSETTING REVENUE AND REIMBURSEMENTS

Any offsets the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any of the following sources shall be identified and deducted from this claim:

1. Funds received by a county pursuant to Government Code section 7576.5.
2. Any direct payments or categorical funding received from the state that is specifically allocated to any service provided under this program.
3. Funds received and applied to this program from appropriations made by the Legislature in future Budget Acts for disbursement by the State Controller's Office.
4. Private insurance proceeds obtained with the consent of a parent for purposes of this program.

[2] This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

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5. Medi-Cal proceeds obtained from the state or federal government, exclusive of the county match, that pay for a portion of the county services provided to a pupil under the Handicapped and Disabled Students program in accordance with federal law.
6. Any other reimbursement received from the federal or state government, or other non-local source.

Except as expressly provided in section IV(G)(2) of these parameters and guidelines, Realignment funds received from the Local Revenue Fund that are used by a county for this program are not required to be deducted from the costs claimed. (Stats. 2004, ch. 493, § 6 (Sen. Bill No. 1895).)

VIII. STATE CONTROLLER'S CLAIMING INSTRUCTIONS

Pursuant to Government Code section 17558, subdivision (b), the Controller shall issue claiming instructions for each mandate that requires state reimbursement not later than 60 days after receiving the adopted parameters and guidelines from the Commission, to assist local agencies and school districts in claiming costs to be reimbursed. The claiming instructions shall be derived from the test claim decision and the parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561, subdivision (d)(1), issuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon parameters and guidelines adopted by the Commission.

IX. REMEDIES BEFORE THE COMMISSION

Upon request of a local agency or school district, the Commission shall review the claiming instructions issued by the State Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557, subdivision (d), and California Code of Regulations, title 2, section 1183.2.

X. LEGAL AND FACTUAL BASIS FOR THE PARAMETERS AND GUIDELINES

The Statements of Decision are legally binding on all parties and provide the legal and factual basis for the parameters and guidelines. The support for the legal and factual findings is found in the administrative record for these test claims. The administrative records, including the Statements of Decision, are on file with the Commission.

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CONSOLIDATED HANDICAPPED AND DISABLED STUDENTS (HDS), HDS II, AND SED PUPILS: OUT-OF-STATE MENTAL HEALTH SERVICES CLAIM FOR PAYMENT

For State Controller Use Only

(19) Program Number 00273
(20) Date Filed
(21) LRS Input

PROGRAM
273

(01) Claimant Identification Number			**Reimbursement Claim Data**	
(02) Claimant Name			(22) FORM-1, (03)	
County of Location			(23) FORM-1, (04) A. (g)	
Street Address of P.O. Box		Suite	(24) FORM-1, (04) B. (g)	
City	State	Zip Code	(25) FORM-1, (04) C. (g)	
		Type of Claim	(26) FORM-1, (04) D. (g)	
	(03)	(09) Reimbursement ☐	(27) FORM-1, (04) E. (g)	
	(04)	(10) Combined ☐	(28) FORM-1, (04) F. (g)	
	(05)	(11) Amended ☐	(29) FORM-1, (04) G. (g)	
Fiscal Year of Cost	(06)	(12)	(30) FORM-1, (04) H. (g)	
Total Claimed Amount	(07)	(13)	(31) FORM-1, (04) I. (g)	
Less: **10% Late Penalty (refer to attached Instructions)**		(14)	(32) FORM-1, (06)	
Less: **Prior Claim Payment Received**		(15)	(33) FORM-1, (07)	
Net Claimed Amount		(16)	(34) FORM-1, (09)	
Due from State	(08)	(17)	(35) FORM-1, (10)	
Due to State		(18)	(36) FORM-1, (11)	

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code Sections 17560 and 17561, I certify that I am the officer authorized by the local agency to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Article 4, Chapter 1 of Division 4 of Title 1 Government Code.

I further certify that there was no application other than from the claimant, nor any grants or payments received for reimbursement of costs claimed herein and claimed costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the parameters and guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amount for this reimbursement is hereby claimed from the State for payment of actual costs set forth on the attached statements.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer

Date Signed _____

Telephone Number _____

E-Mail Address _____

Type or Print Name and Title of Authorized Signatory

(38) Name of Agency Contact Person for Claim

Telephone Number _____

E-mail Address _____

Name of Consulting Firm / Claim Preparer

Telephone Number _____

E-mail Address _____

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PROGRAM 273	CONSOLIDATED HDS, HDS II, AND SED: OUT-OF-STATE MENTAL HEALTH SERVICES CLAIM FOR PAYMENT Instructions	FORM FAM-27

(01) Enter the claimant number assigned by the State Controller's Office.

(02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.

(03) to (08) Leave blank.

(09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.

(10) If filing a combined reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.

(11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.

(12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.

(13) Enter the amount of the reimbursement claim as shown in the attached Form-1 line (12). The total claimed amount must exceed $1,000.

(14) Initial claims must be filed according to the claiming instructions. Annual reimbursement claims must be filed by **February 15** of the following fiscal year in which costs were incurred or the claims must be reduced by a late penalty. Enter zero if the claim was timely filed. Otherwise, enter the penalty amount as a result of the calculation formula as follows:

- Late Initial Claims: FAM-27 line(13) multiplied by 10%, without limitation; or
- Late Annual Reimbursement Claims: FAM-27, line (13) multiplied by 10%, late penalty not to exceed $10,000.

(15) Enter the amount of payment, if any, received for the claim. If no payment was received, enter zero.

(16) Enter the net claimed amount by subtracting the sum of lines (14) and (15) from line (13).

(17) If line (16), Net Claimed Amount, is positive, enter that amount on line (17), Due from State.

(18) If line (16), Net Claimed Amount, is negative, enter that amount on line (18), Due to State.

(19) to (21) Leave blank.

(22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., Form-1, (04) A. (g), means the information is located on Form-1, line (04) A., column (g). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 35.19% should be shown as 35. **Completion of this data block will expedite the payment process**.

(37) Read the statement of Certification of Claim. The claim must be dated, signed by the agency's authorized officer, and must type or print name, title, telephone number and email address. **Claims cannot be paid unless accompanied by an original signed certification**. **(To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**

(38) Enter the name, telephone number, and e-mail address of the agency contact person for the claim. If claim is prepared by external consultant, type or print the name of the consulting firm, telephone number, and e-mail address.

SUBMIT A SIGNED ORIGINAL, AND A COPY OF FORM FAM-27, WITH ALL OTHER FORMS TO:

Address, if delivered by U.S. Postal Service:

OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

Address, if delivered by other delivery service:

OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
3301 C Street, Suite 700
Sacramento, CA 95816

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PROGRAM 273	CONSOLIDATED HANDICAPPED AND DISABLED STUDENTS (HDS) HDS II; AND SERIOUSLY EMOTIONALLY DISTURBED (SED) PUPILS: OUT-OF-STATE MENTAL HEALTH SERVICES CLAIM SUMMARY	FORM 1

(01) Claimant/Department	(02) Fiscal Year 20 /20

(03)	Number of pupils placed in out-of-state residential programs in the fiscal year of claim	

Direct Costs		Object Accounts						
(04)	Reimbursable Activities	(a) Salaries	(b) Benefits	(c) Materials and Supplies	(d) Contract Services	(e) Fixed Assets	(f) Travel	(g) Total
A.	Revise Interagency Agreement							
B.	Renew Interagency Agreement							
C.	Referral & Mental Health Assessments							
D.	Transfers & Interim Placements							
E.	Participation as Member of IEP Team							
F.	Designation of Lead Case Manager							
G.	Authorize/Issue Payments to Providers							
H.	Psychotherapy/Other Mental Health Services							
I.	Participation in Due Process Hearings							
(05)	Total Direct Costs							

Indirect Costs			
(06)	Indirect Cost Rate	[From ICRP or 10%]	
(07)	Total Indirect Costs	(Refer to claiming instructions)	
(08)	Total Direct and Indirect Costs	[Line (05)(g) + line (07)]	
Cost Reduction			
(09)	Less: Offsetting Savings		
(10)	Less: Other Reimbursements *(Attachment A)*		
Prior Period Adjustment			
(11)	Add / Less: Revenue Adjustments *(Attachment B)*		
(12)	Total Claimed Amount	[Line (08) - {line (09) + line (10)} ± (11)]	

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PROGRAM 273	CONSOLIDATED HANDICAPPED AND DISABLED STUDENTS (HDS) HDS II; AND SERIOUSLY EMOTIONALLY DISTURBED (SED) PUPILS: OUT-OF-STATE MENTAL HEALTH SERVICES Instructions	FORM 1

(01) Enter the name of the claimant and department. If more than one department has incurred costs for this mandate, give the name of each department. A separate Form-1 should be completed for each department.

(02) Enter the fiscal year of costs.

(03) Enter the number of pupils placed in out-of-state residential programs in the fiscal year of claim. If multiple departments are being claimed, ensure that each pupil is only counted once per claim.

(04) Reimbursable Activities. For each reimbursable activity, enter the totals from form Form-2, line (05), columns (d) through (i), to form Form-1, line (04), columns (a) through (f), in the appropriate row. Total each row.

(05) Total Direct Costs. Total columns (a) through (g).

(06) Indirect Cost Rate. Indirect costs may be computed as 10% of direct labor costs, excluding fringe benefits, without preparing an ICRP. If an indirect cost rate of greater than 10% is used, include the Indirect Cost Rate Proposal (ICRP) with the claim.

(07) Local agencies have the option of using the flat rate of 10% of direct labor costs or using a department's indirect cost rate proposal (ICRP) in accordance with the Office of Management and Budget OMB Circular A-87 (Title 2 CFR Part 225). If the flat rate is used for indirect costs, multiply Total Salaries, line (05)(a), by 10%. If an ICRP is submitted, multiply applicable costs used in the distribution base for the computation of the indirect cost rate, by the Indirect Cost Rate, line (06). If more than one department is reporting costs, each must have its own ICRP for the program.

(08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(g), and Total Indirect Costs, line (07).

(09) Less: Offsetting Savings. Enter the total savings incurred by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.

(10) Less: Other Reimbursements. If applicable, enter the amount received from all sources including, but not limited to, service fees collected, federal funds, state funds, and any other sources which reimbursed any portion of the mandated cost program. Complete Attachment A detailing the reimbursement sources. Refer to the P's and G's, Section VII, Offsetting Revenues and Reimbursements information.

(11) Add/Less: Prior Period Adjustments. If applicable, enter the amount of adjustments. This line allows claimants to recognize current fiscal year revenue adjustments that relate to a prior period. Typically, these result from settlement(s) or audit(s) performed by the State Department of Mental Health relative to Short Doyle/Medi-Cal Federal Financing Participation and Early and Periodic Screening, Diagnosis and Treatment funds. Complete Attachment B detailing the prior period adjustment type, program, fiscal year, and amount.

(12) Total Claimed Amount. From Total Direct and Indirect Costs, line (08), subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10). Enter the remainder on this line and carry the amount forward to form FAM-27, line (13) for the Reimbursement Claim.

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PROGRAM 273	CONSOLIDATED HANDICAPPED AND DISABLED STUDENTS (HDS) HDS II; AND SED PUPILS: OUT-OF-STATE MENTAL HEALTH SERVICES DETAILED SUMMARY OF OTHER REIMBURSEMENTS	ATTACHMENT A

Claimant			
Department			
FUNDING SOURCES			
A. *Federal Program*			Amount
	1.	Short Doyle/Medi-Cal Federal Financing Participation (SD/MC FFP)	
	2.	Individuals with Disabilities Education Act (IDEA)	
	3.	Healthy Families (HF)	
	4.	Substance Abuse and Mental Health Services Administration (SAMHSA)	
	5.	Other (Specify)	
B. *State Program*			
	1.	Early and Period Screening, Diagnosis, and Treatment (EPSDT)	
	2.	California Department of Mental Health Categorical Funds (DMH Categorical)	
	3.	24-hr Out-of-Home Care Payments for Seriously Emotionally Disturbed Pupils[1]	
	4.	Local Revenue Funds [2] (Welfare and Institutions Code section 18355.5)	
	5.	Other (Specify)	
C. *Other Source Funds*			
	1.	Private Insurance	
	2.	Patient Fees	
	3.		
	4.		
	5.		
	6.		
	7.		
	8.		
TOTAL OTHER REIMBURSEMENTS			

[1] *Relates to the 40% reimbursement of board and care costs by the California Department of Social Services.*
[2] *Relates to board and care residential placement costs.*

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PROGRAM 273	CONSOLIDATED HANDICAPPED AND DISABLED STUDENTS (HDS) HDS II; AND SED PUPILS: OUT-OF-STATE MENTAL HEALTH SERVICES DETAILED SUMMARY OF PRIOR PERIOD ADJUSTMENTS	ATTACHMENT B

Claimant				
Department				
TYPE OF REVENUE ADJUSTMENTS				
(a)	Settlement			
		Program Fund Sources	*Fiscal Year(s) Affected by Adjustment*	*Total Amount*
	1.	Short Doyle/Medi-Cal Federal Financing Participation (SD/MC FFP)		
	2.	Early and Periodic Screening, Diagnosis, and Treatment (EPSDT)		
	3.			
	4.			
	5.			
	6.			
	7.			
	8.			
	9.			
	10.			
(b)	Audit			
	1.	Short Doyle/Medi-Cal Federal Financing Participation (SD/MC FFP)		
	2.	Early and Periodic Screening, Diagnosis, and Treatment (EPSDT)		
	3.			
	4.			
	5.			
	6.			
	7.			
	8.			
	9.			
	10.			
TOTAL PRIOR PERIOD ADJUSTMENTS				

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Program 273	CONSOLIDATED HDS, HDS II, AND SED: OUT-OF-STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01)	Claimant	(02)	Fiscal Year

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revise Interagency Agreement	☐	Transfers & Interim Placements	☐	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☐	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses			Object Accounts					
(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
(05) Total ☐ Subtotal ☐ Page:____of____								

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Program 273	CONSOLIDATED HDS, HDS II, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL Instructions	FORM 2

(01) Claimant. Enter the name of the claimant.

(02) Fiscal Year. Enter the fiscal year for which costs were incurred.

(03) Reimbursable Activities. Check the box which indicates the activity being claimed. Check only one box per form. A separate Form 2 must be prepared for each applicable activity.

(04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. To detail costs for the activity box checked in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contract services, and travel expenses. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated or no payment was made at the time the claim was filed, the time for the Controller to initiate an audit will be from the date of initial payment of the claim. Such documents must be made available to the SCO on request.

Object/ Sub object Accounts	Columns									Submit supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
Salaries	Employee Name/Title	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked						
Benefits	Activities Performed	Benefit Rate			Benefits = Benefit Rate x Salaries					
Materials and Supplies	Description of Supplies Used	Unit Cost	Quantity Used			Cost = Unit Cost x Quantity Used				
Contract Services	Name of Contractor Specific Tasks Performed	Hourly Rate	Inclusive Dates of Service				Cost = Hourly Rate x Hours Worked			Copy of Contract
Fixed Assets	Description of Equipment Purchased	Unit Cost	Usage					Cost = Unit Cost x Usage		
Travel	Purpose of Trip Name and Title Departure and Return Date	Per Diem Rate Mileage Rate Travel Cost	Days Miles Travel Mode						Cost = Rate x Days or Miles or Total Travel Cost	

(05) Total line (04), columns (d) through (i) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the activity costs, number each page. Enter totals from line (05), columns (d) through (i) to form 1, block (04), columns (a) through (f) in the appropriate row.

CLAIM FOR PAYMENT
Pursuant to Government Code Section 17561

HANDICAPPED AND DISABLED STUDENTS

For State Controller Use Only	PROGRAM
(19) Program Number 00111 (20) Date Filed (21) LRS Input	111

(01) Claimant Identification Number			Reimbursement Claim Data	
(02) Claimant Name			(22) FORM-1, (04)(A)(g)	
Address			(23) FORM-1, (04)(B)(g)	
			(24) FORM-1, (04)(C)(g)	
			(25) FORM-1, (04)(D)(g)	
Type of Claim	Estimated Claim	Reimbursement Claim	(26) FORM-1, (04)(E)(g)	
	(03) Estimated ☐	(09) Reimbursement ☐	(27) FORM-1, (04)(F)(g)	
	(04) Combined ☐	(10) Combined ☐	(28) FORM-1, (06)	
	(05) Amended ☐	(11) Amended ☐	(29) FORM-1, (07)	
Fiscal Year of Cost	(06)	(12)	(30) FORM-1, (09)	
Total Claimed Amount	(07)	(13)	(31) FORM-1, (10)	
Less: 10% Late Penalty		(14)	(32)	
Less: Prior Claim Payment Received		(15)	(33)	
Net Claimed Amount		(16)	(34)	
Due from State	(08)	(17)	(35)	
Due to State		(18)	(36)	

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer _____ Date _____

Type or Print Name _____ Title _____

(38) Name of Contact Person for Claim _____

Telephone Number _____

E-mail Address _____

Program 111	HANDICAPPED AND DISABLED STUDENTS Certification Claim Form Instructions	FORM FAM-27

(01) Enter the payee number assigned by the State Controller's Office.

(02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.

(03) If filing an estimated claim, enter an "X" in the box on line (03) Estimated.

(04) If filing a combined estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.

(05) If filing an amended estimated claim, enter an "X" in the box on line (05) Amended.

(06) Enter the fiscal year in which costs are to be incurred.

(07) Enter the amount of the estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete Form-1 and enter the amount from line (08).

(08) Enter the same amount as shown on line (07).

(09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.

(10) If filing a combined reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.

(11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.

(12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.

(13) Enter the amount of the reimbursement claim from Form-1, line (08). The total claimed amount must exceed $1,000.

(14) Reimbursement claims for fiscal years 04-05 and 05-06 must be filed by **May 2, 2007**, otherwise the claims shall be reduced by a late penalty. Claims beginning with FY 06-07 must be filed according to the claim instructions for the Consolidation of HDS, HDS II, and SED. Enter zero if the claim was timely filed, otherwise, enter the product of multiplying line (13) by the factor 0.10 (10% penalty), not to exceed $1,000.

(15) If filing a reimbursement claim or a claim was previously filed for the same fiscal year, enter the amount received for the claim. Otherwise, enter a zero.

(16) Enter the result of subtracting line (14) and line (15) from line (13).

(17) If line (16), Net Claimed Amount, is positive, enter that amount on line (17), Due from State.

(18) If line (16), Net Claimed Amount, is negative, enter that amount on line (18), Due to State.

(19) to (21) Leave blank.

(22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., Form-1, (04)(A)(g), means the information is located on Form-1, block (04) (A), column (g). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**

(37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the district's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**

(38) Enter the name, telephone number, and e-mail address of the person to contact if additional information is required.

SUBMIT A SIGNED ORIGINAL, AND A COPY OF FORM FAM-27, WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS TO:

Address, if delivered by U.S. Postal Service:

OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

Address, if delivered by other delivery service:

OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
3301 C Street, Suite 500
Sacramento, CA 95816

Program 111	MANDATED COSTS HANDICAPPED AND DISABLED STUDENTS CLAIM SUMMARY	FORM 1

(01) Claimant	(02) Type of Claim Reimbursement ☐ Estimated ☐	Fiscal Year 20___/20___

(03) Department	

Direct Costs	Object Accounts						
(04) Reimbursable Components	(a) Salaries	(b) Benefits	(c) Materials and Supplies	(d) Contract Services	(e) Fixed Assets	(f) Travel	(g) Total
A. Renew Interagency Agreement							
B. Initial Assessment of Pupil							
C. Participation in IEP Team							
D. Lead Case Manager							
E. Out-of-Home Residential Care							
F. Due Process Hearings							
(05) Total Direct Costs							

Indirect Costs		
(06) Indirect Cost Rate	[From ICRP]	%
(07) Total Indirect Costs	[Line (06) x line (05)(a)] or [Line (06) x {line (05)(a) + line (05)(b)}]	
(08) Total Direct and Indirect Costs	[Line (05)(g) + line (07)]	

Cost Reduction	
(09) Less: Offsetting Savings	
(10) Less: Other Reimbursements	
(11) Total Claimed Amount	[Line (08) - {line (09) + line (10)}]

Program 111	HANDICAPPED AND DISABLED STUDENTS CLAIM SUMMARY Instructions	FORM 1

(01) Enter the name of the claimant.

(02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.

Form Form-1 must be filed for a reimbursement claim. Do not complete form Form-1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by more than 10%. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form Form-1 must be completed and a statement attached explaining the increased costs. Without this information the estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.

(03) Department. If more than one department has incurred costs for this mandate, give the name of each department. A separate form Form-1 should be completed for each department.

(04) Reimbursable Components. For each reimbursable component, enter the totals from form Form-2, line (05), columns (d) through (i), to form Form-1, block (04), columns (a) through (f), in the appropriate row. Total each row.

(05) Total Direct Costs. Total columns (a) through (g).

(06) Indirect Cost Rate. Indirect costs may be computed as 10% of direct labor costs, excluding fringe benefits, without preparing an ICRP. If an indirect cost rate of greater than 10% is used, include the Indirect Cost Rate Proposal (ICRP) with the claim.

(07) Total Indirect Costs. If the 10% flat rate is used for indirect costs, multiply Total Salaries, line (05)(a), by the Indirect Cost Rate, line (06). If an ICRP is submitted and both salaries and benefits were used in the distribution base for the computation of the indirect cost rate, then multiply the sum of Total Salaries, line (05)(a), and Total Benefits, line (05)(b), by the Indirect Cost Rate, line (06). If more than one department is reporting costs, each must have its own ICRP for the program.

(08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(g), and Total Indirect Costs, line (07).

(09) Less: Offsetting Savings. If applicable, enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.

(10) Less: Other Reimbursements. If applicable, enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds, which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.

(11) Total Claimed Amount. From Total Direct and Indirect Costs, line (08), subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10). Enter the remainder on this line and carry the amount forward to form FAM-27, line (07) for the Estimated Claim or line (13) for the Reimbursement Claim.

Program 111	MANDATED COSTS HANDICAPPED AND DISABLED STUDENTS ACTIVITY COST DETAIL	FORM 2

(01)	Claimant	(02)	Fiscal Year
(03)	Reimbursable Activities: Check only one box per form to identify the activity being claimed.		
☐	Review Interagency Agreement	☐	Initial Assessment of Pupil
☐	Participation in IEP Team	☐	Lead Case Manager
☐	Out-of-Home Residential Care	☐	Due Process Hearings

(04) Description of Expenses			Object Accounts					
(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
(05) Total ☐ Subtotal ☐ Page:____of____								

Program 111	HANDICAPPED AND DISABLED STUDENTS ACTIVITY COST DETAIL Instructions	FORM 2

(01) Claimant. Enter the name of the claimant.

(02) Fiscal Year. Enter the fiscal year for which costs were incurred.

(03) Reimbursable Activities. Check the box which indicates the activity being claimed Check only one box per form. A separate Form 2 shall be prepared for each applicable component.

(04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. To detail costs for the activity box "checked" in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contract services, and travel expenses. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated and no payment was made at the time the claim was filed, the time for the Controller to initiate an audit shall be from the date of initial payment of the claim. Such documents shall be made available to the State Controller's Office on request.

Object/ Sub object Accounts	Columns									Submit supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
Salaries	Employee Name/Title	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked						
Benefits	Activities Performed	Benefit Rate			Benefits = Benefit Rate x Salaries					
Materials and Supplies	Description of Supplies Used	Unit Cost	Quantity Used			Cost = Unit Cost x Quantity Used				
Contract Services	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service				Cost = Hourly Rate x Hours Worked			Copy of Contract
Fixed Assets	Description of Equipment Purchased	Unit Cost	Usage					Cost = Unit Cost x Usage		
Travel	Purpose of Trip Name and Title Departure and Return Date	Per Diem Rate Mileage Rate Travel Cost	Days Miles Travel Mode						Cost = Rate x Days or Miles or Total Travel Cost	

(05) Total line (04), columns (d) through (h) and enter the sum on this line Check the appropriate box to indicate if the amount is a total or subtotal If more than one form is needed to detail the activity costs, number each page. Enter totals from line (05), columns (d) through (i) to form 1, block (04), columns (a) through (f) in the appropriate row.

ITEM 10
FINAL STATE AUDIT REPORT
EXHIBIT C

ITEM 10
FINAL STATE AUDIT REPORT
EXHIBIT C

ORANGE COUNTY

Revised Audit Report

CONSOLIDATED HANDICAPPED AND DISABLED STUDENTS (HDS), HDS II, AND SEDP PROGRAM

Chapter 1747, Statutes of 1984; Chapter 1274, Statutes of 1985; Chapter 1128, Statutes of 1994; and Chapter 654, Statutes of 1996

July 1, 2006, through June 30, 2009

JOHN CHIANG
California State Controller

December 2012

JOHN CHIANG
California State Controller

December 3, 2012

Honorable John M.W. Moorlach,
CPA, CFP, Chair
Board of Supervisors
Orange County
10 Civic Center Plaza
Santa Ana, CA 92701

Dear Mr. Moorlach:

The State Controller's Office audited the costs claimed by Orange County for the legislatively mandated Consolidated Handicapped and Disabled Students (HDS), HDS II, and Seriously Emotionally Disturbed Pupils (SEDP) Program (Chapter 1747, Statutes of 1984; Chapter 1274, Statutes of 1985; Chapter 1128, Statutes of 1994; and Chapter 654, Statutes of 1996) for the period of July 1, 2006, through June 30, 2009.

This revised final report supersedes our previous report dated March 7, 2012. Subsequent to the issuance of our final report, the California Department of Mental Health finalized its Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) revenues for fiscal year (FY) 2008-09. We recalculated EPSDT revenues for FY 2008-09 and revised Finding 4 to reflect the actual funding percentage based on the final settlement. As a result, allowable costs increased by $51,592 for the audit period.

The county claimed $20,228,242 ($20,248,242 less a $20,000 penalty for filing late claims) for the mandated program. Our audit disclosed that $16,451,818 is allowable and $3,776,424 is unallowable. The costs are unallowable primarily because the county claimed ineligible vendor payments for out-of-state residential placement of seriously emotionally disturbed pupils in facilities that are owned and operated for profit, and overstated mental health services, administrative costs, and offsetting revenues. The State paid the county $4,246,570. The State will pay allowable costs claimed that exceed the amount paid, totaling $12,205,248, contingent upon available appropriations.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at the CSM's website at www.csm.ca.gov/docs/IRCForm.pdf.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, at (916) 323-5849.

Sincerely,

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/sk

cc: Shaun Skelly, Interim Auditor-Controller
Orange County
Mark A. Refowitz, Deputy Agency Director
Behavioral Health Services
Orange County
Kim Engelby, HCA Accounting Manager
Behavioral Health Services
Orange County
Howard Thomas, Manager
Claims and Financial Reporting
Health Care Agency Accounting
Orange County
Randall Ward, Principal Program Budget Analyst
Mandates Unit, Department of Finance
Carol Bingham, Director
Fiscal Policy Division
California Department of Education
Erika Cristo
Special Education Program
Department of Mental Health
Chris Essman, Manager
Special Education Division
California Department of Education
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

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Attachment—County's Response to Draft Audit Report

Revised Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by Orange County for the legislatively mandated Consolidated Handicapped and Disabled Students (HDS), HDS II, and Seriously Emotionally Disturbed Pupils (SEDP) Program (Chapter 1747, Statutes of 1984; Chapter 1274, Statutes of 1985; Chapter 1128, Statutes of 1994; and Chapter 654, Statutes of 1996) for the period of July 1, 2006, through June 30, 2009.

The county claimed $20,228,242 ($20,248,242 less a $20,000 penalty for filing late claims) for the mandated program. Our audit disclosed that $16,451,818 is allowable and $3,776,424 is unallowable. The costs are unallowable primarily because the county claimed ineligible vendor payments for out-of-state residential placement of seriously emotionally disturbed pupils in facilities that are owned and operated for profit, and overstated mental health services, administrative costs, and offsetting revenues. The State paid the county $4,246,570. The State will pay allowable costs claimed that exceed the amount paid, totaling $12,205,248, contingent upon available appropriations.

Background

Handicapped and Disabled Students (HDS) Program

Chapter 26 of the Government Code, commencing with section 7570, and Welfare and Institutions Code section 5651 (added and amended by Chapter 1747, Statutes of 1984, and Chapter 1274, Statutes of 1985) require counties to participate in the mental health assessment for "individuals with exceptional needs," participate in the expanded "Individualized Education Program" (IEP) team, and provide case management services for "individuals with exceptional needs" who are designated as "seriously emotionally disturbed." These requirements impose a new program or higher level of service on counties.

On April 26, 1990, the Commission on State Mandates (CSM) adopted the statement of decision for the HDS Program and determined that this legislation imposed a state mandate reimbursable under Government Code section 17561. The CSM adopted the parameters and guidelines for the HDS Program on August 22, 1991, and last amended them on January 25, 2007.

The parameters and guidelines for the HDS Program state that only 10% of mental health treatment costs are reimbursable. However, on September 30, 2002, Assembly Bill 2781 (Chapter 1167, Statutes of 2002) changed the regulatory criteria by stating that the percentage of treatment costs claimed by counties for fiscal year (FY) 2000-01 and prior fiscal years is not subject to dispute by the SCO. Furthermore, this legislation states that, for claims filed in FY 2001-02 and thereafter, counties are not required to provide any share of these costs or to fund the cost of any part of these services with money received from the Local Revenue Fund established by Welfare and Institutions Code section 17600 et seq. (realignment funds).

Furthermore, Senate Bill 1895 (Chapter 493, Statutes of 2004) states that realignment funds used by counties for the HDS Program "are eligible for reimbursement from the state *for all allowable costs* to fund assessments, psychotherapy, and other mental health services . . ." and that the finding by the Legislature is "declaratory of existing law" (emphasis added).

The CSM amended the parameters and guidelines for the HDS Program on January 26, 2006, and corrected them on July 21, 2006, allowing reimbursement for out-of-home residential placements beginning July 1, 2004.

Handicapped and Disabled Students (HDS II) Program

On May 26, 2005, the CSM adopted a statement of decision for the HDS II Program that incorporates the above legislation and further identified medication support as a reimbursable cost effective July 1, 2001. The CSM adopted the parameters and guidelines for this new program on December 9, 2005, and last amended them on October 26, 2006.

The parameters and guidelines for the HDS II Program state that "Some costs disallowed by the State Controller's Office in prior years are now reimbursable beginning July 1, 2001 (e.g., medication monitoring). Rather than claimants re-filing claims for those costs incurred beginning July 1, 2001, the State Controller's Office will reissue the audit reports." Consequently, we are allowing medication support costs commencing on July 1, 2001.

Seriously Emotionally Disturbed Pupils (SEDP) Program

Government Code section 7576 (added and amended by Chapter 654, Statutes of 1996) allows new fiscal and programmatic responsibilities for counties to provide mental health services to seriously emotionally disturbed pupils placed in out of state residential programs. Counties' fiscal and programmatic responsibilities include those set forth in Title 2, *California Code of Regulations,* section 60100, which provide that residential placements may be made out-of-state only when no in-state facility can meet the pupil's needs.

On May 25, 2000, the CSM adopted the statement of decision for the Seriously Emotionally Disturbed Pupils: Out-of-State Mental Health Services (SEDP) Program and determined that Chapter 654, Statutes of 1996, imposed a state mandate reimbursable under Government Code section 17561. The CSM adopted the parameters and guidelines for the SEDP Program on October 26, 2000. The CSM determined that the following activities are reimbursable:

- Payment for out-of-state residential placements;
- Case management of out-of-state residential placements. Case management includes supervision of mental health treatment and monitoring of psychotropic medications;

- Travel to conduct quarterly face-to-face contacts at the residential facility to monitor level of care, supervision, and the provision of mental health services as required in the pupil's IEP; and
- Program management, which includes parent notifications as required; payment facilitation; and all other activities necessary to ensure that a county's out-of-state residential placement program meets the requirements of Government Code section 7576.

The CSM consolidated the parameters and guidelines for the HDS, HDS II, and SEDP Programs for costs incurred commencing with FY 2006-07 on October 26, 2006, and last amended them on September 28, 2012, stating that the consolidated program is no longer mandated for counties beginning July 1, 2011. The consolidated program replaced the prior HDS, HDS II, and SEDP mandated programs. The parameters and guidelines establish the state mandate and define reimbursable criteria. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and school districts in claiming mandated program reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Consolidated HDS, HDS II, and SEDP Program for the period of July 1, 2006, through June 30, 2009.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted this performance audit under the authority of Government Code sections 12410, 17558.5, and 17561. We did not audit the county's financial statements. We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review of the county's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

Our audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, Orange County claimed $20,228,242 ($20,248,242 less a $20,000 penalty for filing late claims) for costs of the Consolidated HDS, HDS II, and SEDP Program. Our audit disclosed that $16,451,818 is allowable and $3,776,424 is unallowable.

For the FY 2006-07 claim, the State paid the county $4,246,570. Our audit disclosed that $4,246,570 is allowable.

For the FY 2007-08 claim, the State made no payment to the county. Our audit disclosed that $7,475,738 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling $7,475,738, contingent upon available appropriations.

For the FY 2008-09 claim, the State made no payment to the county. Our audit disclosed that $4,729,510 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling $4,729,510, contingent upon available appropriations.

Views of Responsible Official

We issued a draft audit report on February 6, 2012. Mark A. Refowitz, Deputy Agency Director, responded by letter dated February 27, 2012 (Attachment), disagreeing with the audit results for Finding 1 and agreeing with the audit results for the remaining findings. We issued the final report on March 7, 2012.

Subsequently, we revised our audit report based on finalized Early and Periodic Screening, Diagnosis, and Treatment revenues for FY 2008-09. We recalculated offsetting revenues and revised Finding 4. As a result, allowable costs increased by $51,592 for the audit period. On November 6, 2012, we advised Celia Diaz-Garcia, Manager, Behavioral Health Claims, Health Care Agency Accounting, of the revisions. Ms. Diaz-Garcia agreed to the revision made in Finding 4.

Restricted Use

This report is solely for the information and use of Orange County, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

JEFFREY V. BROWNFIELD
Chief, Division of Audits

December 3, 2012

Revised Schedule 1—
Summary of Program Costs
July 1, 2006, through June 30, 2009

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustments	Reference[1]
July 1, 2006, through June 30, 2007				
Direct costs:				
Authorize/issue payments to providers	$ 9,231,577	$ 7,685,453	$ (1,546,124)	Finding 1
Psychotherapy/other mental health costs	10,304,741	10,243,013	(61,728)	Finding 2
Participation in due process	317,554	317,554	-	
Total direct costs	19,853,872	18,246,020	(1,607,852)	
Indirect costs	3,317,317	3,263,174	(54,143)	Finding 3
Total direct and indirect costs	23,171,189	21,509,194	(1,661,995)	
Offsetting revenues	(17,270,519)	(17,252,624)	17,895	Finding 4
Subtotal	5,900,670	4,256,570	(1,644,100)	
Less late claim penalty	(10,000)	(10,000)	-	
Total program cost	$ 5,890,670	4,246,570	$ (1,644,100)	
Less amount paid by the State [2]		(4,246,570)		
Allowable costs claimed in excess of (less than) amount paid		$ -		
July 1, 2007, through June 30, 2008				
Direct costs:				
Authorize/issue payments to providers	$ 10,969,480	$ 9,046,965	$ (1,922,515)	Finding 1
Psychotherapy/other mental health costs	10,883,016	10,837,649	(45,367)	Finding 2
Participation in due process	293,969	293,969	-	
Total direct costs	22,146,465	20,178,583	(1,967,882)	
Indirect costs	2,782,305	2,750,246	(32,059)	Finding 3
Total direct and indirect costs	24,928,770	22,928,829	(1,999,941)	
Offsetting revenues	(15,523,775)	(15,453,091)	70,684	Finding 4
Subtotal	9,404,995	7,475,738	(1,929,257)	
Less late claim penalty	-	-	-	
Total program cost	$ 9,404,995	7,475,738	$ (1,929,257)	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		$ 7,475,738		
July 1, 2008, through June 30, 2009				
Direct costs:				
Authorize/issue payments to providers	$ 10,540,143	$ 10,264,171	$ (275,972)	Finding 1
Psychotherapy/other mental health costs	10,828,666	10,880,857	52,191	Finding 2
Participation in due process	278,541	278,541	-	
Total direct costs	21,647,350	21,423,569	(223,781)	
Indirect costs	2,783,471	2,811,008	27,537	Finding 3
Total direct and indirect costs	24,430,821	24,234,577	(196,244)	
Offsetting revenues:	(19,488,244)	(19,495,067)	(6,823)	Finding 4
Subtotal	4,942,577	4,739,510	(203,067)	
Less late claim penalty	(10,000)	(10,000)	-	
Total program cost	$ 4,932,577	4,729,510	$ (203,067)	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		$ 4,729,510		

Revised Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustments	Reference[1]
Summary - July 1, 2006, through June 30, 2009				
Direct costs:				
Authorize/issue payments to providers	$ 30,741,200	$ 26,996,589	$ (3,744,611)	
Psychotherapy/other mental health costs	32,016,423	31,961,519	(54,904)	
Participation in due process	890,064	890,064	-	
Total direct costs	63,647,687	59,848,172	(3,799,515)	
Indirect costs	8,883,093	8,824,428	(58,665)	
Total direct and indirect costs	72,530,780	68,672,600	(3,858,180)	
Offsetting revenues	(52,282,538)	(52,200,782)	81,756	
Subtotal	20,248,242	16,471,818	(3,776,424)	
Less late claim penalty	(20,000)	(20,000)	-	
Total program cost	$ 20,228,242	16,451,818	$ (3,776,424)	
Less amount paid by the State		(4,246,570)		
Allowable costs claimed in excess of (less than) amount paid		$ 12,205,248		

[1] See the Findings and Recommendations section.

[2] County received Categorical payment from the California Department of Mental Health from the FY 2009-10 Budget.

Revised Findings and Recommendations

FINDING 1—
Ineligible vendor costs

The county overstated vendor costs by $3,744,611 for the audit period.

The county claimed ineligible vendor payments totaling $3,738,045, which included treatment costs of $1,963,381 and board-and-care costs of $1,774,664 for out-of-state residential placement of seriously emotionally disturbed pupils in facilities that are owned and operated for profit. In addition, the county's claim for fiscal year (FY) 2006-07 included $6,566 in board-and-care costs related to residential placements for FY 2005-06. We removed the prior year costs from the FY 2006-07 claim and applied them as additional costs in our previous audit report for FY 2005-06 claim.

The following table summarizes the ineligible costs:

	Fiscal Year			
	2006-07	2007-08	2008-09	Total
Ineligible placements:				
Treatment costs	$ (791,853)	$ (1,021,380)	$ (150,148)	$ (1,963,381)
Board-and-care costs	(747,705)	(901,135)	(125,824)	(1,774,664)
Ineligible prior year costs	(6,566)	-	-	(6,566)
Audit adjustment	$ (1,546,124)	$ (1,922,515)	$ (275,972)	$ (3,744,611)

The program's parameters and guidelines specify that the mandate is to reimburse counties for payments to vendors providing mental health services to pupils in out-of-state residential placements as specified in Government Code section 7576, and Title 2, *California Code of Regulations* (CCR), sections 60100 and 60110.

Title 2, CCR, section 60100, subdivision (h), specifies that out-of-state residential placements shall be made only in residential programs that meet the requirements of Welfare and Institutions Code section 11460, subdivision (c)(2) through (3). Welfare and Institutions Code section 11460, subdivision (c) (3), states that reimbursement shall be paid only to a group home, organized, and operated on a nonprofit basis.

The parameters and guidelines also specify that the State will reimburse only actual increased costs incurred to implement the mandated activities and supported by source documents that show the validity of such costs.

Recommendation

The final report issued March 7, 2012, recommended the following:

> We recommend that the county ensure that claims for out-of-state residential placements are made in accordance with laws and regulations. Further, we recommend that the county claim only eligible treatment and board-and-care costs corresponding to the authorized placement period for each eligible client.

On September 28, 2012, the CSM amended the parameters and guidelines, stating that Statutes of 2011, Chapter 43, "eliminated the mandated programs for counties and transferred responsibility to school districts, effective July 1, 2011. Thus, beginning July 1, 2011, these programs no longer constitute reimbursable state-mandated programs for counties." Therefore, no recommendation is applicable for this audit.

County's Response

1. California For-Profit Placement Restriction Is Incompatible with IDEA's "Most Appropriate Placement" Requirement and Placement Provisions.

Regardless of the State's view of the validity of the residential facility contracts questioned by the Audit Reports, the State's position in this matter is in glaring discord with the requirements of the federal Individuals and Disabilities Education Act ("IDEA"). This is because the IDEA requires that special education students are provided "the most appropriate placement," and not the most appropriate nonprofit placement.

The stated purpose of the IDEA is ". . . to ensure that all children with disabilities have available to them. . . a free appropriate public education which emphasizes special education and related services designed to meet their unique needs. . . ." 20 U.S.C. § 1400(d)(1)(A). The "free appropriate public education" (FAPE) required by IDEA must be tailored to the unique needs of the handicapped child by means of an "individualized educational program." 20 U.S.C. § 1401(9)(D); *Bd. of Educ. v. Rowley*, 458 U.S. 176, 181 (U.S. 1982). When a state receives funds under the IDEA, as does California, it must comply with the IDEA and its regulations. 34 C.F.R. § 300.2 (2006).

Local educational agencies ("LEAs") initially were responsible for providing all special education services including mental health services when necessary. The passage of Assembly Bill 3632/882 transferred the responsibility for providing mental health services to the counties. In conjunction with special education mental health services, the IDEA requires that a state pay for a disabled student's residential placement if the student, because of his or her disability, cannot reasonably be anticipated to benefit from instruction without such a placement. 34 C.F.R. § 300.302 (2006); *Indep. Schl. Dist. No. 284 v. A.C.*, 258 F.3d 769, 774 (8th Cir. 2001).

Before 1997, the IDEA required counties to place special education students in nonprofit residential placements only. In 1997, however, section 501 of the Personal Responsibility and Work Opportunity Responsibility Act of 1996 amended section 472(c)(2) of the Social Security Act (42 U.S.C. 672(c)(2)) to strike the nonprofit requirement. Section 472(c)(2) currently states:

> The term "child-care institution" means a private child-care institution, or a public child-care institution which accommodates no more than twenty-five children, which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for

> licensing or approval of institutions of this type, as meeting the standards established for such licensing, but the term shall not include detention facilities, forestry camps, training schools, or any other facility operated primarily for the detention of children who are determined to be delinquent.

In direct opposition to the IDEA, California's regulations limit special education residential placements to nonprofit facilities as follows:

> . . . Out-of-state placements shall be made only in residential programs that meet the requirements of Welfare and Institutions Code Sections 11460(c)(2) through (c)(3). 2 C.C.R. § 60100(h).

> . . . State reimbursement for an AFDC-FC rate paid on or after January 1, 1993, shall only be paid to a group home organized and operated on a nonprofit basis. Welfare and Institutions Code § 11460(c)(3).

Therefore, California law is inconsistent with the requirements of IDEA and incompatible with its foremost purpose, i.e., to provide each disabled child with special education designed to meet that child's unique needs. 20 U.S.C. §1401(25). Indeed, special education students who require residential treatment are often the students with the most unique needs of all because of their need for the most restrictive level of placement. This need rules out California programs. The limited number of out-of-state residential facilities that are appropriate for special education student may not operate on a nonprofit basis. Thus, California's nonprofit requirement results in fewer appropriate services being available to the neediest children—those who can only benefit from their special education when placed in residential facilities.

It should also be noted that LEAs are not precluded by any similar nonprofit limitation. When special education children are placed in residential facilities, out-of-state LEAs can utilize education services provided by certified nonpublic, nonsectarian schools and other agencies operated on a for-profit basis. Educ. Code § 56366.1. Nonpublic schools are certified by the State of California when they meet the provisions of Education Code sections 56365 *et seq.* Nonprofit operation is *not* a requirement. Consequently, the two entities with joint responsibility for residential placement of special education students must operate within different criteria. This anomaly again leads to less available services for critically ill special education children.

2. California Office of Administrative Hearings Sepcial Education Division Corroborates HCA's Contention that For-Profit Placement Restriction Is Incompatible With IDEA's "Most Appropriate Placement" Requirement and Placement Provisions.

The principles set forth in Section 1 above were recently validated and corroborated by the State's own Office of Administrative Hearings ("OAH"), Special Education Division in OAH Case No. N 2007090403, *Student v. Riverside Unified School district and Riverside County Department of Mental Health*, decided January 15, 2008.

In the matter, the school district and mental health agency were unable to find a residential placement that could meet the student's unique mental health and communication needs. All parties agreed that a particular for-profit residential placement was the appropriate

placement for the student. Interpreting Title 2 of Cal. Code Regs., section 60100(h) and Welfare and Institutions Code section 11460(c)(2) through (c)(3) in the same fashion as the State Controller's Audits, the school district and mental health agency concluded that they could not place the student at the for-profit facility.

The OAH disagreed. In fact, it found that section 60100(h) of Title 2 of the California Code of Regulations did not prevent placement in a for-profit facility where no other appropriate placement existed for a child. *Student v. Riverside Unif. Sch. Dist. and Riverside Co. Dept. of Mental Health*, Case No. N 2007090403, January 15, 2008. Moreover, the OAH indicated such an interpretation "is inconsistent with the federal statutory and regulatory law by which California has chosen to abide." *Riverside Unif. Scho. Dist.* at p. 8.

The OAH declared that the fundamental purpose of legislation dealing with education systems is the welfare of the children. *Riverside Unif. Sch. Dist.* at p. 8, quoting *Katz v. Los Gatos-Saratoga Joint Union High School District*, 117 Cal. App. 4th 47, 63 (2004).

Like the school district and mental health agency in *Riverside*, the audits in question utilized a blanket, hard and fast rule that for-profit placements are never allowed, even when the placement itself indicates it is nonprofit, even when there is no other appropriate placement available, and even when the for-profit placement is in the best interests of the child. None of these factors were taken into consideration when the Audits determined that certain residential vendor expenses were ineligible for reimbursement.

3. United States District Court has Affirmed the California Office of Administrative Hearings Special education division of *Student v. Riverside Unified School District and Riverside County Department of Mental Health*.

On July 20, 2009 the United States District Court, Central District of California, Eastern Division heard an appeal to reverse the Administrative Law Judge's decision in *Student v. Riverside Unified School District and Riverside County Department of Mental Health*. (See Riverside County Department of Mental Health v. Sullivan et al, Case No. EDCV 08-0503-SGL (RCx))

In that case, the U.S. District Court held that placement at the for-profit National Deaf Academy (NDA) was proper. The court went on to state that "California law does not prohibit placement at NDA and does not excuse compliance with IDEA." (*Id.* at 10).

In response to plaintiff arguments that California Administrative Code Section 60100(h)'s reference to WIC 11460(c)(2) through (c)(3) results in a prohibition in placing in for-profit facilities, the District court pointed out that Cal. Adm. Code Section 60000 provides that the intent of the chapter that Section 60100 appears "is to assure conformity with the federal Individuals with Disabilities Education Act or IDEA." (*Id.*) Section 60000 goes onto state, "[t]hus, provisions of this chapter shall be construed as supplemental to, and in the context of, federal and state laws and regulations relating to interagency responsibilities for providing services to pupils with disabilities." (*Id.*)

The State Controller's Office is bound by the decision of the United States District Court, discussed above. And the U.S. District Court specifically answered the question of whether out-of-state for-profit placements were prohibited under state law. That binding decision found that "California law does not prohibit placement at NDA and does not excuse compliance with IDEA."

Therefore, even assuming for argument sake, that the disallowed placements were "for-profit", the State is incorrect to disallow reimbursement for out-of-state for-profit placements for the audit periods without conducting further review as to whether an alternative nonprofit residential placement, that was able to provide FAPE, existed. Thus the State should reimburse the county for disallowed amounts.

4. The County Contracted with Nonprofit Facilities

For the audit period, the County believed, and still believes, it contracted with nonprofit facilities to provide all program services. The County cannot be held responsible if its nonprofit contractor in turn subcontracts with a for-profit entity to provide the services. This is not prohibited by California statute, regulation, or federal law.

Specifically, during the audit periods in question, the County contracted for out-of-state residential services with Mental Health Systems, Inc. (whose facilities include: Provo Canyon School and Logan River Academy), Aspen Solutions, Inc. (whose facilities include: island View, Aspen Ranch, Youth Care of Utah, and Sunhawk Academy), and Kids Behavioral Health of Alaska, Inc. (whose facility includes Copper Hills Youth Center). Each of the entities that the County contracted with are organized as nonprofit organizations. However these facilities were disallowed in the Draft Audit Report and are the subject of the County's disputes in this Draft Audit Response. The County contracted with these providers in a manner consistent with the requirements of the California Code of Regulations and Welfare and Institutions Code referenced above.

The County complies with a number of prerequisites before placing SED pupils in out-of-state residential facilities. For example, the pupil must be determined to be "emotionally disturbed" by his or her school district. In-state facilities must be unavailable or inappropriate. One of the County's procedural steps it to telephone the out-of-state facility to inquire about its nonprofit status. When advised that the facility is for-profit, that facility is no longer considered for SED pupil placement. When advised that the facility is nonprofit, the County obtains documentation of that status, e.g., an IRS tax determination letter.

Neither the federal nor the state government has provided procedures or guidelines to specify if and/or exactly how counties should determine for-profit or nonprofit status. Although counties have used many of these out-of-state residential facilities for SED student placement for years, the State only recently has begun to question their nonprofit status. Nor has the State ever provided the County with a list of facilities that it deems to be nonprofit, and therefore acceptable to the State. The State's history of paying these costs without question encouraged the County to rely upon the State's acceptance of prior claims for the very same facilities now characterized as for-profit.

Considering the foregoing, the conclusions of the Draft Audit lacks the "fundamental fairness" that even minimal procedural due process requires.

5. Counties Face increased Litigation if Restricted to Nonprofit Residential Facilities.

Under the IDEA, when parents of a special education pupil believe their child's school district and/or county mental health agency breached their duties to provide the student with a free appropriate public education, the parents can seek reimbursement for the tuition and costs of a placement of a parents' choice. The United States Supreme Court has ruled that parents who unilaterally withdraw their child from an inappropriate placement must be reimbursed by the placing party(ies). This is true even if the parents' school placement does not meet state educational standards and is not state approved. *Florence County Sch. Dist. Four v. Carter by & Through Carter*, 510 U.S. 7 (U.S. 1993).

This means that in California, if there is no nonprofit placement to meet the unique needs of a special education child, his or her parents can place the child in *any* school of their choosing, regardless of educational standards, state approval, whether nonprofit or for-profit, etc., and then demand that the school district and/or mental health agency pay the bill. The California regulatory requirement for nonprofit residential placement prevents school districts and mental health agencies from selecting the most appropriate placement, regardless of tax status. Because of California's arbitrary regulatory requirement, which is not in accord with the 1997 amendment to IDEA, school districts and mental health agencies may be forced to place a child in a less appropriate facility increasing the likelihood that the parents will choose a different facility. The placement agencies are thereafter legally required to subsidize the expenses of the parents' unilateral choice, even if that unilateral placement does not meet the State's nonprofit and academic standards. The decision in *Riverside* explained and cited above precisely mirrors such a situation.

6. Federal and State Law Do Not Impose Tax Status Requirements on Provider Treatment Services.

Special education mental health psychotherapy and assessment services must be conducted by qualified mental health professionals as specified in regulations developed by the State Department of Mental Health in consultation with the State Department of Education. California Government Code § 7572(c) These services can be provided directly or by contract at the discretion of county mental health agencies. 2 C.C.R. § 60020(i) Licensed practitioners include as "qualified mental health professionals" are listed in California Code of Regulations Title 2, section 60020(j). Neither section contains any requirements regarding the provider's tax status. Because tax status has no bearing on eligibility for mental health provider services, there is no basis for disallowing these claimed treatment costs.

7. The State's Interpretation of WIC Section 11460(c)(3) Would Result in Higher State Reimbursement Costs.

In conducting a review of the facilities that the State has disallowed reimbursement, it has become clear that the State's interpretation of WIC Section 11460(c)(3) would result in an overall increase in the cost of reimbursement.

This conclusion is based on a comparison between the cost of mental health services provided at residential facilities that are organized as for-profit versus the same costs at residential facilities that are organized as nonprofit. On average, we have found that nonprofit residential placements cost more than for-profit residential placements.

Clearly, it could not have been the intent of the drafters of WIC 11460(c)(3) to increase the cost of State reimbursement by limiting State reimbursement to group homes organized and operated on a nonprofit basis. The more reasonable interpretation of what the drafters intended was based on a (mistaken) assumption that nonprofit facilities are less expensive than for-profit facilities or a desire to mirror Federal IDEA law, which has since been modified to remove the nonprofit reimbursement restriction.

Therefore, to apply such an interpretation, without providing Counties any prior notice of the State's desire to enforce the code section in such a manner is clearly unfair and unreasonable, especially in light of the retroactive enforcement of the interpretation and the lack of any guidance provided by the State. Fairness requires that the state advice counties of its intent to enforce the interpretation moving forward, not retroactively. By providing counties advance notice of its intent to disallow a category of payment that has historically been reimbursed, would provide counties the ability to make adjustments and comply with the State's changed interpretation.

Thus, the State should reimburse County for all submitted amounts during the audit period.

SCO's Comment

The finding remains unchanged. The residential placement issue is not unique to this county; other counties have voiced concerns about it as well. In 2008, the proponents of Assembly Bill (AB) 1805 sought to change California regulations and allow payments to for-profit facilities for placement of SED pupils. This legislation would have permitted retroactive application, so that any prior unallowable claimed costs identified by the SCO would be reinstated. However, the Governor vetoed this legislation on September 30, 2008. In the next legislative session, AB 421, a bill similar to AB 1805, was introduced to change the regulations and allow payments to for-profit facilities for placement of SED pupils. On January 31, 2010, AB 421 failed passage in the Assembly. Absent any legislative resolution, counties must continue to comply with the governing regulations cited in the SED Pupils: Out-of-State Mental Health Services Program's parameters and guidelines. Our response addresses each of the seven arguments set forth by the county in the order identified above.

1. **California For-Profit Placement Restriction Is Incompatible with IDEA's "Most Appropriate Placement" Requirement and Placement Provisions.**

   The parameters and guidelines specify that the mandate is to reimburse counties for payments to service vendors providing mental health services to SED pupils in out-of-state residential placements as specified in Government Code section 7576 and Title 2, CCR, sections 60100 and 60110. Title 2, CCR, section 60100, subdivision (h), specifies that out-of-state residential placements shall be made only in residential programs that meet the requirements of Welfare and Institutions Code section 11460, subdivision (c)(2) through (3). Welfare and Institutions Code section 11460, subdivision (c)(3) states that reimbursement shall only be paid to a group home organized and operated on a nonprofit basis. The program's parameters and guidelines do not provide reimbursement for out-of-state residential placements made outside of California regulations.

   We agree there is inconsistency between California law and federal law related to IDEA funds. Furthermore, we do not dispute the assertion that California law is more restrictive than federal law in terms of out-of-state residential placement of SED pupils. However, this is a State-mandated cost program and the county filed a claim seeking reimbursement from the State under the provisions of Title 2, CCR, section 60100.

   We also agree that Education Code sections 56366.1 and 56365 do not restrict local educational agencies (LEAs) from contracting with for-profit schools for educational services. These sections specify that educational services must be provided by a school certified by the California Department of Education.

2. **California Office of Administrative Hearing Special Education Division Corroborates HCA's Contention that For-Profit Placement Restriction Is Incompatible With IDEA's "Most Appropriate Placement" Requirement and Placement Provisions.**

   Office of Administrative Hearings (OAH) Case No. N 2007090403, *Student v. Riverside Unified School District and Riverside County Department of Mental Health*, is not legally binding on the SCO. In this case, the administrative law judge found that not placing the student in an appropriate facility (for-profit) was to deny the student a free, appropriate public education (FAPE) under federal regulations. The issue of funding residential placements made outside of the regulation was not specifically addressed. Nevertheless, this is a State-mandated cost program and the county filed a claim seeking reimbursement from the State under the provisions of Title 2, CCR, section 60100, and Welfare and Institutions Code section 11460, subdivision (c)(3). Residential placements made outside of the regulation are not reimbursable under the state-mandated cost program.

3. **United States District Court has <u>Affirmed</u> the California Office of Administrative Hearings Special Education Division of *Student v. Riverside Unified School District and Riverside County Department of Mental Health.***

   We do not dispute the decision made by the United States District Judge in *Student v. Riverside Unified School District and Riverside County Department of Mental Health v. Sullivan et al,* Case No. EDCV 08-0503-SGL (RCx). Further, we do not dispute that each student under the federal Individuals with Disabilities Education Act (IDEA) is entitled to a FAPE. However, as noted in our response to item #2, the issue of funding residential placements made outside of the regulations was not specifically addressed. Residential placements made outside of the regulation are not reimbursable under the State-mandated cost program.

4. **The County Contracted with Nonprofit Facilities.**

   As noted in the finding, the mandate reimburses counties for payments to service vendors (group homes) providing mental health services to SED pupils in out-of-state residential placements that are organized and operated on a nonprofit basis. Based on documents the county provided us in the course of the audit, we determined that the county contracted with Mental Health Systems, Inc.—a California nonprofit corporation (whose facilities include: Provo Canyon School and Logan River Academy), Aspen Solutions, Inc. (whose facilities include Aspen Ranch, Youth Care of Utah, and Sunhawk Academy), and Kids Behavioral Health of Alaska, Inc. For the audit period, the county did not claim payments to Island View as noted in its response. In January 2009, Provo Canyon became a nonprofit facility. With the exception of Provo Canyon beginning January 2009, the referenced facilities are not owned and operated on a nonprofit basis.

5. **Counties Face Increased Litigation if Restricted to Nonprofit Residential Facilities.**

   Refer to SCO's Comment, item 2.

6. **Federal and State Law Do Not Impose Tax Status Requirements on Provider Treatment Services.**

   We do not dispute that Government Code section 7572 requires mental health services to be provided by qualified mental health professionals. As noted in the finding and our previous response, the mandate reimburses counties for payments to service vendors (group homes) providing mental health services to SED pupils in out-of-state residential placements that are organized and operated on a nonprofit basis. The treatment and board-and-care vendor payments claimed result from the placement of clients in non-reimbursable out-of-state residential facilities. The program's parameters and guidelines do not include a provision for the county to be reimbursed for vendor payments made to out-of-state residential placements made outside of the regulation.

7. **The State's Interpretation of WIC Section 11460 (c)(3) Would Result in Higher State Reimbursement Costs.**

   Refer to SCO's Comment, item 2.

FINDING 2—Overstated assessment and treatment costs

The county overstated assessment and treatment costs by $54,904 for the audit period.

The county used preliminary unit-of-service reports, before the final reconciliation process was complete, to calculate costs. Also, the county's claim for FY 2007-08 included ineligible costs related to therapeutic behavioral services (TBS) and year-end accruals for providers. We recalculated reimbursable costs based on actual units of eligible services, and applied the appropriate cost per unit. We excluded ineligible TBS costs from the calculations.

The following table summarizes the overstated costs:

	Fiscal Year			
	2006-07	2007-08	2008-09	Total
Assessment and treatment costs:				
Preliminary units-of-service costs	$ (61,728)	$ (6,736)	$ 52,191	$ (16,273)
Year-end accruals for providers	-	(11,777)	-	(11,777)
Ineligible therapeutic behavioral services for county providers	-	(26,854)	-	(26,854)
Audit adjustment	$ (61,728)	$ (45,367)	$ 52,191	$ (54,904)

The parameters and guidelines also specify that the State will reimburse only actual increased costs incurred to implement the mandated activities and supported by source documents that show the validity of such costs.

Recommendation

The final report issued March 7, 2012, recommended the following:

> We recommend that the county use the actual units of service and claim only eligible services in accordance with the mandated program.

On September 28, 2012, the CSM amended the parameters and guidelines, stating that Statutes of 2011, Chapter 43, "eliminated the mandated programs for counties and transferred responsibility to school districts, effective July 1, 2011. Thus, beginning July 1, 2011, these programs no longer constitute reimbursable state-mandated programs for counties." Therefore, no recommendation is applicable for this audit.

County's Response

The county agreed with the finding and recommendation.

FINDING 3—
Overstated indirect costs

The county overstated indirect (administrative) costs by $58,665 for the audit period.

The county's claims included due process costs as both a direct cost component and as part of the administrative pool in the indirect cost calculations. Subsequently, the county provided revised indirect cost allocations, excluding the due process costs from the administrative pool.

Using the revised allocation, we recalculated indirect costs using eligible mental health services costs and applying all relevant administrative revenues.

The following table summarizes the overstated costs:

	Fiscal Year			
	2006-07	2007-08	2008-09	Total
Indirect costs	$ (54,143)	$ (32,059)	$ 27,537	$ (58,665)
Audit adjustment	$ (54,143)	$ (32,059)	$ 27,537	$ (58,665)

The parameters and guidelines specify that the State will reimburse only actual increased costs incurred to implement the mandated activities and supported by source documents that show the validity of such costs.

The parameters and guidelines further specify that reimbursable indirect costs may be claimed to the extent that they have not already been reimbursed by the California Department of Mental Health from categorical sources.

Recommendation

The final report issued March 7, 2012, recommended the following:

> We recommend that the county ensure that indirect costs incurred in implementing the mandated activities are eligible for reimbursement and claimed only once.

On September 28, 2012, the CSM amended the parameters and guidelines, stating that Statutes of 2011, Chapter 43, "eliminated the mandated programs for counties and transferred responsibility to school districts, effective July 1, 2011. Thus, beginning July 1, 2011, these programs no longer constitute reimbursable state-mandated programs for counties." Therefore, no recommendation is applicable for this audit.

County's Response

The county agreed with the finding and recommendation.

FINDING 4—
Overstated offsetting revenues

The county overstated offsetting revenues by $81,756 for the audit period.

The county calculated revenues using preliminary unit-of-service reports and estimated Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) rates that were not finalized during the claiming process.

In addition, the county applied Social Services Administration (SSA) realignment funds as revenue offsets for the board-and-care costs claimed for the SEDP program during FY 2006-07 and FY 2007-08. As a portion of the board-and-care costs are ineligible for reimbursement, we reduced the realignment revenue applied by a portion of the ineligible costs.

The following table summarizes the overstated offsetting revenues:

	Fiscal Year			
	2006-07	2007-08	2008-09	Total
Offsetting revenues:				
Short-Doyle/Medi-Cal FFP	$ (22,163)	$ 1,505	$ 2,076	$ (18,582)
EPSDT	(25,563)	3,636	(8,899)	(30,826)
SSA realignment	65,621	65,543	-	131,164
Audit adjustment	$ 17,895	$ 70,684	$ (6,823)	$ 81,756

The parameters and guidelines (section VII.1-4, page 13) specify that any direct payments (categorical funds, Short-Doyle/Medi-Cal FFP, EPSDT, IDEA, and other offsets such as private insurance) received from the State that are specifically allocated to the program, and/or any other reimbursement received as a result of the mandate, must be deducted from the claim.

The parameters and guidelines also specify that the State will reimburse only actual increased costs incurred to implement the mandated activities and supported by source documents that show the validity of such costs.

Recommendation

The final report issued March 7, 2012, recommended the following:

> We recommend that the county ensure that it applies actual units of service against the appropriate reimbursement percentages when computing offsetting revenues.

On September 28, 2012, the CSM amended the parameters and guidelines, stating that Statutes of 2011, Chapter 43, "eliminated the mandated programs for counties and transferred responsibility to school districts, effective July 1, 2011. Thus, beginning July 1, 2011, these programs no longer constitute reimbursable state-mandated programs for counties." Therefore, no recommendation is applicable for this audit.

County's Response

The county agreed with the finding and recommendation.

SCO Comment

Subsequent to the issuance of our final report on March 7, 2012, the DMH issued its EPSDT settlement for FY 2008-09. We recalculated offsetting revenues and revised Finding 4 to reflect the actual funding percentage. As a result, the audit adjustment decreased by $51,592.

Attachment—
County's Response to
Draft Audit Report

COUNTY OF ORANGE
HEALTH CARE AGENCY

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February 27, 2012

Jim L Spano, Chief
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California State Controller's Office
Division of Audits
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Re: Orange County DRAFT Audit Report, Consolidated Handicapped and Disabled Students and Seriously Emotionally Disturbed Pupils: Out-of-State Mental Health Services Program for the period of July 1, 2006 through June 30, 2009

Dear Mr. Spano:

The County of Orange ("the County") Health Care Agency ("HCA") is writing in response to the letter sent to the Chief Deputy Auditor-Controller, Shaun Skelly on February 6, 2012 regarding the February 2012 DRAFT Audit Report referenced above. The County received an extension from you to submit its response to the February 2012 DRAFT Audit Report on or before February 27, 2012. The County is submitting this response in compliance with that extension.

We wish to advise you that HCA is not challenging Draft Audit Findings 2, 3, or 4. However, HCA does not agree with Draft Audit Finding 1, whereby you conclude that $3,744,611 represents unallowable program costs.

The State alleges that the unallowable costs occurred because the County claimed ineligible vendor payments for out-of-state residential placement of Seriously Emotionally Disturbed (SED) pupils in facilities that are owned and operated for profit. The County disputes the State's findings that alleged that the County claimed ineligible vendor payments and asserts that the State has incorrectly reduced the County's claims for the audit period.

The County disputes the State's findings because they conflict with the requirements of federal law, including the Individuals with Disabilities Education Act (IDEA) and Section 472(c)(2) of the Social Security Act (42 U.S.C. 672 (c)(2). Moreover, the State ignores the administrative decisions of its own Office of Administrative Hearings (OAH) and the affirming United States District Court decision in its disallowance of the County of Orange claims.

Please see the following arguments in support of the County's position that the State incorrectly reduced the costs claimed by the County for the audit period.

1. **California For-Profit Placement Restriction Is Incompatible With IDEA's "Most Appropriate Placement" Requirement and Placement Provisions.**

Regardless of the State's view of the validity of the residential facility contracts questioned by the Audit Reports, the State's position in this matter is in glaring discord with the requirements of the federal Individuals with Disabilities Education Act ("IDEA"). This is because the IDEA requires that special education students are provided "the most appropriate placement," and not the most appropriate nonprofit placement.

The stated purpose of the IDEA is ". . . to ensure that all children with disabilities have available to them . . . a free appropriate public education which emphasizes special education and related services designed to meet their unique needs. . . ." 20 U.S.C. § 1400(d)(1)(A). The "free appropriate public education" (FAPE) required by IDEA must be tailored to the unique needs of the handicapped child by means of an "individualized educational program." 20 U.S.C. § 1401(9)(D); *Bd. of Educ. v. Rowley*, 458 U.S. 176, 181 (U.S. 1982). When a state receives funds under the IDEA, as does California, it must comply with the IDEA and its regulations. 34 C.F.R. § 300.2 (2006).

Local educational agencies ("LEAs") initially were responsible for providing all special education services including mental health services when necessary. The passage of Assembly Bill 3632/882 transferred the responsibility for providing mental health services to the counties. In conjunction with special education mental health services, the IDEA requires that a state pay for a disabled student's residential placement if the student, because of his or her disability, cannot reasonably be anticipated to benefit from instruction without such a placement. 34 C.F.R. § 300.302 (2006); *Indep. Schl. Dist. No. 284 v. A.C.*, 258 F.3d 769, 774 (8th Cir. 2001).

Before 1997, the IDEA required counties to place special education students in nonprofit residential placements only. In 1997, however, section 501 of the Personal Responsibility and Work Opportunity Responsibility Act of 1996 amended section 472(c)(2) of the Social Security Act (42 U.S.C. 672(c)(2)) to strike the nonprofit requirement. Section 472(c)(2) currently states:

> The term "child-care institution" means a private child-care institution, or a public child-care institution which accommodates no more than twenty-five children, which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for licensing or approval of institutions of this type, as meeting the standards established for such licensing, but the term shall not include detention facilities, forestry camps, training schools, or any other facility operated primarily for the detention of children who are determined to be delinquent.

In direct opposition to the IDEA, California's regulations limit special education residential placements to nonprofit facilities as follows:

> ... Out-of-state placements shall be made only in residential programs that meet the requirements of Welfare and Institutions Code Sections 11460(c)(2) through (c)(3). 2 C.C.R. § 60100(h).
>
> ... State reimbursement for an AFDC-FC rate paid on or after January 1, 1993, shall only be paid to a group home organized and operated on a nonprofit basis. Welfare and Institutions Code § 11460(c)(3).

Therefore, California law is inconsistent with the requirements of IDEA and incompatible with its foremost purpose, i.e., to provide each disabled child with special education designed to meet that child's unique needs. 20 U.S.C. §1401(25). Indeed, special education students who require residential treatment are often the students with the most unique needs of all because of their need for the most restrictive level of placement. This need rules out California programs. The limited number of out-of-state residential facilities that are appropriate for a special education student may not operate on a nonprofit basis. Thus, California's nonprofit requirement results in fewer appropriate services being available to the neediest children—those who can only benefit from their special education when placed in residential facilities.

It should also be noted that LEAs are not precluded by any similar nonprofit limitation. When special education children are placed in residential facilities, out-of-state LEAs can utilize education services provided by certified nonpublic, nonsectarian schools and other agencies operated on a for-profit basis. Educ. Code § 56366.1. Nonpublic schools are certified by the State of California when they meet the provisions of Education Code sections 56365 *et seq.* Nonprofit operation is *not* a requirement. Consequently, the two entities with joint responsibility for residential placement of special education students must operate within different criteria. This anomaly again leads to less available services for critically ill special education children.

2. California Office of Administrative Hearings Special Education Division Corroborates HCA's Contention that For-Profit Placement Restriction Is Incompatible With IDEA's "Most Appropriate Placement" Requirement and Placement Provisions.

The principles set forth in Section 1 above were recently validated and corroborated by the State's own Office of Administrative Hearings ("OAH"), Special Education Division in OAH Case No. N 2007090403, *Student v. Riverside Unified School District and Riverside County Department of Mental Health*, decided January 15, 2008.

In that matter, the school district and mental health agency were unable to find a residential placement that could meet the student's unique mental health and communication needs. All parties agreed that a particular for-profit residential placement was the appropriate

placement for the student. Interpreting Title 2 of Cal. Code Regs., section 60100(h) and Welfare and Institutions Code section 11460(c)(2) through (c)(3) in the same fashion as the State Controller's Audits, the school district and mental health agency concluded that they could not place the student at the for-profit facility.

The OAH disagreed. In fact, it found that section 60100(h) of Title 2 of the California Code of Regulations did not prevent placement in a for-profit facility where no other appropriate placement existed for a child. *Student v. Riverside Unif. Sch. Dist. and Riverside Co. Dept. of Mental Health*, Case No. N 2007090403, January 15, 2008. Moreover, the OAH indicated such an interpretation "is inconsistent with the federal statutory and regulatory law by which California has chosen to abide." *Riverside Unif. Sch. Dist.* at p. 8.

The OAH declared that the fundamental purpose of legislation dealing with educational systems is the welfare of the children. *Riverside Unif. Sch. Dist.* at p. 8, quoting *Katz v. Los Gatos-Saratoga Joint Union High School District*, 117 Cal. App. 4th 47, 63 (2004).

Like the school district and mental health agency in *Riverside*, the audits in question utilized a blanket, hard and fast rule that for-profit placements are never allowed, even when the placement itself indicates it is nonprofit, even when there is no other appropriate placement available, and even when the for-profit placement is in the best interests of the child. None of these factors were taken into consideration when the Audits determined that certain residential vendor expenses were ineligible for reimbursement.

3. **United States District Court has Affirmed the California Office of Administrative Hearings Special Education Division of *Student v. Riverside Unified School District and Riverside County Department of Mental Health*.**

On July 20, 2009 the United States District Court, Central District of California, Eastern Division heard an appeal to reverse the Administrative Law Judge's decision in *Student v. Riverside Unified School District and Riverside County Department of Mental Health*. (See Riverside County Department of Mental Health v. Sullivan et al, Case No. EDCV 08-0503-SGL (RCx))

In that case, the U.S. District Court held that placement at the for-profit National Deaf Academy (NDA) was proper. The court went on to state that "California law does not prohibit placement at NDA and does not excuse compliance with IDEA." (*Id.* at 10).

In response to plaintiff arguments that California Administrative Code Section 60100(h)'s reference to WIC 11460(c)(2) through (c)(3) results in a prohibition in placing in for-profit facilities, the District court pointed out that Cal. Adm. Code Section 60000 provides that the intent of the chapter that Section 60100 appears "is to assure conformity with the federal Individuals with Disabilities Education Act or IDEA." (*Id.*) Section 60000 goes onto state, "[t]hus, provisions of this chapter shall be construed as supplemental to, and in the context of,

federal and state laws and regulations relating to interagency responsibilities for providing services to pupils with disabilities." (*Id.*)

The State Controller's Office is bound by the decision of the United States District Court, discussed above. And the U.S. District Court specifically answered the question of whether out-of-state for-profit placements were prohibited under state law. That binding decision found that "California law does not prohibit placement at NDA and does not excuse compliance with IDEA."

Therefore, even assuming for argument sake, that the disallowed placements were "for-profit", the State is incorrect to disallow reimbursement for out-of-state for-profit placements for the audit periods without conducting further review as to whether an alternative nonprofit residential placement, that was able to provide FAPE, existed. Thus the State should reimburse the county for disallowed amounts.

4. The County Contracted with Nonprofit Facilities.

For the audit period, the County believed, and still believes, it contracted with nonprofit facilities to provide all program services. The County cannot be held responsible if its nonprofit contractor in turn subcontracts with a for-profit entity to provide the services. This is not prohibited by California statute, regulation, or federal law.

Specifically, during the audit periods in question, the County contracted for out-of-state residential services with Mental Health Systems, Inc. (whose facilities include: Provo Canyon School and Logan River Academy), Aspen Solutions, Inc. (whose facilities include: Island View, Aspen Ranch, Youth Care of Utah, and Sunhawk Academy), and Kids Behavioral Health of Alaska, Inc. (whose facility includes Copper Hills Youth Center). Each of the entities that the County contracted with are organized as nonprofit organizations. However these facilities were disallowed in the Draft Audit Report and are the subject of the County's disputes in this Draft Audit Response. The County contracted with these providers in a manner consistent with the requirements of the California Code of Regulations and Welfare and Institutions Code referenced above.

The County complies with a number of prerequisites before placing SED pupils in out-of-state residential facilities. For example, the pupil must be determined to be "emotionally disturbed" by his or her school district. In-state facilities must be unavailable or inappropriate. One of the County's procedural steps is to telephone the out-of-state facility to inquire about its nonprofit status. When advised that the facility is for-profit, that facility is no longer considered for SED pupil placement. When advised that the facility is nonprofit, the County obtains documentation of that status, e.g., an IRS tax determination letter.

Neither the federal nor the state government has provided procedures or guidelines to specify if and/or exactly how counties should determine for-profit or nonprofit status. Although

counties have used many of these out-of-state residential facilities for SED student placement for years, the State only recently has begun to question their nonprofit status. Nor has the State ever provided the County with a list of facilities that it deems to be nonprofit, and therefore acceptable to the State. The State's history of paying these costs without question encouraged the County to rely upon the State's acceptance of prior claims for the very same facilities now characterized as for-profit.

Considering the foregoing, the conclusions of the Draft Audit lacks the "fundamental fairness" that even minimal procedural due process requires.

5. Counties Face Increased Litigation if Restricted to Nonprofit Residential Facilities.

Under the IDEA, when parents of a special education pupil believe their child's school district and/or county mental health agency breached their duties to provide the student with a free appropriate public education, the parents can seek reimbursement for the tuition and costs of a placement of the parents' choice. The United States Supreme Court has ruled that parents who unilaterally withdraw their child from an inappropriate placement must be reimbursed by the placing party(ies). This is true even if the parents' school placement does not meet state educational standards and is not state approved. *Florence County Sch. Dist. Four v. Carter by & Through Carter*, 510 U.S. 7 (U.S. 1993).

This means that in California, if there is no nonprofit placement to meet the unique needs of a special education child, his or her parents can place the child in *any* school of their choosing, regardless of educational standards, state approval, whether nonprofit or for-profit, etc., and then demand that the school district and/or mental health agency pay the bill. The California regulatory requirement for nonprofit residential placement prevents school districts and mental health agencies from selecting the most appropriate placement, regardless of tax status. Because of California's arbitrary regulatory requirement, which is not in accord with the 1997 amendment to IDEA, school districts and mental health agencies may be forced to place a child in a less appropriate facility increasing the likelihood that the parents will choose a different facility. The placement agencies are thereafter legally required to subsidize the expenses of the parents' unilateral choice, even if that unilateral placement does not meet the State's nonprofit and academic standards. The decision in *Riverside* explained and cited above precisely mirrors such a situation.

6. Federal and State Law Do Not Impose Tax Status Requirements on Provider Treatment Services.

Special education mental health psychotherapy and assessment services must be conducted by qualified mental health professionals as specified in regulations developed by the State Department of Mental Health in consultation with the State Department of Education. California Government Code § 7572(c) These services can be provided directly or by contract at the discretion of county mental health agencies. 2 C.C.R. § 60020(i) Licensed practitioners

included as "qualified mental health professionals" are listed in California Code of Regulations Title 2, section 60020(j). Neither section contains any requirement regarding the provider's tax status. Because tax status has no bearing on eligibility for mental health provider services, there is no basis for disallowing these claimed treatment costs.

7. **The State's Interpretation of WIC Section 11460(c)(3) Would Result in Higher State Reimbursement Costs.**

In conducting a review of the facilities that the State has disallowed reimbursement, it has become clear that the State's interpretation of WIC Section 11460(c)(3) would result in an overall increase in the cost of reimbursement.

This conclusion is based on a comparison between the cost of mental health services provided at residential facilities that are organized as for-profit versus the same costs at residential facilities that are organized as nonprofit. On average, we have found that nonprofit residential placements cost more than for-profit residential placements.

Clearly, it could not have been the intent of the drafters of WIC 11460(c)(3) to increase the cost of State reimbursement by limiting State reimbursement to group homes organized and operated on a nonprofit basis. The more reasonable interpretation of what the drafters intended was based on a (mistaken) assumption that nonprofit facilities are less expensive than for-profit facilities or a desire to mirror Federal IDEA law, which has since been modified to remove the nonprofit reimbursement restriction.

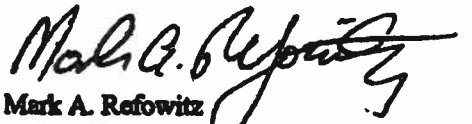
Therefore, to apply such an interpretation, without providing Counties any prior notice of the State's desire to enforce the code section in such a manner is clearly unfair and unreasonable, especially in light of the retroactive enforcement of the interpretation and the lack of any guidance provided by the State. Fairness requires that the state advise counties of its intent to enforce the interpretation moving forward, not retroactively. By providing counties advance notice of its intent to disallow a category of payment that has historically been reimbursed, would provide counties the ability to make adjustments and comply with the State's changed interpretation.

Thus, the State should reimburse County for all submitted amounts during the audit period.

Conclusion

Based on the foregoing, the County of Orange maintains that its costs related to placements in for profit facilities for the audit period remain allowable and eligible for reimbursement.

Sincerely,



Mark A. Refowitz
Deputy Agency Director
Behavioral Health Services

cc: Bob Wilson, Assistant Agency Director
Shaun Skelly, CPA, Chief Deputy Auditor-Controller
Rob Richardson, Assistant CEO
Mary R. Hale, Chief, Behavioral Health Services
Kenneth Grebel, Program Manager, Children & Youth Services
Kimberly Engelby, HCA Accounting Manager
Paul Albarian, County Counsel

State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874

http://www.sco.ca.gov

S10-MCC-032

ITEM 11
REIMBURSEMENT CLAIMS
EXHIBIT D-1

ITEM 11
REIMBURSEMENT CLAIMS
EXHIBIT D-1

State Controller's Office

Mandated Cost Manual

CLAIM FOR PAYMENT
Pursuant to Government Code Section 17561
CONSOLIDATION OF HDS, HDS II, AND SED: OUT OF STATE MENTAL HEALTH SERVICES

For State Controller Use Only	PROGRAM
(19) Program Number 00273 (20) Date Filed (21) LRS Input 273	273

(01) Claimant Identification Number
AUDITOR-CONTROLLER

(02) Claimant Name
AUDITOR-CONTROLLER, COUNTY OF ORANGE

Address
P.O. BOX 567

SANTA ANA, CA 92702

Type of Claim	Estimated Claim		Reimbursement Claim	
	(03) Estimated	X	(09) Reimbursement	
	(04) Combined		(10) Combined	
	(05) Amended		(11) Amended	X

Fiscal Year of Cost	(06) 2007/2008	(12) 2006/2007		
Total Claimed Amount	(07) 0	(13) 5,900,669		
Less: 10% Late Penalty		(14) 0		
Less: Prior Claim Payment Received		(15) 0		
Net Claimed Amount		(16) 5,900,669		
Due from State	(08) 0	(17) 5,900,669		
Due to State		(18) 0		

Reimbursement Claim Data

(22) FORM-1, (04)(A)(g)	0
(23) FORM-1, (04)(B)(g)	0
(24) FORM-1, (04)(C)(g)	0
(25) FORM-1, (04)(D)(g)	0
(26) FORM-1, (04)(E)(g)	0
(27) FORM-1, (04)(F)(g)	0
(28) FORM-1, (04)(G)(g)	9,231,577
(29) FORM-1, (04)(H)(g)	10,304,741
(30) FORM-1, (04)(I)(g)	317,554
(31) FORM-1, (06)	0
(32) FORM-1, (07)	3,317,317
(33) FORM-1, (09)	0
(34) FORM-1, (10)	17,270,519
(35)	
(36)	

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer: Alice Sworder

Date: 6-5-08

Alice Sworder
Type or Print Name

Manager, HCA Accounting
Title

(38) Name of Contact Person for Claim

Telephone Number (714) 834 - 5313

Celia Diaz-Garcia

E-mail Address cdiaz-garcia@ochca.com

Form FAM-27 (New 01/07)

PROGRAM 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES CLAIM SUMMARY	FORM 1

(01) Claimant: County of Orange, Auditor-Controller Office
P.O. Box 567
Santa Ana, Ca 92702

(02) Type of Claim
Reimbursement [X]
Estimated [ ]

Fiscal Year 2006__/2007__

(03) Department

Direct Costs	Object Accounts						
(04) Reimbursable Components	(a) Salaries	(b) Benefits	(c) Materials and Supplies	(d) Contract Services	(e) Fixed Assets	(f) Travel	(g) Total
A. Revise Interagency Agreement							
B. Renew Interagency Agreement							
C. Referral & Mental Health Assessments							
D. Transfers & Interim Placements							
E. Participation as Member of IEP Team							
F. Designation of Lead Case Manager							
G. Authorize/Issue Payments to Providers				9,231,577			9,231,577
H. Psychotherapy/Other Mental Health Services	8,510,305			1,794,436			10,304,741
I. Participation in Due Process Hearings	287,554		30,000				317,554
(05) Total Direct Costs	8,797,859		30,000	11,026,012			19,853,871

Indirect Costs			
(06) Indirect Cost Rate	[From ICRP]		38.98%
(07) Total Indirect Costs	[Line (06) x line (5)(a)] or [Line (06) x (line (05)(a) + line (05)(b))]	[38.98%*$8,510,305]	3,317,317
(08) Total Direct and Indirect Costs	[Line (05)(g) +line (07)]		23,171,188
Cost Reduction			
(09) Less: Offsetting Savings			
(10) Less: Other Reimbursements			17,270,519
(11) Total Claimed Amount	[Line (08) - (line (09) - Line (10))]		5,900,669

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 06-07

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☒	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☐	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
			Object Accounts					
Alpine Academy *Mental Health Services*	$109.05/day					72,736		
Aspen Solutions/Aspen Ranch *Mental Health Services*	$88/day					8,184		
Aspen Solutions/Sunhawk *Mental Health Services*	$82/day					23,042		
Aspen Solutions/Youth Care *Mental Health Services*	$95/day					45,315		
Cathedral Home for Children *Mental Health Services*	$150/day					677,100		
Chileda *Mental Health Services*	$101.62/day					18,334		
Cinnamon Hill Youth Crisis Center *Mental Health Services*	$45/day					279,045		
Colorado Boys Ranch *Mental Health Services*	$111.94/day					89,552		
(05) Total ☐ Subtotal ☒ Page: _1_of_8__			0	0	0	1,213,308	0	0

New 01/07

Prepared By: HCA Acctg/BH Unit/Marabelle Morada

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 06-07

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☒	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☐	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
			Object Accounts					
DaystarResidential, Inc. *Mental Health Services*	$80/day					66,560		
Devereux Cleo Wallace *Mental Health Services*	$135/day					337,635		
Devereux Texas Treatment Network *Mental Health Services:*								
Unit 1	$138.10/day							
Unit 4/5	$100.72/day							
Unit 3/6	$143.11/day					527,862		
Victoria Campus(Children)	$57.20/day							
Victoria(Adult)	$23.03/day							
Excelsior Youth Care *Mental Health Services*	$93.46/day					269,445		
Griffith Center for Children *Mental Health Services*	$121.11/ day					44,205		
Heritage Schools *Mental Health Services*	$54.95/day					195,237		
Kids Behavioral Health of Alaska *Mental Health Services*	$110/day					318,465		
(05) Total ☐ Subtotal ☒ Page: _2_of_8__			0	0	0	1,759,410	0	0

New 01/07

Prepared By HCA Acctg/BH Unit/Mirabelle Morada

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 06-07

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☒	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☐	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
			Object Accounts					
Mental Health Systems, Inc.(Logan River) *Mental Health Services*	$77.41/day					34,447		
Mental Health System, Inc (Provo) *Mental Health Services*	$75/day					362,400		
Yellowstone Boys and Girls Ranch *Mental Health Services*	$70/day					179,690		
(05) Total ☐ Subtotal ☒ Page: _3_of_8__			0	0	0	576,537	0	0

New 01/07

Prepared By HCA Acctg/BH Unit/Mirabelle Morada

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 06-07

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☒	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☐	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
			Object Accounts					
Alpine Academy *Board and Care*	$4,941/mo					68,779		
Aspen Solutions/Aspen Ranch *Board and Care*	$6,060/mo					59,146		
Aspen Solutions/Sunhawk *Board and Care*	$6,060/mo					22,422		
Aspen Solutions/Youth Care *Board and Care*	$6,060/mo					35,998		
Cathedral Home for Children *Board and Care*	$6,270/mo					567,030		
Chileda *Board and Care*	$6,270/mo					26,209		
Cinnamon Hill Youth Crisis Center *Board and Care*	$6,266/mo					852,230		
Colorado Boys Ranch *Board and Care*	$4,471/mo					71,728		
(05) Total ☐ Subtotal ☒ Page: _4_of_8__			0	0	0	1,703,539	0	0

New 01/07

Prepared By HCA Acctg/BH Uns/Marabelle Morada

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 06-07

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☒	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☐	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
			Object Accounts					
Daystar Residential, Inc. *Board and Care*	$5,241/mo					87,210		
Devereux Cleo Wallace *Board and Care*	$5,792/mo					288,462		
Devereux Texas Treatment Network *Board and Care:*	$6,270/mo					591,623		
Excelsior Youth Care *Board and Care*	$4,325/mo					244,385		
Griffith Center for Children *Board and Care*	$4,581/mo					33,443		
Heritage Schools *Board and Care*	$6,284/mo					500,895		
Kids Behavioral Health of Alaska *Board and Care*	$3,150/mo					191,457		
Mental Health Systems, Inc.(Logan River) *Board and Care*	$3,723/mo					25,456		
(05) Total ☐ Subtotal ☒ Page: _5_of_8__			0	0	0	1,960,932	0	0

New 01/07

Prepared By HCA Acctg/BH Unit/Mirabelle Morada

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 06-07

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☒	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☐	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
Mental Health System, Inc (Provo) *Board and Care*	$4,200/mo					413,228		
Yellowstone Boys and Girls Ranch *Board and Care*	$5,670/mo					291,098		
Child Help, USA *Board and Care*	$5,613/mo					17,599		
Briar Oaks *Board and Care*	$6,371/mo					58,576		
Broad Horizons *Board and Care*	$5,613/mo					34,221		
Canyon Acres Children Services *Board and Care*	$6,731/mo					91,742		
Devereux San Diego *Board and Care*	$5,613/mo					26,345		
Family Life Center *Board and Care*	$5,613/mo					388,144		
(05) Total ☐ Subtotal ☒ Page: _6_of_8__			0	0	0	1,320,954	0	0

New 01/07

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 06-07

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☒	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☐	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	Object Accounts (d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
Family Solutions *Board and Care*	$5,432/mo					14,393		
Father Flanagans Girls and Boys Town *Board and Care*	$5,234/mo					103,941		
Hillview Acres *Board and Care*	$5,613/mo					33,678		
Inland Empire Residential Centers *Board and Care*	$5,234/mo					50,874		
Kids First Foundation Mar Vista *Board and Care*	$5,613/mo					26,100		
Linden Center *Board and Care*	$4,677/mo					561		
Morning Sky *Board and Care*	$5,613/mo					42,771		
New Haven *Board and Care*	$5,613/mo					78,361		
(05) Total ☐ Subtotal ☒ Page: _7_of_8__			0	0	0	350,680	0	0

New 01/07

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 06-07

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☒	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☐	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
			Object Accounts					
Oak Grove Institute *Board and Care*	$5,613/mo					157,452		
San Diego Center For Children *Board and Care*	$5,780/mo					5,672		
South Coast Children's Society *Board and Care*	$5,613/mo					150,382		
The Learning Clinic *Board and Care*	$5,133/mo					31,515		
True To Life Children's Services *Board and Care*	$4,979/mo					1,195		
(05) Total ☒ Subtotal ☐ Page: _8_of_8__			0	0	0	9,231,577	0	0

New 01/07

Prepared By: HCA Acctg/BH Unit/Mirabelle Morada

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 06-07

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☐	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☐	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☒	Participation in Due Process Hearings

(04) Description of Expenses

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
			Object Accounts					
Daftary, N. County Counsel Legal Billings	$145.74/ hour	928.50	135,320					
Frost, C. County Counsel Legal Billings	$145.74/ hour	928.50	135,320					
Martin, J. County Counsel Legal Billings	$156.98/ hour	107.75	16,915					
Due Process Hearing Fees					30,000			
(05) Total ☒ Subtotal ☐ Page: _1_of_1__			287,554	0	30,000	0	0	0

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 06-07

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☐	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☒	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
3051 - CYS CGC North								
SFC 01	1.62	28,067				45,468		
SFC 10	2.11	29,458				62,158		
SFC 30	2.11	16,643				35,117		
SFC 40	2.11	31,784				67,084		
SFC 50	2.11	14,117				29,787		
SFC 60	3.92	9,115				35,731		
30CE-CYS CGC BP REGION								
SFC 01	1.62	5,193				8,413		
SFC 10	2.11	14,715				31,049		
SFC 30	2.11	2,675				5,644		
SFC 40	2.11	12,675				26,744		
SFC 50	2.11	203				428		
SFC 60	3.92	3,175				12,446		
30CH-CYS WYS MV								
SFC 01	2.07	37,391				77,399		
SFC 10	2.07	42,128				87,206		
SFC 30	2.07	29,467				60,997		
SFC 40	2.07	82,538				170,854		
SFC 50	2.07	1,638				3,391		
SFC 60	2.08	6,543				13,608		
30CM-CYS WYS NORTH								
SFC 01	2.07	20,457				42,346		
SFC 10	2.07	12,166				25,182		
SFC 30	2.07	2,784				5,763		
SFC 40	2.07	20,879				43,220		
SFC 50	2.07	1,479				3,062		
SFC 60	2.08	2,253				4,686		
8034-CYS CGC EAST REGION								
SFC 01	1.62	20,691				33,519		
SFC 10	2.11	34,251				72,270		
SFC 30	2.11	9,848				20,779		
SFC 40	2.11	27,969				59,015		
SFC 50	2.11	1,468				3,097		
SFC 60	3.92	8,534				33,453		
(05) Total ☐ Subtotal ☒ Page: _1_of_4__			0	0	0	1,119,894	0	0

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 06-07

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☐	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☒	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	Object Accounts (d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
8035-CYS WYS WEST								
SFC 01	2.07	21,413				44,325		
SFC 10	2.07	25,297				52,365		
SFC 30	2.07	18,448				38,187		
SFC 40	2.07	72,260				149,578		
SFC 50	2.07	0				0		
SFC 60	2.08	3,557				7,399		
8056-CYS WYS SJC								
SFC 01	2.07	26,080				53,986		
SFC 10	2.07	25,981				53,781		
SFC 30	2.07	27,574				57,078		
SFC 40	2.07	59,786				123,757		
SFC 50	2.07	404				836		
SFC 60	2.08	4,086				8,499		
8090-CYS WYS ANA								
SFC 01	2.07	12,629				26,142		
SFC 10	2.07	7,685				15,908		
SFC 30	2.07	3,503				7,251		
SFC 40	2.07	16,146				33,422		
SFC 50	2.07	0				0		
SFC 60	2.08	975				2,028		
3006-AMHS Santa Ana Clinic								
SFC 01	2.10	6,744	14,162					
SFC 10	2.71	500	1,355					
SFC 30	2.71	653	1,770					
SFC 40	2.71	2,039	5,528					
SFC 50	2.71	168	455					
SFC 60	5.01	1,749	8,762					
3007-AMHS FULLERTON TEAM1								
SFC 01	2.10	190	399					
SFC 10	2.71	0	0					
SFC 30	2.71	134	363					
SFC 40	2.71	0	0					
SFC 50	2.71	0	0					
SFC 60	5.01	237	1,187					
(05) Total ☐ Subtotal ☒ Page: 2 of 4			33,980	0	0	674,542	0	0

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 06-07

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☐	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☒	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses — Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
30B6-CYS ANAH REGION								
SFC 01	2.10	25,124	52,760					
SFC 10	2.71	5,326	14,433					
SFC 30	2.71	8,858	24,005					
SFC 40	2.71	6,657	18,040					
SFC 50	2.71	0	0					
SFC 60	5.01	3,127	15,666					
30B8-CYS East Region								
SFC 01	2.10	160,483	337,014					
SFC 10	2.71	54,784	148,465					
SFC 30	2.71	82,355	223,182					
SFC 40	2.71	91,391	247,670					
SFC 50	2.71	1,922	5,209					
SFC 60	5.01	19,785	99,123					
30B9-CYS WEST REGION								
SFC 01	2.10	203,698	427,766					
SFC 10	2.71	48,015	130,121					
SFC 30	2.71	94,336	255,651					
SFC 40	2.71	98,576	267,141					
SFC 50	2.71	0	0					
SFC 60	5.01	46,251	231,718					
30C6-CYS CM REGION								
SFC 01	2.10	198,124	416,060					
SFC 10	2.71	74,358	201,510					
SFC 30	2.71	111,693	302,688					
SFC 40	2.71	121,877	330,287					
SFC 50	2.71	921	2,496					
SFC 60	5.01	44,413	222,509					
8001-AMHS Anaheim Clinic								
SFC 01	2.10	686	1,441					
SFC 10	2.71	0	0					
SFC 30	2.71	196	531					
SFC 40	2.71	650	1,762					
SFC 50	2.71	0	0					
SFC 60	5.01	330	1,653					
(05) Total ☐ Subtotal ☒ Page: _3_of_4__			3,978,900	0	0	0	0	0

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 06-07

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☐	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☒	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
			Object Accounts					
8002-CYS Mission Viejo Region								
SFC 01	2.10	55,583	116,724					
SFC 10	2.71	30,971	83,931					
SFC 30	2.71	42,444	115,023					
SFC 40	2.71	52,111	141,221					
SFC 50	2.71	0	0					
SFC 60	5.01	7,939	39,774					
8002-CYS South Region								
SFC 01	2.10	380,031	798,065					
SFC 10	2.71	139,979	379,343					
SFC 30	2.71	150,166	406,950					
SFC 40	2.71	235,958	639,446					
SFC 50	2.71	1,091	2,957					
SFC 60	5.01	50,547	253,240					
8003-AMHS MISSION VIEJO								
SFC 01	2.10	23	48					
SFC 10	2.71	0	0					
SFC 30	2.71	173	469					
SFC 40	2.71	0	0					
SFC 50	2.71	0	0					
SFC 60	5.01	65	326					
8067-CYS NORTH REGION								
SFC 01	2.10	250,702	526,474					
SFC 10	2.71	75,568	204,762					
SFC 30	2.71	117,346	318,008					
SFC 40	2.71	70,851	192,006					
SFC 50	2.71	0	0					
SFC 60	5.01	55,620	278,656					
(05) Total ☒ Subtotal ☐ Page: _4_of_4__			8,510,305	0	0	1,794,436	0	0

SB90 Handicapped and Disabled Claim
Administrative Costs
FY 06/07

Total non-FFP Admin	23,676,357.00
Total Gross Cost	112,070,734.00
less Admin	(28,317,333.00)
ETS Contract (10-20)	(1,002,638.00)
less PBH	(5,264,411.00)
less Group Homes	(3,607,868.73)
less Homeless Beds	(198,100.00)
Less PAPG	(5,293,487.00)
less Res. Rehab	(965,790.00)
SSA	(324,603.00)
Ext. Care Hosp - West	(6,360,428.00)
Total Direct Costs	60,736,075.27
Admin %	38.98%

Prepared by HCA Acctg/BH Unit/Mirabelle Morada

Amended_SB90 FY0607ClaimNew Method of Allocating Admin

SB90 HDS and SED Claims
Revenue Funding
Fiscal Year 06/07

FFP Medi-Cal Portion:

Legal Entity CGC	$	60,954	
Legal Entity WYS	$	81,688	
County	$	889,832	
	$	1,032,473.48	To:(3)

EPSDT State Share:

Legal Entity CGC	$	54,066	
Legal Entity WYS	$	72,457	
County	$	789,281	
	$	915,803.97	To:(4)

Revenue Funding:

(1) IDEA Funding	$	11,076,007.00	(1)
(2) SAMHSA Funding	$	90,654.15	(2)
(3) SD/MC FFP Portion	$	1,032,473.48	(3)
(4) EPSDT State Share	$	915,803.97	(4)
(5) Categorical Funding (AB3632)	$	3,656,882.00	(5)
(4) SSA Realignment	$	498,698.00	(6)
	$	17,270,518.60	

Prepared By:HCA Acctg/BH Unit/Mirabelle Morada

ITEM 11
REIMBURSEMENT CLAIMS
EXHIBIT D-2

ITEM 11
REIMBURSEMENT CLAIMS
EXHIBIT D-2

State Controller's Office

Mandated Cost Manual

CLAIM FOR PAYMENT
Pursuant to Government Code Section 17561
CONSOLIDATION OF HDS, HDS II, AND SED: OUT OF STATE MENTAL HEALTH SERVICES

For State Controller Use Only

(19) Program Number 00273
(20) Date Filed
(21) LRS Input 273

PROGRAM 273

(01) Claimant Identification Number
AUDITOR-CONTROLLER

(02) Claimant Name
AUDITOR-CONTROLLER, COUNTY OF ORANGE

Address
P.O. BOX 567
SANTA ANA, CA 92702

Type of Claim	Estimated Claim		Reimbursement Claim	
	(03) Estimated	X	(09) Reimbursement	
	(04) Combined		(10) Combined	
	(05) Amended		(11) Amended	

Fiscal Year of Cost	(06) 2008/2009	(12) 2007/2008	
Total Claimed Amount	(07) 0	(13) 9,404,995	
Less: 10% Late Penalty		(14) 0	
Less: Prior Claim Payment Received		(15) 0	
Net Claimed Amount		(16) 9,404,995	
Due from State	(08) 0	(17) 9,404,995	
Due to State		(18) 0	

Reimbursement Claim Data

(22) FORM-1, (04)(A)(g)	0
(23) FORM-1, (04)(B)(g)	0
(24) FORM-1, (04)(C)(g)	0
(25) FORM-1, (04)(D)(g)	0
(26) FORM-1, (04)(E)(g)	0
(27) FORM-1, (04)(F)(g)	0
(28) FORM-1, (04)(G)(g)	10,969,480
(29) FORM-1, (04)(H)(g)	10,883,016
(30) FORM-1, (04)(I)(g)	293,969
(31) FORM-1, (06)	0
(32) FORM-1, (07)	2,782,306
(33) FORM-1, (09)	0
(34) FORM-1, (10)	15,523,775
(35)	
(36)	

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer:

Date: 1/22/09

Howard Thomas
Type or Print Name

Manager, HCA Accounting
Title

(38) Name of Contact Person for Claim

Celia Diaz-Garcia CD 1/21/09

Telephone Number (714) 834 - 5313

E-mail Address cdiaz-garcia@ochca.com

Form FAM-27 (New 01/07)

* HCA keeps original document but gives Financial Reporting a copy Financial Reporting submits claim to State

CLAIM FOR PAYMENT

Pursuant to Government Code Section 17561

CONSOLIDATION OF HDS, HDS II, AND SED: OUT OF STATE MENTAL HEALTH SERVICES

For State Controller Use Only	PROGRAM
(19) Program Number 00273 (20) Date Filed (21) LRS Input 273	273

(01) Claimant Identification Number
AUDITOR-CONTROLLER

(02) Claimant Name
AUDITOR-CONTROLLER, COUNTY OF ORANGE

Address
P.O. BOX 567

SANTA ANA, CA 92702

Reimbursement Claim Data	
(22) FORM-1, (04)(A)(g)	0
(23) FORM-1, (04)(B)(g)	0
(24) FORM-1, (04)(C)(g)	0
(25) FORM-1, (04)(D)(g)	0
(26) FORM-1, (04)(E)(g)	0
(27) FORM-1, (04)(F)(g)	0
(28) FORM-1, (04)(G)(g)	Fr: B 10,969,480
(29) FORM-1, (04)(H)(g)	10,883,016
(30) FORM-1, (04)(I)(g)	293,969
(31) FORM-1, (06)	0
(32) FORM-1, (07)	2,782,305
(33) FORM-1, (09)	0
(34) FORM-1, (10)	15,523,775
(35)	
(36)	

Type of Claim	Estimated Claim		Reimbursement Claim	
	(03) Estimated	X	(09) Reimbursement	X
	(04) Combined		(10) Combined	
	(05) Amended		(11) Amended	

Fiscal Year of Cost	(06) 2008/2009	(12) 2007/2008	
Total Claimed Amount	(07) 0	(13) Fr: B 9,404,995	
Less: 10% Late Penalty		(14) 0	
Less: Prior Claim Payment Received		(15) 0	
Net Claimed Amount		(16) 9,404,995	
Due from State	(08) 0	(17) 9,404,995	
Due to State		(18) 0	

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer: _____ Date: _____

Alice Sworder
Type or Print Name

Manager, HCA Accounting
Title

(38) Name of Contact Person for Claim

Telephone Number (714) 834 - 5313

Celia Diaz-Garcia

E-mail Address cdiaz-garcia@ochca.com

Form FAM-27 (New 01/07)

MM 1/21/09

= CHANGE

A

CA 1/21/09

HT 1/22/09

State Controller's Office

Mandated Cost Manual

PROGRAM 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES CLAIM SUMMARY	FORM 1

(01) Claimant: County of Orange, Auditor-Controller Office, P.O. Box 567, Santa Ana, Ca 92702

(02) Type of Claim: Reimbursement [X] Estimated [ ]

Fiscal Year 2007__/2008__

(03) Department

Direct Costs	Object Accounts							
(04) Reimbursable Components	(a) Salaries	(b) Benefits	(c) Materials and Supplies	(d) Contract Services	(e) Fixed Assets	(f) Travel	(g) Total	
A. Revise Interagency Agreement								
B. Renew Interagency Agreement								
C. Referral & Mental Health Assessments								
D. Transfers & Interim Placements								
E. Participation as Member of IEP Team								
F. Designation of Lead Case Manager								
G. Authorize/Issue Payments to Providers				Fr: C8 10,969,480			10,969,480	To: A
H. Psychotherapy/Other Mental Health Services	Fr: H10. 8,926,228			Fr: H10. 1,956,788			10,883,016	
I. Participation in Due Process Hearings			Fr: E1 4,250	Fr: E1 289,719			293,969	
(05) Total Direct Costs	8,926,228		4,250	13,215,987			22,146,465	

Indirect Costs		
(06) Indirect Cost Rate	[From ICRP]	Fr: F1 31.17%
(07) Total Indirect Costs	[Line (06) x line (5)(a)] or [Line (06) x (line (05)(a) + line (05)(b))] [31.17%*$8,926,228]	2,782,305 To: A
(08) Total Direct and Indirect Costs	[Line (05)(g) +line (07)]	24,928,770
Cost Reduction		
(09) Less: Offsetting Savings		
(10) Less: Other Reimbursements	= CHANGE	Fr: G1 15,523,775 To: A
(11) Total Claimed Amount	[Line (08) - (line (09) - Line (10))]	9,404,995

Revised 01/07 PER PATTY ROGERS (PROGRAM), DAVID ANCIS (PROGRAM SUPPORT), & MAITA CONTRACTS); AB3632 TTER AGREEMENTS SHOULD BE INCLUDED IN THE SB90 B AIM THIS INCREASES THE TOTAL CLAIMED AMOUNT BY

MM 1/21/09

GS 1/21/09

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 07-08

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☒	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☐	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses — Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
Alpine Academy *Mental Health Services* Fr: C9	$123.88/day				Fr: C9	65,285		
Aspen Solutions/Aspen Ranch *Mental Health Services* Fr: C10	$88/day				Fr: C10	44,088		
Aspen Solutions/Sunhawk *Mental Health Services* Fr: C12	$82/day				Fr: C12	4,838		
Aspen Solutions/Youth Care *Mental Health Services* Fr: C13	$95/day				Fr: C13	34,770		
Cathedral Home for Children *Mental Health Services* Fr: C14	$150/day				Fr: C14	926,850		
Chileda *Mental Health Services* Fr: C15	$102.33/day				Fr: C15	24,461		
Cinnamon Hill Youth Crisis Center *Mental Health Services* Fr: C16	$60/day				Fr: C16	374,040		
Colorado Boys Ranch *Mental Health Services* Fr: C17	$111.94/day				Fr: C17	28,209		
(05) Total ☐ Subtotal ☒ Page: _1_of_8__			0	0	0	1,502,540 F	0	0

New 01/07

MM 11/10/08
OG 1/13/09

Prepared By HCA Acctg/BH Unit/Mirabelle Moreda

State Controller's Office

Mandated Cost Manual

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

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(02) Fiscal Year: FY 07-08

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☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☒	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☐	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
			Object Accounts					
DaystarResidential, Inc. *Mental Health Services* Fr:C19	$80/day				Fr:C19	120,800		
Devereux Cleo Wallace *Mental Health Services* Fr:C20	$149/day				Fr:C20	336,889		
Devereux Foundation *Mental Health Services* Fr:C21	$180.07/day				Fr:C21	56,362		
Devereux Texas Treatment Network *Mental Health Services:* Fr:C22					Fr:C22	913,030		
Unit 1	$161.91/day							
Unit 4/5	$122.55/day							
Unit 3/6	$167.74/day							
Victoria Campus(Children)	$62.88/day							
Victoria(Adult)	$37.29/day							
Excelsior Youth Care *Mental Health Services* Fr:C23	$95.33/day				Fr:C23	290,757		
Griffith Center for Children *Mental Health Services* Fr:C25	$123.53/ day				Fr:C25	40,271		
Heritage Schools *Mental Health Services* Fr:C26	$57.00/day				Fr:C26	193,572		
(05) Total ☐ Subtotal ☒ Page: _2_of_8__			0	0	0	1,951,681	0	0

New 01/07

MM 11/10/08
1/13/09

Prepared By HCA Acctg/BH Unit/Mirabelle Morada

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 07-08

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☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☐	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses — Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
Kids Behavioral Health of Alaska *Mental Health Services* Fr:C27	$110/day				Fr:C27	474,430		
The Learning Clinic *Mental Health Services* Fr:C28	$47.68/day				Fr:C28	2,432		
Mental Health Systems, Inc.(Logan River) Fr:C29 *Mental Health Services*	$81.28/day				Fr:C29	102,738		
Mental Health System, Inc (Provo) *Mental Health Services* Fr:C30	$78/day				Fr:C30	360,516		
Red Rock Canyon School Fr:C32 *Mental Health Services*	$112/day				Fr:C32	10,192		
Yellowstone Boys and Girls Ranch *Mental Health Services* Fr: C33	$80/day				Fr:C33	263,520		
(05) Total ☐ Subtotal ☒ Page: _3_of_8__			0	0	0	1,213,828 F	0	0

New 01/07

MM 11/10/08
OK 1/13/09

Prepared By HCA Acctg/BH Unit/Mirabelle Morada

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency ✓

(02) Fiscal Year: FY 07-08 ✓

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☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☒	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☐	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses — Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
Alpine Academy *Board and Care*	$5,105.70/mo				FrDl ✓	45,161 ✓		
Aspen Solutions/Aspen Ranch *Board and Care*	$6,080/mo					133,441 ✓		
Canyon Acres *Board and Care*	$6,371/mo					53,208 ✓		
Cathedral Home for Children *Board and Care*	$6,479/mo					772,966 ✓		
Child Help *Board and Care*	$5,613/mo					10,321 ✓		
Chileda *Board and Care*	$6,270/mo					31,350 ✓		
Cinnamon Hill Youth Crisis Center *Board and Care*	$6,266.40/mo					790,826 ✓		
Colorado Boys Ranch *Board and Care*	$4,759.80/mo					23,989 ✓		
(05) Total ☐ Subtotal ☒ Page: _4_of_8__			0	0	0	1,861,261	0	0

New 01/07

MM 11/18/08
OG 1/13/09

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

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(02) Fiscal Year: FY 07-08

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☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☒	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☐	Psychotherapy/Other Mental Health Services
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(04) Description of Expenses — Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
David & Margaret Home *Board and Care*	$5,700.90/mo				Tr: D1	8,921		
Daystar Residential, Inc. *Board and Care*	$5,415.70/mo					158,173		
Devereux Cleo Wallace *Board and Care*	$5,970/mo					269,774		
Devereux Foundation *Board and Care:*	$6,479/mo					48,655		
Devereux Texas Treatment Network *Board and Care:*	$6,479/mo					770,515		
Emily Griffith Center for Children *Board and Care*	$4,672.80/mo					30,467		
Excelsior Youth *Board and Care*	$4,724.40/mo					285,907		
Family Life Center *Board and Care*	$5,613/mo					465,224		
(05) Total ☐ Subtotal ☒ Page: _5_of_8__			0	0	0	2,037,638	0	0

New 01/07

MM 11/18/08
1/13/09

C5

Prepared By HCA Acctg/BH Unit/Mirabelle Morada

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 07-08

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☒	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☐	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses — Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
Father Flanagan's Girls & Boys Town *Board and Care*	$5,234/mo				Fr:DB	88,666		
Heritage *Board and Care*	$8,492.95/mo					422,000		
Hillview Acres *Board and Care*	$5,613/mo					46,736		
Inland Empire Residential *Board and Care*	$5,234/mo					3,140		
Kids Behavioral Health of Alaska *Board and Care*	$3,150/mo					273,672		
Kids First Foundation Mar Vista *Board and Care*	$5,613/mo					108,558		
Linden Center *Board and Care*	$5,613/mo					23,743		
Mental Health Systems *Board and Care*	$4,290/mo					494,022		
(05) Total ☐ Subtotal ☒ Page: _6_of_8__			0	0	0	1,458,537	0	0

New 01/07

MM 11/18/08
CG 1/13/09

CG

Prepared By HCA Acctg/BH Unit/Mirabelle Morada

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

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☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☒	Authorize/Issue Payments to Providers
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(04) Description of Expenses — Object Accounts

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Morning Sky *Board and Care*	$5,613/mo				FYDI	24,878		
New Haven *Board and Care*	$5,613/mo					86,363		
Oak Grove Institute *Board and Care*	$5,613/mo					244,858		
OC Childrens Foundation, Inc. *Board and Care*	$5,490/mo					27,560		
Red Rock Canyon School *Board and Care*	$3,100/mo					9,180		
South Coast Children's Society *Board and Care*	$5,613/mo					70,775		
The Learning Clinic *Board and Care*	$5,132.70/mo					36,904		
Utah Youth Village *Board and Care*	$5,105.70/mo					6,819		
(05) Total ☐ Subtotal ☒ Page: _7_of_8__			0	0	0	507,337	0	0

New 01/07

MM 11/18/08
OC 1/13/09

C7

Prepared By HCA Acctg/BH Unit/Mirabelle Morada

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

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(02) Fiscal Year: FY 07-08

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(04) Description of Expenses

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
Wide Horizons Ranch *Board and Care*	$4,858/mo				Fr: D1	(A) 29,520		
Yellowstone Boys & Girls Ranch *Board and Care*	$5,150/mo					(B) 407,138		
* Includes for								
(05) Total ☒ Subtotal ☐ Page: _8_of_8__			0	0	0	10,969,480	To: B, CR2 39	0

New 01/07

MM 11/18/08
1/13/09

CD 1/14/09
HT 1/22

Prepared By HCA Acctg/BH Unit/Mirabelle Morada

C8

Σ (A) = 10,532,820
Σ (B) = 436,658
10,969,478 + rounding

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

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Daftary, N. Fr:E2 County Counsel Legal Billings	$155.60/ hour	Fr:E2 743.50				115,689		
Martin, J. County Counsel Legal Billings	$169.72/ hour	105.50				17,905		
Palmer, M. County Counsel Legal Billings	$155.60/ hour	27.50				4,279		
Palmer, M. County Counsel Legal Billings	$169.72/ hour	892.50				151,475		
Albarian, P. County Counsel Legal Billings	$123.63/ hour	3.00				371		
Due Process Hearing Fees				Fr:E2	4,250			
(05) Total ☒ Subtotal ☐ Page: _1_of_1__			0	0	4,250 To: B	289,719	To: B 0	0

MM 11/10/08
Ok 1/18/09
Co 1/16/07
HT 1/22/09

E1

SB90 Handicapped and Disabled Claim
Administrative Costs
FY 07/08

Total non-FFP Admin*	Fr:F15	21,536,311.00
Total Gross Cost*	Fr:F15	119,196,010.00
less Admin		(25,707,919.00)
ETS Contract (10-20)	Fr: F2	(1,118,802.00)
less PBH	Fr: F3	(5,425,064.00)
less Group Homes	Fr: F4	(4,668,228.72)
less Homeless Beds	Fr: F5	(127,680.00)
Less PAPG	Fr: F6	(5,513,992.00)
less Res. Rehab	Fr: F7	(1,032,120.00)
SSA	Fr: F8	(284,471.00)
Ext. Care Hosp - West	Fr: F9	(6,226,143.00)
Total Direct Costs		69,091,590.28
Admin %		31.17% To: B

* Total Admin and gross costs are taken directly from the MH Cost Report. The total gross costs are then reduced by non-HCA costs reported on the cost report to arrive at the total direct HCA costs. This calculation was approved by auditors from the SCO and is a calculation for Admin. Charges based on gross costs. Only the County AB3632 costs are multiplied by this percentage because this is a County rate.

MM 12/30/08
1/13/09
1/19/09

Prepared by HCA Acctg/BH Unit/Mirabelle Morada

Consolidated_SB90 FY0708ClaimAdmin. %

F1

SB90 HDS and SED Claims
Revenue Funding
Fiscal Year 07/08

FFP Medi-Cal Portion:

Legal Entity CGC	$ Fr:G21 83,074	
Legal Entity WYS	$ Fr:G23 86,381	
County	$ Fr:G27 761,413	
	$ 930,867.89	To:(3)

EPSDT State Share:

Legal Entity CGC	$ Fr:G21 74,102	
Legal Entity WYS	$ Fr:G23 77,052	
County	$ Fr:G27 679,180	
	$ 830,334.15	To:(4)

Revenue Funding:

(1) IDEA Funding	Fr:G4	$ 11,076,007.00	(1)
(2) SAMHSA Funding	Fr:G11	$ 87,678.20	(2)
(3) SD/MC FFP Portion		$ 930,867.89	(3)
(4) EPSDT State Share		$ 830,334.15	(4)
(5) Categorical Funding (AB3632)	Fr:G12	$ 2,140,563.00	(5)
(6) SSA Realignment	Fr:G39	$ 458,325.00	(6) To:D1
		$ 15,523,775.24	To:B

In Summary, there is a decrease of $1,746,743.36 in revenue funding from FY06/07 to FY07/08; it is largely attributed to a reduction of $1,516,319 in AB3632 Categorical Funding.

FY06/07	$	3,656,882
FY07/08	-	$2,140,563
	$	1,516,319

Prepared By:HCA Acctg/BH Unit/Mirabelle Morada

MM 12/31/08
OB 1/13/09
CO 1/16/09

G1

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

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☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☒	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses / Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses		(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
3051 - CYS CGC North		Fr: G28/G29	Fr: H11						
(7/1/07-2/29/08)	SFC 01	1.68	13,653				22,937		
	SFC 10	2.19	13,656				29,907		
	SFC 30	2.19	11,937				26,142		
	SFC 40	2.19	21,906				47,974		
	SFC 50	2.19	3,636				7,963		
	SFC 60	4.06	5,915				24,015		
3051 - CYS CGC North									
(3/1/08-6/30/08)	SFC 01	1.57	7,697				12,084		
	SFC 10	2.04	9,604				19,592		
	SFC 30	2.04	8,580				17,503		
	SFC 40	2.04	13,692				27,932		
	SFC 50	2.04	2,977				6,073		
	SFC 60	3.77	2,959				11,155		
30CE-CYS CGC BP REGION			Fr: H12						
(7/1/07-2/29/08)	SFC 01	1.68	4,233				7,111		
	SFC 10	2.19	6,625				14,509		
	SFC 30	2.19	3,107				6,804		
	SFC 40	2.19	6,317				13,834		
	SFC 50	2.19	53				116		
	SFC 60	4.06	3,349				13,597		
30CE-CYS CGC BP REGION									
(3/1/08-6/30/08)	SFC 01	1.57	2,492				3,912		
	SFC 10	2.04	3,953				8,064		
	SFC 30	2.04	4,018				8,197		
	SFC 40	2.04	4,305				8,782		
	SFC 50	2.04	0				0		
	SFC 60	3.77	1,670				6,298		
30CH-CYS WYS MV		Fr: G31/G32							
(7/1/07-2/29/08)	SFC 01	2.28	34,265				78,124		
	SFC 10	2.28	22,628				51,592		
	SFC 30	2.28	27,678				63,108		
	SFC 40	2.28	57,342				130,740		
	SFC 50	2.28	0				0		
	SFC 60	2.28	9,040				20,611		
(05) Total ☐ Subtotal ☒ Page: 1 of 11				0	0	0	688,673	0	0

New 01/07

MM 12/31/08
Ok 1/13/08
CD 1/16/09

HI

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

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(04) Description of Expenses

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
30CH-CYS WYS MV (3/1/08-6/30/08)	Fr: G31/G32	Fr: H13						
SFC 01	2.28	35,390				80,689		
SFC 10	2.28	12,747				29,063		
SFC 30	2.28	10,920				24,898		
SFC 40	2.28	37,710				85,979		
SFC 50	2.28	0				0		
SFC 60	2.28	6,411				14,617		
30CM-CYS WYS NORTH (7/1/07-2/29/08)								
SFC 01	2.28	8,379				19,104		
SFC 10	2.28	7,309				16,665		
SFC 30	2.28	1,717				3,915		
SFC 40	2.28	5,455				12,437		
SFC 50	2.28	951				2,168		
SFC 60	2.28	1,130				2,576		
30CM-CYS WYS NORTH (3/1/08-6/30/08)								
SFC 01	2.28	7,660				17,465		
SFC 10	2.28	4,355				9,929		
SFC 30	2.28	1,218				2,777		
SFC 40	2.28	4,155				9,473		
SFC 50	2.28	755				1,721		
SFC 60	2.28	599				1,366		
8034-CYS CGC EAST REGION (7/1/07-2/29/08)	Fr: G28/G29	Fr: H14						
SFC 01	1.68	8,482				14,250		
SFC 10	2.19	14,542				31,847		
SFC 30	2.19	5,415				11,859		
SFC 40	2.19	12,391				27,136		
SFC 50	2.19	3,626				7,941		
SFC 60	4.06	4,712				19,131		
8034-CYS CGC EAST REGION (3/1/08-6/30/08)								
SFC 01	1.57	6,249				9,811		
SFC 10	2.04	10,459				21,336		
SFC 30	2.04	13,511				27,562		
SFC 40	2.04	8,018				16,357		
SFC 50	2.04	2,930				5,977		
SFC 60	3.77	3,343				12,603		
(05) Total ☐ Subtotal ☒ Page: 2 of 11			0	0	0	540,653 F	0	0

MM 12/31/08
OK 1/13/08
OK 1/16/09

H2

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 07-08

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☐	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☒	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses — Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses		(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
8035-CYS WYS WEST		Fr:G31/G32	Fr:H14						
(7/1/07-2/29/08)	SFC 01	2.28	12,078				27,538		
	SFC 10	2.28	10,241				23,349		
	SFC 30	2.28	7,025				16,017		
	SFC 40	2.28	30,897				70,445		
	SFC 50	2.28	0				0		
	SFC 60	2.28	2,214				5,048		
8035-CYS WYS WEST			Fr:H15						
(3/1/08-6/30/08)	SFC 01	2.28	8,962				20,433		
	SFC 10	2.28	5,855				13,349		
	SFC 30	2.28	4,664				10,634		
	SFC 40	2.28	17,552				40,019		
	SFC 50	2.28	0				0		
	SFC 60	2.28	929				2,118		
8056-CYS WYS SJC									
(7/1/07-2/29/08)	SFC 01	2.28	18,669				42,565		
	SFC 10	2.28	21,092				48,090		
	SFC 30	2.28	25,252				57,575		
	SFC 40	2.28	42,081				95,945		
	SFC 50	2.28	0				0		
	SFC 60	2.28	5,686				12,964		
8056-CYS WYS SJC									
(3/1/08-6/30/08)	SFC 01	2.28	12,518				28,541		
	SFC 10	2.28	8,519				19,423		
	SFC 30	2.28	7,890				17,989		
	SFC 40	2.28	25,212				57,483		
	SFC 50	2.28	0				0		
	SFC 60	2.28	2,258				5,148		
8090-CYS WYS ANA									
(7/1/07-2/29/08)	SFC 01	2.28	Fr:H16 5,658				12,900		
	SFC 10	2.28	3,000				6,840		
	SFC 30	2.28	2,928				6,676		
	SFC 40	2.28	4,617				10,527		
	SFC 50	2.28	0				0		
	SFC 60	2.28	235				536		
(05) Total ☐ Subtotal ☒ Page: _3_of_11__				0	0	0	652,153	0	0

New 01/07

MM 12/31/08
1/13/09
1/18/09

H3

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 07-08

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☐	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☒	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
8090-CYS WYS ANA (3/1/08-6/30/08)	Fr: G31/G32	Fr: H16						
SFC 01	2.28	1,664				3,794 CF		
SFC 10	2.28	448				1,021 CF		
SFC 30	2.28	395				901 CF		
SFC 40	2.28	1,225				2,793 CF		
SFC 50	2.28	0				0 CF		
SFC 60	2.28	345				787 CF		
3006 - AMHS Santa Ana Clinic (7/1/07-2/29/08)	Fr: G34	Fr: H17						
SFC 01	2.14	996	2,131 CF					
SFC 10	2.83	76	215 CF					
SFC 30	2.83	261	739 CF					
SFC 40	2.83	294	832 CF					
SFC 50	2.83	0	0 CF					
SFC 60	5.91	315	1,862 CF					
3006 - AMHS Santa Ana Clinic (3/1/08-6/30/08)								
SFC 01	2.29	0	0 CF					
SFC 10	3.03	0	0 CF					
SFC 30	3.03	0	0 CF					
SFC 40	3.03	0	0 CF					
SFC 50	3.03	0	0 CF					
SFC 60	7.17	89	638 CF					
30B6 - CYS ANAH REGION (7/1/07-2/29/08)								
SFC 01	2.14	36,992	79,183 CF					
SFC 10	2.83	2,698	7,635 CF					
SFC 30	2.83	10,436	29,534 CF					
SFC 40	2.83	5,569	15,760 CF					
SFC 50	2.83	0	0 CF					
SFC 60	5.91	1,688	9,976 CF					
30B6 - CYS ANAH REGION (3/1/08-6/30/08)								
SFC 01	2.29	19,196	43,959 CF					
SFC 10	3.03	2,223	6,736 CF					
SFC 30	3.03	10,620	32,179 CF					
SFC 40	3.03	3,707	11,232 CF					
SFC 50	3.03	0	0 CF					
SFC 60	7.17	766	5,492 CF					
(05) Total ☐ Subtotal ☒ Page: 4 of 17			(A) 248,083 F	0	0	(B) 9,296 F	0	0

MM 12/31/08
Jo 1/13/09
CW 1/16/09

H4

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 07-08

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☐	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☒	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses — Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
30B8 - CYS EAST REGION	Fr: G34	Fr: H18						
(7/1/07-2/29/08) SFC 01	2.14	104,421	223,461					
SFC 10	2.83	17,816	50,419					
SFC 30	2.83	48,927	138,463					
SFC 40	2.83	53,117	150,321					
SFC 50	2.83	72	204					
SFC 60	5.91	12,583	74,366					
30B8 - CYS EAST REGION								
(3/1/08-6/30/08) SFC 01	2.29	55,667	127,477					
SFC 10	3.03	14,403	43,641					
SFC 30	3.03	23,054	69,854					
SFC 40	3.03	27,944	84,670					
SFC 50	3.03	876	2,654					
SFC 60	7.17	7,202	51,638					
30B9 - CYS WEST REGION		Fr: H19						
(7/1/07-2/29/08) SFC 01	2.14	118,631	253,870					
SFC 10	2.83	30,917	87,495					
SFC 30	2.83	54,101	153,106					
SFC 40	2.83	61,496	174,034					
SFC 50	2.83	0	0					
SFC 60	5.91	30,675	181,289					
30B9 - CYS WEST REGION								
(3/1/08-6/30/08) SFC 01	2.29	58,637	134,279					
SFC 10	3.03	18,033	54,640					
SFC 30	3.03	37,782	114,479					
SFC 40	3.03	29,845	90,430					
SFC 50	3.03	0	0					
SFC 60	7.17	15,283	109,579					
30C6 - CYS CM REGION		Fr: H20						
(7/1/07-2/29/08) SFC 01	2.14	120,624	258,135					
SFC 10	2.83	48,657	137,699					
SFC 30	2.83	75,997	215,072					
SFC 40	2.83	90,779	256,905					
SFC 50	2.83	5,649	15,987					
SFC 60	5.91	22,620	133,684					
(05) Total ☒ Subtotal ☐ Page: _5_of_11_			(a) 3,387,853 F	0	0	0	0	0

MM 12/31/08
[illegible] 1/13/09
CO 1/16/09

H5

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 07-08

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☐	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☒	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses / Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses		(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
30C6 - CYS CM REGION		Fr:G31	Fr:H20						
(3/1/08-6/30/08)	SFC 01	2.29	49,125	112,496	CF				
	SFC 10	3.03	18,686	56,619	CF				
	SFC 30	3.03	35,485	107,520	CF				
	SFC 40	3.03	35,029	108,138	CF				
	SFC 50	3.03	617	1,870	CF				
	SFC 60	7.17	9,857	70,675	CF				
30D1-CYS S LBHS			Fr:H21						
(7/1/07-2/29/08)	SFC 01	2.14	20,416	43,690	CF				
	SFC 10	2.83	15,734	44,527	CF				
	SFC 30	2.83	25,689	72,700	CF				
	SFC 40	2.83	22,996	65,079	CF				
	SFC 50	2.83	0	0	CF				
	SFC 60	5.91	12,235	72,309	CF				
30D1-CYS S LBHS									
(3/1/08-6/30/08)	SFC 01	2.29	11,133	25,495	CF				
	SFC 10	3.03	6,483	19,643	CF				
	SFC 30	3.03	10,384	31,464	CF				
	SFC 40	3.03	10,626	32,197	CF				
	SFC 50	3.03	0	0	CF				
	SFC 60	7.17	8,278	59,353	CF				
30DP-CYS MV LOS ALIS									
(7/1/07-2/29/08)	SFC 01	2.14	17,056	36,500	CF				
	SFC 10	2.83	12,492	35,352	CF				
	SFC 30	2.83	7,552	21,372	CF				
	SFC 40	2.83	13,187	37,319	CF				
	SFC 50	2.83	0	0	CF				
	SFC 60	5.91	4,762	28,143	CF				
30DP-CYS MV LOS ALIS			Fr:H22						
(3/1/08-6/30/08)	SFC 01	2.29	6,819	15,616	CF				
	SFC 10	3.03	5,956	18,047	CF				
	SFC 30	3.03	6,196	18,774	CF				
	SFC 40	3.03	8,759	26,540	CF				
	SFC 50	3.03	0	0	CF				
	SFC 60	7.17	6,640	47,609	CF				
(05) Total ☐ Subtotal ☒ Page: _6_of_11__				1,207,045 F	0	0	0	0	0

New 01/07

MM 12/31/08
OB 1/14/09
CD 1/16/09

H6

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 07-08

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☐	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☒	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses — Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
30DQ-CYS S SAN JUAN	Fr: G34	Fr: H22						
(7/1/07-2/29/08) SFC 01	2.14	80,479	172,225					
SFC 10	2.83	12,831	36,312					
SFC 30	2.83	42,339	119,819					
SFC 40	2.83	17,562	49,700					
SFC 50	2.83	0	0					
SFC 60	5.91	13,616	80,471					
30DQ-CYS S SAN JUAN								
(3/1/08-6/30/08) SFC 01	2.29	36,379	83,308					
SFC 10	3.03	4,960	15,029					
SFC 30	3.03	35,553	107,726					
SFC 40	3.03	10,185	30,861					
SFC 50	3.03	0	0					
SFC 60	7.17	8,109	58,142					
30DR-CYS MV NEWHART		Fr: H23						
(7/1/07-2/29/08) SFC 01	2.14	7,298	15,618					
SFC 10	2.83	4,123	11,668					
SFC 30	2.83	5,429	15,364					
SFC 40	2.83	18,090	51,195					
SFC 50	2.83	0	0					
SFC 60	5.91	165	975					
30DR-CYS MV NEWHART								
(3/1/08-6/30/08) SFC 01	2.29	5,902	13,516					
SFC 10	3.03	3,263	9,887					
SFC 30	3.03	5,751	17,426					
SFC 40	3.03	11,039	33,448					
SFC 50	3.03	0	0					
SFC 60	7.17	305	2,187					
30DS-CYS S CROWN VA		Fr: H24						
(7/1/07-2/29/08) SFC 01	2.14	12,016	25,714					
SFC 10	2.83	9,472	26,808					
SFC 30	2.83	5,174	14,642					
SFC 40	2.83	13,483	38,157					
SFC 50	2.83	0	0					
SFC 60	5.91	0	0					
(05) Total ☐ Subtotal ☒ Page: 7 of 11			(A) 1,030,194 F	0	0	0	0	0

New 01/07

MM 12/31/08
1/14/08
CO 1/16/09

H7

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 07-08

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☐	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☒	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses — Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses		(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
30DS-CYS S CROWN VA		Fr: 634	Fr: H24						
(3/1/08-6/30/08)	SFC 01	2.29	5,851	13,399	OF				
	SFC 10	3.03	5,948	18,022	OF				
	SFC 30	3.03	905	2,742	OF				
	SFC 40	3.03	6,423	19,462	OF				
	SFC 50	3.03	0	0	OF				
	SFC 60	7.17	0	0	OF				
30DT-CYS S SAN CLEMENTE									
(7/1/07-2/29/08)	SFC 01	2.14	5,923	12,675	OF				
	SFC 10	2.83	1,409	3,987	OF				
	SFC 30	2.83	1,623	4,593	OF				
	SFC 40	2.83	7,744	21,916	OF				
	SFC 50	2.83	0	0	OF				
	SFC 60	5.91	3,376	19,952	OF				
30DT-CYS S SAN CLEMENTE			Fr: H25						
(3/1/08-6/30/08)	SFC 01	2.29	3,358	7,690	OF				
	SFC 10	3.03	1,577	4,778	OF				
	SFC 30	3.03	4,590	13,908	OF				
	SFC 40	3.03	4,461	13,517	OF				
	SFC 50	3.03	0	0	OF				
	SFC 60	7.17	340	2,438	OF				
30DU-CYS S RH DANA									
(7/1/07-2/29/08)	SFC 01	2.14	30,761	65,829	OF				
	SFC 10	2.83	21,659	61,295	OF				
	SFC 30	2.83	18,600	52,638	OF				
	SFC 40	2.83	34,350	97,211	OF				
	SFC 50	2.83	0	0	OF				
	SFC 60	5.91	589	3,481	OF				
30DU-CYS S RH DANA			Fr: H26						
(3/1/08-6/30/08)	SFC 01	2.29	28,096	64,340	OF				
	SFC 10	3.03	11,058	33,506	OF				
	SFC 30	3.03	11,139	33,751	OF				
	SFC 40	3.03	19,532	59,182	OF				
	SFC 50	3.03	0	0	OF				
	SFC 60	7.17	0	0	OF				
(05) Total ☐ Subtotal ☒ Page: 8 of 11				(A) 630,311	0	0	0	0	0

MM 12/31/08
OC 1/14/09

CO 1/16/09

H8

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 07-08

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☐	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☒	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses / Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses		(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
8001 - AMHS Anaheim Clinic		Fr: G34	Fr: H26						
(7/1/07-2/29/08)	SFC 01	2.14	0	0					
	SFC 10	2.83	0	0					
	SFC 30	2.83	105	297	CF				
	SFC 40	2.83	0	0					
	SFC 50	2.83	0	0					
	SFC 60	5.91	0	0					
8002 - CYS Mission Viejo Region									
(7/1/07-2/29/08)	SFC 01	2.14	651	1,393	CF				
	SFC 10	2.83	193	546	CF				
	SFC 30	2.83	292	826	CF				
	SFC 40	2.83	415	1,174	CF				
	SFC 50	2.83	0	0	CF				
	SFC 60	5.91	365	2,157	CF				
8002 - CYS South Region			Fr: H27						
(7/1/07-2/29/08)	SFC 01	2.14	135,309	289,561	CF				
	SFC 10	2.83	11,506	32,562	CF				
	SFC 30	2.83	34,125	96,574	CF				
	SFC 40	2.83	42,971	121,608	CF				
	SFC 50	2.83	0	0	CF				
	SFC 60	5.91	969	5,727	CF				
8002 - CYS South Region									
(3/1/08-6/30/08)	SFC 01	2.29	61,034	139,768	CF				
	SFC 10	3.03	5,608	16,992	CF				
	SFC 30	3.03	13,382	40,547	CF				
	SFC 40	3.03	30,605	92,733	CF				
	SFC 50	3.03	0	0	CF				
	SFC 60	7.17	943	6,761	CF				
8067-CYS NORTH REGION			Fr: H28						
(7/1/07-2/29/08)	SFC 01	2.14	157,990	338,099	CF				
	SFC 10	2.83	46,605	131,892	CF				
	SFC 30	2.83	81,850	231,636	CF				
	SFC 40	2.83	55,885	158,155	CF				
	SFC 50	2.83	0	0	CF				
	SFC 60	5.91	27,541	162,767	CF				
(05) Total ☐ Subtotal ☒ Page: 9 of 11				(A) 1,871,776 F	0	0	0	0	0

New 01/07

MM 12/31/08
CO 1/14/09
CO 1/16/09

H9

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 07-08

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☐	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☒	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
	Object Accounts							
8067-CYS NORTH REGION (3/1/08-6/30/08) SFC 01	F:G34 2.29	F:H28 82,044	187,881					
SFC 10	3.03	25,201	76,359					
SFC 30	3.03	37,578	113,861					
SFC 40	3.03	26,249	79,534					
SFC 50	3.03	0	0					
SFC 60	7.17	13,017	93,332					
(05) Total ☒ Subtotal ☐ Page: 10 of 11			Ⓐ 550,967	0	0	Ⓑ 0	0	0

New 01/07

Sum of (c) on pgs 1-10 = 3,987,129 CR:H28

H10

MM 12/31/08

1/14/09

1/14/09

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 07-08

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☐	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☒	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses — Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
	Fr: I 4.4	(g) / (b)						
OLIVE CREST TREATMENT *Letter Agreement*	4.65	296				1,375		
	126.49	83				10,525	14,187 CR: I1	
	2.51	911				2,287		
HARBOR VIEW CENTER *Letter Agreement*	Fr: I5.4 108.46	36				3,905	19,396 CR: I1	
	Fr: I5.10 1.55	9,994				15,491		
KANYE ERAS CENTER *Letter Agreement*	Fr: I6.4 2.61	1,717				Fr: I1 4,480		
COUNTY OF RIVERSIDE *Letter Agreement*						9,504		
COUNTY OF SACRAMENTO *Letter Agreement*	Fr: I8.4 1.98	2,610				5,168		
COUNTY OF MONTEREY *Letter Agreement*						651		
TULARE COUNTY *Letter Agreement*	Fr: I10 180.07	28				Fr: I3 5,004		
SUN BRIDGE HARBOR VIEW *Letter Agreement*						124		
THE HELP GROUP *Letter Agreement*	Fr: I11.5 2.61	1,341				3,500		
HATHAWAY-SYCAMORES *Letter Agreement*	Fr: I12 2.61	1,533				4,000		
			2(1)			4(3) = 1,890,775 + Fr: I1 66,013 = 1,956,788		
(05) Total ☐ Subtotal ☒ Page: _11_of_11__			= 8,926,228	0	0	1,956,788	0	0

MM 1/21/09

H10.1

CW 1/21/09

ITEM 11
REIMBURSEMENT CLAIMS
EXHIBIT D-3

ITEM 11
REIMBURSEMENT CLAIMS
EXHIBIT D-3

CLAIM FOR PAYMENT
Pursuant to Government Code Section 17561
CONSOLIDATION OF HDS, HDS II, AND SED: OUT OF STATE MENTAL HEALTH SERVICES

For State Controller Use Only	PROGRAM
(19) Program Number 00273 (20) Date Filed (21) LRS Input 273	273

(01) Claimant Identification Number
AUDITOR-CONTROLLER

(02) Claimant Name
AUDITOR-CONTROLLER, COUNTY OF ORANGE

Address
P.O. BOX 567

SANTA ANA, CA 92702

Type of Claim	Estimated Claim	Reimbursement Claim
	(03) Estimated ☐	(09) Reimbursement ☐
	(04) Combined ☐	(10) Combined ☐
	(05) Amended ☐	(11) Amended ☒

Fiscal Year of Cost	(06) 2009/2010	(12) 2008/2009	
Total Claimed Amount	(07) 0	(13) 4,942,577	
Less: 10% Late Penalty		(14) 10,000	
Less: Prior Claim Payment Received		(15) 0	
Net Claimed Amount		(16) 4,932,577	
Due from State	(08) 0	(17) 4,932,577	
Due to State		(18) 0	

Reimbursement Claim Data	
(22) FORM-1, (03)	202
(23) FORM-1, (04)(A)(g)	0
(24) FORM-1, (04)(B)(g)	0
(25) FORM-1, (04)(C)(g)	0
(26) FORM-1, (04)(D)(g)	0
(27) FORM-1, (04)(E)(g)	0
(28) FORM-1, (04)(F)(g)	0
(29) FORM-1, (04)(G)(g)	10,540,143
(30) FORM-1, (04)(H)(g)	10,828,666
(31) FORM-1, (04)(I)(g)	278,541
(32) FORM-1, (06)	31.67%
(33) FORM-1, (07)	2,783,471
(34) FORM-1, (09)	0
(35) FORM-1, (10)	19,488,244
(36) FORM-1, (11)	

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer: Mark Refowitz

Date: Feb. 14, 2011

Mark Refowitz
Type or Print Name

Director of Mental Health
Title

(38) Name of Contact Person for Claim

Telephone Number (714) 834 - 5313

Celia Diaz-Garcia

E-mail Address cdiaz-garcia@ochca.com

Form FAM-27 (New 01/07)

↳ sent an original & a copy of the

PROGRAM 273

MANDATED COSTS

CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES

CLAIM SUMMARY

FORM 1

(01) Claimant: County of Orange, Auditor-Controller Office
P.O. Box 567
Santa Ana, Ca 92702

(02) Type of Claim
Reimbursement [X]
Estimated [ ]

Fiscal Year 2008__/2009__

(03) Number of pupils placed in out-of-state residential programs in the fiscal year of claim: 202

Direct Costs	Object Accounts						
(04) Reimbursable Components	(a) Salaries	(b) Benefits	(c) Materials and Supplies	(d) Contract Services	(e) Fixed Assets	(f) Travel	(g) Total
A. Revise Interagency Agreement							
B. Renew Interagency Agreement							
C. Referral & Mental Health Assessments							
D. Transfers & Interim Placements							
E. Participation as Member of IEP Team							
F. Designation of Lead Case Manager							
G. Authorize/Issue Payments to Providers				10,540,143			10,540,143
H. Psychotherapy/Other Mental Health Services	8,788,983			2,039,683			10,828,666
I. Participation in Due Process Hearings			1,561	276,980			278,541
(05) Total Direct Costs	8,788,983		1,561	12,856,806			21,647,350

Indirect Costs			
(06) Indirect Cost Rate	[From ICRP]		31.67%
(07) Total Indirect Costs	[Line (06) x line (5)(a)] or [Line (06) x ([line (05)(a) + line (05)(b)])	[31.67%*$8,788,983]	2,783,471
(08) Total Direct and Indirect Costs	[Line (05)(g) +line (07)]		24,430,821
Cost Reduction			
(09) Less: Offsetting Savings			
(10) Less: Other Reimbursements			19,488,244
(11) Total Claimed Amount	[Line (08) - ([line (09) - Line (10)])		4,942,577

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 08-09

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	X	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☐	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses — Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
Alpine Academy *Mental Health Services*	$123.88/day					66,028		
Aspen Solutions/Aspen Ranch *Mental Health Services*	$88/day					4,488		
Aspen Solutions/Youth Care *Mental Health Services*	$95/day					4,465		
Cathedral Home for Children *Mental Health Services*	$150/day					1,089,650		
Chileda *Mental Health Services*	$112.90/day					44,401		
Cinnamon Hill Youth Crisis Center *Mental Health Services*	$80/day					467,640		
Colorado Boys Ranch *Mental Health Services*	$111.94/day					58,097		
DaystarResidential, Inc. *Mental Health Services*	$80/day					327,600		
(05) Total ☐ Subtotal X Page: _1_of_7__			0	0	0	2,042,369	0	0

New 01/07

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 08-09

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☒	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☐	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses — Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
Devereux Cleo Wallace *Mental Health Services*	$149/day					328,992		
Devereux Foundation *Mental Health Services*	$180.07/day					383,009		
Devereux Texas Treatment Network *Mental Health Services:*						786,178		
Unit 1	$161.91/day							
Unit 4/5	$122.55/day							
Unit 3/8	$167.74/day							
Victoria Campus(Children)	$62.88/day							
Victoria(Adult)	$37.29/day							
Excelsior Youth Care *Mental Health Services*	$98.76/day					204,260		
Griffith Center for Children *Mental Health Services*	$123.53/ day					28,535		
Heritage Schools *Mental Health Services*	$59.00/day					176,351		
Inter Mountain Deaconess Home For Children *Mental Health Services*	$82.73/day					17,539		
(05) Total ☐ Subtotal ☒ Page: _2_of_7__			0	0	0	1,924,865	0	0

New 01/07

Prepared By: HCA Acctg/BH Unit/Mirabelle Esperza

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 08-09

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☒	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☐	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
			Object Accounts					
Kids Behavioral Health of Alaska *Mental Health Services*	$110/day					72,710		
The Learning Clinic *Mental Health Services*	$47.68/day					4,291		
Mental Health Systems, Inc.(Logan River) *Mental Health Services*	$81.28/day					11,623		
Mental Health System, Inc (Provo) *Mental Health Services*	$81/day					58,482		
Red Rock Canyon School *Mental Health Services*	$112/day					40,880		
Yellowstone Boys and Girls Ranch *Mental Health Services*	$80/day					201,040		
(05) Total ☐ Subtotal ☒ Page: _3_of_7__			0	0	0	389,026	0	0

Grand Total for MHS services 4,358,280

Prepared By: HCA Acctg/BH Unit/Mirabelle Esperza

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 08-09

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☒	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☐	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses — Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
Alpine Academy *Board and Care*	$5,105.70/mo					47,943		
Aspen Solutions/Aspen Ranch *Board and Care*	$6,282/mo					11,150		
Boys Town California, Inc. *Board and Care*	$5,490/mo					116,267		
Broad Horizons *Board and Care*	$5,891/mo					3,535		
Cathedral Home for Children *Board and Care*	$6,270/mo					898,359		
Chileda Institute *Board and Care*	$6,270/mo					52,166		
Cinnamon Hill Youth Crisis Center *Board and Care*	$ 6,694/mo					980,218		
Colorado Boys Ranch *Board and Care*	$4,759.80/mo					49,407		
(05) Total ☐ Subtotal ☒ Page: _4_of_7__			0	0	0	2,157,046	0	0

New 01/07

Prepared By: HCA Acctg/BH Unit/Mirabelle Esparza

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 08-09

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☒	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☐	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses / Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
Daystar Residential, Inc. *Board and Care*	$5,241/mo					429,238		
Devereux Cleo Wallace *Board and Care*	$5,970/mo					306,767		
Devereux Foundation *Board and Care:*	$6,270/mo					265,937		
Devereux Texas Treatment Network *Board and Care:*	$6,270/mo					647,098		
Emily Griffith Center for Children *Board and Care*	$4,950/mo					32,868		
Excelsior Youth *Board and Care*	$4,789.50/mo					208,757		
Family Life Center *Board and Care*	$5,891/mo					476,815		
Father Flanagan's Girls & Boys Town *Board and Care*	$5,490/mo					66,158		
(05) Total ☐ Subtotal ☒ Page: _5_of_7__			0	0	0	2,433,637	0	0

Prepared By: HCA Acctg/BH Unit/Mirabella Esparza

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 08-09

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☒	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☐	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses — Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
Heritage *Board and Care*	$6,694/mo					399,587		
Intermountain Deaconess Home *Board and Care*	$6,694/mo					41,719		
Kids Behavioral Health of Alaska *Board and Care*	$3,255/mo					41,580		
Kids First Foundation Mar Vista *Board and Care*	$5,891/mo					119,075		
Mental Health Systems *Board and Care*	$4,440/mo					74,781		
New Haven *Board and Care*	$5,891/mo					169,173		
Oak Grove Institute *Board and Care*	$5,891/mo					249,010		
Olive Crest Institute *Board and Care*	$5,891/mo					50,593		
(05) Total ☐ Subtotal ☒ Page: _6_of_7__			0	0	0	1,145,518	0	0

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 08-09

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☒	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☐	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses — Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
Red Rock Canyon School *Board and Care*	$3,100/mo					21,900		
San Diego Center For Children *Board and Care*	$6,694/mo					16,859		
South Coast Children's Society *Board and Care*	$6,694/mo					20,082		
The Learning Clinic *Board and Care*	$5,509.63/mo					17,222		
Utah Youth Village *Board and Care*	$4,941/mo					9,091		
West Ridge Academy *Board and Care*	$4,500/mo					45,810		
Wide Horizons Ranch *Board and Care*	$5,092/mo					6,110		
Yellowstone Boys & Girls Ranch *Board and Care*	$6,180/mo					310,607		
(05) Total ☒ Subtotal ☐ Page: _7_of_7__			0	0	0	10,540,143	0	0

Grand Total for Board & Care services 6,183,883

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 08-09

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☐	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☐	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☒	Participation in Due Process Hearings

(04) Description of Expenses / Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
Palmer, M. County Counsel Legal Billings	$168.43/ hour	1,139.50				191,926		
Palmer, M. County Counsel Legal Billings	$181.74/ hour	468.00				85,054		
Due Process Hearing Fees					1,561			
(05) Total ☒ Subtotal ☐ Page: _1_of_1__			0	0	1,561	276,980	0	0

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 08-09

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☐	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☒	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses — Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses		(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
3051 - CYS CGC North									
(7/1/08-6/30/09)	SFC 01	1.51	21,684				32,743		
	SFC 10	1.95	31,838				62,094		
	SFC 30	1.95	17,761				34,634		
	SFC 40	1.95	42,239				82,366		
	SFC 50	1.95	9,669				18,855		
	SFC 60	3.61	11,052				39,898		
30CE-CYS CGC BP REGION									
(7/1/08-6/30/09)	SFC 01	1.51	5,634				8,507		
	SFC 10	1.95	9,164				17,870		
	SFC 30	1.95	3,608				7,036		
	SFC 40	1.95	17,023				33,195		
	SFC 50	1.95	631				1,230		
	SFC 60	3.61	3,868				13,963		
30CH-CYS WYS MV									
(7/1/08-6/30/09)	SFC 01	2.31	81,990				189,397		
	SFC 10	2.31	40,635				93,887		
	SFC 30	2.31	26,603				61,453		
	SFC 40	2.31	97,008				224,084		
	SFC 50	2.31	2,240				5,174		
	SFC 60	2.31	19,241				44,447		
30CM-CYS WYS NORTH									
(7/1/08-6/30/09)	SFC 01	2.31	15,974				36,900		
	SFC 10	2.31	9,166				21,173		
	SFC 30	2.31	6,131				14,163		
	SFC 40	2.31	9,915				22,904		
	SFC 50	2.31	1,898				4,384		
	SFC 60	2.31	2,474				5,715		
8034-CYS CGC EAST REGION									
(7/1/08-6/30/09)	SFC 01	1.51	21,125				31,898		
	SFC 10	1.95	34,629				67,527		
	SFC 30	1.95	25,689				50,113		
	SFC 40	1.95	33,753				65,818		
	SFC 50	1.95	5,782				11,275		
	SFC 60	3.61	9,812				35,421		
(05) Total ☐ Subtotal ☒ Page: _1_of_6__				0	0	0	1,338,096	0	0

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 08-09

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☐	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☒	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses — Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses		(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
8035-CYS WYS WEST									
(7/1/08-6/30/09)	SFC 01	2.31	37,108				85,719		
	SFC 10	2.31	23,750				54,863		
	SFC 30	2.31	21,441				49,529		
	SFC 40	2.31	54,950				126,935		
	SFC 50	2.31	0				0		
	SFC 60	2.31	4,400				10,164		
8056-CYS WYS SJC									
(7/1/08-6/30/09)	SFC 01	2.31	39,872				92,104		
	SFC 10	2.31	14,756				34,086		
	SFC 30	2.31	9,501				21,947		
	SFC 40	2.31	48,657				112,398		
	SFC 50	2.31	0				0		
	SFC 60	2.31	6,874				15,879		
8090-CYS WYS ANA									
(7/1/08-6/30/09)	SFC 01	2.31	5,253				12,134		
	SFC 10	2.31	3,508				8,103		
	SFC 30	2.31	4,342				10,030		
	SFC 40	2.31	7,777				17,966		
	SFC 50	2.31	0				0		
	SFC 60	2.31	1,327				3,066		
30B6 - CYS ANAH REGION									
(7/1/08-6/30/09)	SFC 01	2.52	40,593	102,294					
	SFC 10	3.25	3,768	12,246					
	SFC 30	3.25	2,825	9,181					
	SFC 40	3.25	3,329	10,819					
	SFC 50	3.25	0	0					
	SFC 60	6.00	2,604	15,624					
30B8 - CYS EAST REGION									
(7/1/08-6/30/09)	SFC 01	2.52	126,971	319,987					
	SFC 10	3.25	35,778	116,279					
	SFC 30	3.25	82,727	268,863					
	SFC 40	3.25	84,947	276,078					
	SFC 50	3.25	627	2,038					
	SFC 60	6.00	18,768	112,608					
(05) Total ☐ Subtotal ☒ Page: 2 of 6				1,245,997	0	0	654,922	0	0

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 08-09

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☐	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☒	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses — Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses		(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
30B9 - CYS WEST REGION									
(7/1/08-6/30/09)	SFC 01	2.52	159,307	401,464					
	SFC 10	3.25	37,051	120,416					
	SFC 30	3.25	82,043	266,640					
	SFC 40	3.25	80,635	262,064					
	SFC 50	3.25	0	0					
	SFC 60	6.00	39,156	234,936					
30C8 - CYS CM REGION									
(7/1/08-6/30/09)	SFC 01	2.52	127,117	320,335					
	SFC 10	3.25	48,408	157,326					
	SFC 30	3.25	90,266	293,365					
	SFC 40	3.25	86,097	279,815					
	SFC 50	3.25	0	0					
	SFC 60	6.00	26,946	161,676					
30D1-CYS S LBHS									
(7/1/08-6/30/09)	SFC 01	2.52	26,429	66,601					
	SFC 10	3.25	15,260	49,595					
	SFC 30	3.25	26,920	87,490					
	SFC 40	3.25	33,613	109,242					
	SFC 50	3.25	0	0					
	SFC 60	6.00	21,267	127,602					
30DP-CYS MV LOS ALIS									
(7/1/08-6/30/09)	SFC 01	2.52	23,188	58,434					
	SFC 10	3.25	18,356	59,657					
	SFC 30	3.25	26,873	87,337					
	SFC 40	3.25	22,083	71,770					
	SFC 50	3.25	0	0					
	SFC 60	6.00	13,935	83,610					
30DQ-CYS S SAN JUAN									
(7/1/08-6/30/09)	SFC 01	2.52	115,589	291,284					
	SFC 10	3.25	16,876	54,847					
	SFC 30	3.25	68,559	222,817					
	SFC 40	3.25	23,713	77,087					
	SFC 50	3.25	0	0					
	SFC 60	6.00	27,432	164,592					
(05) Total ☐ Subtotal ☒ Page: _3_of_6__				4,109,970	0	0	0	0	0

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 08-09

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☐	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☒	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses — Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses		(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
30DR-CYS MV NEWHART									
(7/1/08-6/30/09)	SFC 01	2.52	17,125	43,155					
	SFC 10	3.25	11,381	36,988					
	SFC 30	3.25	21,594	70,181					
	SFC 40	3.25	14,939	48,552					
	SFC 50	3.25	0	0					
	SFC 60	6.00	2,110	12,660					
30DS-CYS S CROWN VA									
(7/1/08-6/30/09)	SFC 01	2.52	25,165	63,416					
	SFC 10	3.25	12,250	39,813					
	SFC 30	3.25	12,499	40,622					
	SFC 40	3.25	20,174	65,566					
	SFC 50	3.25	0	0					
	SFC 60	6.00	307	1,842					
30DT-CYS S SAN CLEMENTE									
(7/1/08-6/30/09)	SFC 01	2.52	22,246	56,080					
	SFC 10	3.25	9,029	29,344					
	SFC 30	3.25	13,342	43,362					
	SFC 40	3.25	27,832	90,454					
	SFC 50	3.25	0	0					
	SFC 60	6.00	29	174					
30DU-CYS S RH DANA									
(7/1/08-6/30/09)	SFC 01	2.52	97,488	245,670					
	SFC 10	3.25	25,456	82,732					
	SFC 30	3.25	18,974	61,666					
	SFC 40	3.25	47,480	154,310					
	SFC 50	3.25	0	0					
	SFC 60	6.00	201	1,206					
8002 - CYS South Region									
(7/1/08-6/30/09)	SFC 01	2.52	144,249	363,507					
	SFC 10	3.25	12,000	39,000					
	SFC 30	3.25	29,098	94,569					
	SFC 40	3.25	66,327	215,563					
	SFC 50	3.25	0	0					
	SFC 60	6.00	763	4,578					
(05) Total ☐ Subtotal ☒ Page: _4_of_6__				1,904,990	0	0	0	0	0

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant: Orange County Health Care Agency

(02) Fiscal Year: FY 08-09

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☐	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☒	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses / Object Accounts

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
8067 - CYS NORTH REGION								
(7/1/08-6/30/09) SFC 01	2.52	211,974	534,174					
SFC 10	3.25	70,106	227,841					
SFC 30	3.25	101,385	329,501					
SFC 40	3.25	63,928	207,760					
SFC 50	3.25	0	0					
SFC 60	6.00	38,125	228,750					
(05) Total ☐ Subtotal ☒ Page: _5_of_6__			1,528,026	0	0	0	0	0

Grand Total DOS = 3,899,389

New 01/07

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2

(01) Claimant Orange County Health Care Agency (02) Fiscal Year FY 08-09

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

☐	Revised Interagency Agreement	☐	Transfers & Interim Placements	☐	Authorize/Issue Payments to Providers
☐	Renew Interagency Agreement	☐	Participation as Member of IEP Team	☒	Psychotherapy/Other Mental Health Services
☐	Referral & Mental Health Assessments	☐	Designation of Lead Case Manager	☐	Participation in Due Process Hearings

(04) Description of Expenses

(a) Employee Names, Job Classification, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	Object Accounts (d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel
THE HELP GROUP *Letter Agreement*	2.61	2,236				5,835		
HATHAWAY-SYCAMORES *Letter Agreement*	2.61	15,644				40,830		
(05) Total ☒ Subtotal ☐ Page: _6_of_6__			8,788,983	0	0	2,039,683	0	0

New 01/07

SB90 HDS and SED Claims
Revenue Funding
Fiscal Year 08/09

FFP Medi-Cal Portion:

Legal Entity CGC	$	124,249	
Legal Entity WYS	$	133,989	
County	$	726,776	
	$	985,012.93	To:(3)

EPSDT State Share:

Legal Entity CGC	$	76,359	
Legal Entity WYS	$	81,338	
County	$	445,891	
	$	603,588.35	To:(4)

Revenue Funding:

(1) IDEA Funding (federal funding)	$	11,076,007.00	(1)
(2) SAMHSA Funding (federal funding)	$	179,133.30	(2)
(3) SD/MC FFP (federal funding)	$	985,012.93	(3)
(4) EPSDT (state funding)	$	603,588.35	(4)
(5) Categorical Funding (AB3632) (state fu	$	6,644,502.00	(5)
	$	19,488,243.57	

In Summary, the increase of $4,345,511.33 in revenue funding from FY07/08 to FY08/09 is largely attributed to an increase of $4,503,939 in AB3632 Categorical Funding.

FY08/09	$	6,644,502
FY07/08	$	(2,140,563)
	$	4,503,939

Prepared By:HCA Acctg/BH Unit/Mirabelle Esparza

SB90 Handicapped and Disabled Claim
Administrative Costs
FY 08/09

Administrative Gross Cost (includes R&E and QA&UR)		29,429,408.00
PacifiCare Administrative Cost		(608,484.00)
Due Process (Job #H2720610)		(278,541.00)
FFP		(5,243,819.00)
FFP - attributable to Due Process		53,730.56
FFP - PacifiCare Adm. Cost		0.00
Administrative Adjusted Net Cost		$ 23,354,294.56
Total Gross Cost*		127,841,436.00
Admin Exp.		(29,429,408.00)
ETS Contract (10-20)	H2620MHZ	(1,192,134.00)
PacificCare Behavioral Health		(4,797,834.00)
Group Homes	H2720CVZ	(4,356,260.00)
Homeless Beds	H2620MWZ	(133,686.00)
PAPG	Cost Report	(5,055,071.00)
Res. Rehab	H2620NHZ	(1,029,300.00)
Letter Agreements	H2710CFZ, H2720BRZ, EQZ, ERZ	(252,041.00)
SSA	H2620MFZ	(186,490.00)
Ext. Care Hosp - West	H2620MCZ, RYZ	(7,655,450.00)
Total Direct Costs		$ 73,753,762.00
Admin %		31.67%

* Total Admin and gross costs are taken directly from the MH Cost Report. The total gross costs are then reduced by non-HCA costs reported on the cost report to arrive at the total direct HCA costs. This calculation was approved by auditors from the SCO and is a calculation for Admin. Charges based on gross costs. Only the County AB3632 costs are multiplied by this percentage because this is a County rate.

Reconciliation of Direct Cost for the County:	
Total Direct Costs (Above)	73,753,762.00
Ext. Care Hosp - West	7,655,450
ETS Contract (10-20)	1,192,134
MAA	(2,067,409)
MHSA Expenditures	(13,877,549)
Sub Total Adjustments	(7,097,374)
Bal. to Direct Service (sch D1)	66,656,388.00

Prepared by HCA Acctg/BH Unit/Mirabelle Esparza

Consolidated_SB90 FY0809Claim_020111Admin. %