

## **5122-26-19 [Effective until 7/1/2012] Uniform cost reporting.**

### (A) Definitions

(1) The following definitions apply to this rule:

(a) "ADAMHS board" means an alcohol, drug addiction and mental health services board as defined in Chapter 340. of the Revised Code.

(b) "CMH agency" means any community mental health agency as defined in section 5122.01 of the Revised Code which has been certified by the Ohio department of mental health in accordance with the requirements of section 5119.611 of the Revised Code.

(c) "CMH board" means a community mental health board as defined in Chapter 340. of the Revised Code.

(d) "CMS" means the Centers for Medicare and Medicaid Services.

(e) "ODMH" means the Ohio department of mental health.

(f) "OMB A-87" means the most current version of the office of management and budget circular "A-87, Cost Principles for State, Local, and Indian Tribal Governments". This can be found at the following internet site: <http://www.whitehouse.gov/omb/circulars/index.html>.

(g) "OMB A-122" means the most current version of the office of management and budget circular "A-122, Cost Principles for Non-Profit Organizations". This can be found at the following internet site: <http://www.whitehouse.gov/omb/circulars/index.html>.

(h) "PRM, Part 1" means the most current version of the provider reimbursement manual, part 1 as published by CMS. This can be found at the following internet site: <http://www.cms.hhs.gov/manuals/cmsindex.asp>.

(i) "SFY" means state fiscal year. This is the time period commencing on July first of any given calendar year and completing on June thirtieth of the following calendar year.

(j) "UCR" means uniform cost report. The form is designated as "ODMH-FIS-047" in appendix A of this rule. When completed on a prospective basis using budget cost information for a SFY, it is considered a budgeted UCR. When completed on a retrospective basis using actual cost information for a SFY, it is considered an actual UCR.

(k) "UFMS" means uniform financial management system. Appendix A of this rule in its entirety, including the UCR.

(l) "UPI" means unique provider identification number. This number represents an ODMH certified community mental health agency and owner (indicated by a single federal tax identification number) operating at a discrete physical location.

(B) Beginning with SFY 2006 cost reporting, the principles set forth in this rule are applicable to all UCRs filed with ODMH for the purpose of reporting costs associated with providing mental health services as defined in Chapter 5122-29 of the Administrative Code. All UCRs must be completed by utilizing generally

accepted accounting principles and all costs must be allocated, either directly or indirectly, to the services that benefit from the cost.

(C) All mental health agencies must use the uniform cost report to report all costs associated with providing mental health services regardless of anticipated or actual payor source(s).

(1) The three options for completion and filing of UCRs are:

(a) By discrete UPIs;

(b) By bundling costs from multiple physical locations and reporting these under a single UPI; or

(c) At the corporate level by reporting all service costs associated with multiple physical locations under a single UPI and federal tax identification number combination.

(D) Any community mental health agency not receiving funding from an ADAMHS board, a CMH board, or directly from ODMH, may file the following statement in lieu of an actual UCR: "I do hereby certify that my agency has not received any funding from an ADAMHS board, a CMH board, or directly from ODMH, in the past SFY and am filing this statement in lieu of an actual UCR." This statement must be submitted on agency letterhead and signed by the agency director.

(E) All programs must file an actual UCR or the statement in lieu of an actual UCR with ODMH within one hundred eighty days of the close of a SFY. Any ODMH certified CMH agency failing to file an actual UCR or the statement in lieu of an actual UCR with ODMH, and sending a copy to the local ADAMHS/CMH board in which the agency's primary place of business is located, within one hundred eighty days after the close of a SFY may have its ODMH certification status terminated in accordance with rule 5122-25-07 of the Administrative Code.

(F) When an incomplete or inadequate actual UCR is filed with ODMH within the prescribed time period, ODMH will notify the ODMH certified CMH agency of the discrepancy(ies) and send a copy of the notification to the local ADAMHS/CMH board in which the agency's primary place of business is located. The ODMH certified CMH agency has forty-five days from the date of the notification of the discrepancy (ies) to re-file a complete and adequate UCR with ODMH, including sending a copy to the local ADAMHS/CMH board in which the agency's primary place of business is located. Failure to re-file a complete and adequate UCR may result in ODMH proposing that the agency's certification status be terminated in accordance with rule 5122-25-07 of the Administrative Code.

(G) All cost data must be reported using the accrual basis of accounting.

(H) Cost categories

(1) Allowable costs – for privately owned and/or operated not-for-profit programs, allowable costs shall be determined in accordance with 42 CFR 413 and OMB A-122 . For governmentally owned and/or operated programs, allowable costs shall be determined in accordance with 42 CFR 413 and OMB A-87 . For privately owned and/or operated for-profit programs, allowable costs shall be determined in accordance with 42 CFR 413 and the PRM, Part 1.

(2) Unallowable costs – for privately owned and/or operated not for profit programs, unallowable costs shall be determined in accordance with 42 CFR 413 and OMB A-122 . For governmentally owned and/or operated programs, unallowable costs shall be determined in accordance with 42 CFR 413 and OMB A-87 .

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For privately owned and/or operated for-profit programs, unallowable costs shall be determined in accordance with 42 CFR 413 and the PRM, Part 1.

(3) Direct service personnel costs – direct service personnel costs shall represent the full salary and benefit costs of those personnel who provide direct services to the clients.

(4) Support service personnel costs – support service personnel costs shall represent the full salary and benefit costs of those personnel who directly support a specific mental health service or services.

(5) Nonpersonnel costs – are those costs necessary for, and allocated to, specific direct services.

(6) Administrative overhead costs – administrative overhead costs are those personnel and nonpersonnel costs that benefit the agency as a whole and cannot be allocated to a specific service or services.

(I) An actual UCR must be audited in accordance with the UCR audit requirements and procedures as set forth in rules established by ODMH.

(J) Certified CMH agencies must keep all actual UCRs and the supporting documentation necessary to fully disclose the extent of services provided and costs associated with providing those services for a period of seven SFYs from the date a service is rendered, or until all financial reporting obligations which include data contained in the UCR have been completed, whichever is longer.

See the following Appendices to this rule at <http://www.mh.state.oh.us/licensurecert/rules.cert.standards/5122-26-19.pdf>

Uniform Cost Reporting

Form A-1 Uniform Cost Report (UCR)

Personnel Services Costs Worksheet

Non-Personnel Cost Worksheet

Administrative Overhead Cost Distribution Worksheet

Effective: 01/09/2006 R.C. 119.032 review dates: 10/25/2005 and 01/09/2011 Promulgated Under: 119.03 Statutory Authority: 5119.61(A), 5119.611(C)Rule Amplifies: 5119.61(A), 5119.611(C)Prior Effective Dates: 7/22/04, 2/24/05, 7/1/05

Agency Name : \_\_\_\_\_  
Agency Address: \_\_\_\_\_

Agency Telephone No: \_\_\_\_\_

Owner Federal Tax ID Number: \_\_\_\_\_

1 Type of Service	2 HCPCS / Procedure Code	3 Unit Definition	4 No. of Units	5 No. FTE Assigned		6 Personal Costs		7 Non-Personal Costs		8 Service Total Costs	9 \$ Allocation of Admin. Overhead	10 Total Costs	11 Cost/ Unit	12 Un-allowable Costs	13 Total Allowable Cost	14 Allowable Cost/Unit
				Direct Service (A)	Support Service (B)	Direct Service (A)	Support Service (B)	Direct Service (A)	Support Service (B)							
Pharmacological Mgr. (Medication/Somatic)	90862	60 Min.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Mental Health Assessment (non-physician) (Diag. Assess.)	H0031	60 Min.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Psychiatric Diagnostic Interview (Physician) (Diag. Assess.)	90801	60 Min.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
BH Counseling and Therapy (Ind.) (Ind. Counseling)	H0004	15 Min.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
BH Counseling and Therapy (Gp.) (Gp. Counseling)	H0004	15 Min.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Crisis Intervention MH Services (Crisis Intervention)	S9484	60 Min.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Assertive Community Treatment (Clinical Activities)	H0036	Covered day	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Assertive Community Treatment (Non-Clinical Activities)	H0036	Covered day	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Intensive Home Based Treatment (Clinical Activities)	H2016	Covered day	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Intensive Home Based Treatment (Non-Clinical Activities)	H2016	Covered day	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Partial Hospitalization, less than 24 hr. (Partial Hospitalization)	S0201	Program Day	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Community Psychiatric Supportive Treatment (Ind. CSP)	H0036	15 Min.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Community Psychiatric Supportive Treatment (Gp.) (Gp. CSP)	H0036	15 Min.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Behavioral Health Hotline Service (Hotline)	H0030	60 Min.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Other MH Svc., not otherwise specified (Other MH Svc.)	H0036	60 Min.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Self-Help/Peer Svs. (Peer Support)	H0038	15 Min.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Adjustive Therapy (Same)	M1440	60 Min.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Adult Education (Same)	M1540	60 Min.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Consumer Operated Service (Same)	M4120	60 Min.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Employment (Employment/Vocational)	M4120	60 Min.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Information and Referral (Same)	M4130	60 Min.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Mental Health Education (Same)	M4140	60 Min.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Occupational Therapy Service (Same)	M1430	60 Min.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Other MH Svc., non-healthcare services (Other MH Svc.)	M1400	Agy. Defined	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Other MH Svc., non-healthcare services (Other MH Svc.)	M1400	Agy. Defined	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Other MH Svc., non-healthcare services (Other MH Svc.)	M1400	Agy. Defined	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Prevention (Same)	M4110	60 Min.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
School Psychology (Same)	M1530	60 Min.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Social & Recreational Service (Same)	M1550	60 Min.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Community Residence (Same)	S0240	24 Hours or 1 Mo.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Crisis Care (Crisis Bed)	S0240	24 Hours	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Foster Care (Same)	M2250	24 Hours or 1 Mo.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Residential Care (Residential Treatment/Residential Support)	M2250	24 Hours	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Respite Care (Respite Bed)	M2270	24 Hours	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Subsized Housing (Floating)	M2260	24 Hours or 1 Mo.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Temporary Housing (New)	M2290	24 Hours	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Forensic Evaluation (Same)	**	60 Min.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
PASARR (Same)	**	60 Min.	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Inpatient Psychiatric service (Same)	**	24 Hours	0							\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Total MH Services										\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Other Department of Alcohol and Drug Addiction Services										\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Title IV-E Services										\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Other Non-Mental Health/AIDS/IV-E Services										\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Total Agency Service Total										\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
Administrative Overhead										\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0
AGENCY TOTAL										\$0		\$0	#DIV/0!	\$0	#DIV/0!	\$0

I certify that this UCR and all supporting documentation (including Forms A-2, A-3 and A-4 or their equivalents) have been completed in accordance with OAC 5122-26-19

Print Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Admin. Error Check \$0  
Tot. Cost Error Check \$0







5122-26-19

Appendix  
Ohio Department of Mental Health  
Uniform Cost Reporting

## I. INTRODUCTION

The purpose of this appendix is to detail the cost finding principles that must be followed when a UCR is being completed. Also included are the recommended forms to be used when completing a UCR and the format in which the UCR must be submitted. This appendix will provide instructions for the proper completion of all forms.

The UCR has been designed to report all costs, regardless of payor/program. When costs associated with a particular service (e.g., room and board) benefit multiple programs, an allocation methodology must be used to prevent duplicating reporting of those costs. For example, a program provides room and board service to children. If, historically, 25% of those children received the room and board service as part of a mental health residential program and 75% of those children received the room and board service through the Title IV-E program, then when completing a UCR, 25% of the room and board service costs and units should be reported on the mental health service line and 75% of the room and board service costs should be reported on the Title IV-E services line.

## II. GENERAL PRINCIPLE

“Form A-1, Uniform Cost Report (UCR)” is the summary of the entire cost reporting process. The UCR has been designed to calculate an allowable cost of providing a unit of service. This is found in column 12. The following represents the formula for this calculation for each service being expensed:

Allowable Cost per Unit (Column 12) =

Total Allowable Costs (column 11)  
Divided by the Number of Units (column 2)

## III. INSTRUCTIONS

A. Reporting Service Volume, (i.e. number of units by service).

The cost reporting process is essentially composed of two separate components which include the proper allocation of all Agency costs into the various service categories, and the documentation of service volume, (i.e. the type of services and the number of units for each service type), that were produced by the allocated costs.

Types of Services – All mental health services provided by an agency and funded by public funds must be certified by ODMH. The services that are subject to certification are defined in O.A.C. Section 5122-29 and are listed in column 1 of the DMH-FIS-047. This report also contains a place where non-mental health services (e.g. Alcohol and Drug Addiction Services, Title IV-E services, etc.), should be reported.

Unit Definitions – On the DMH-FIS-047, the duration of the units for each service is located to the right of the “type of service”, and “procedure code” columns.

The first step in completing a UCR is to document the number of service units anticipated to be provided or actually provided for each service during the SFY the UCR is covering.

When completing a budgeted UCR, the units are established according to historical data in conjunction with service planning activities. These unit totals should be entered into column 2 “number of units” of the UCR.

When completing an actual UCR, it is recommended that all mental health agencies have a management information system that tracks the number of units produced (by service) throughout the SFY regardless of the anticipated or actual payor source of the units in order to produce a report that documents the total number of units for all service types provided in the SFY being expensed. The results of this report should be entered into column 2 “number of unit” of the UCR.

- B. Determining and Allocating Direct Service Costs, Support Service Costs and Administrative Personnel Costs
  - 1. General information

Payroll information, or other supporting documentation, must be able to capture and allocate personnel costs into the following cost categories:

**Direct Service Personnel Costs** – Direct service personnel costs shall represent the full salary and benefit cost of those personnel who provide direct services to the clients. The costs would include the total paid time for each position, minus the value of any time allocated to the provision of clinical supervision, program oversight or administration, or quality assurance by a clinician who has primary or significant responsibility in these areas (which are items that require the expertise of a licensed clinical person; but which also represent staff time that is not available for direct client care). Total paid time includes that time spent in delivering a unit of service as well as the time for that position which may be devoted to paperwork, vacation, meetings, etc.

**Support Service Personnel Costs** – Support service personnel costs are those personnel costs that directly support a specific mental health service or services. Examples of these costs include, but are not limited to, clerical staff for a partial hospitalization program, or dietary staff for a residential care facility. Support service personnel costs also include the value of any direct care staff time allocated to the provision of clinical supervision, program oversight or administration, or quality assurance by a clinician who has primary or significant responsibility in these areas.

**Administrative Overhead Costs** - Administrative overhead costs are those personnel and nonpersonnel costs that benefit the agency as whole and can not be allocated to a specific service or services. Examples of administrative overhead costs specific to personnel include, but are not limited to, the personnel costs of the chief financial officer and the personnel costs of the maintenance staff for the entire agency.

These personnel cost categories are defined in paragraphs (H)(3), (H)(4), and (H)(6) of this rule.

In addition to separating the costs into the above cost categories, the payroll documentation must also accurately allocate the Direct Service Personnel Costs and Support Service Personnel Costs among the various mental health services for the SFY being expensed.

2. Personnel Services Costs Worksheet, Form A-2

The “Mental Health Services Personnel Services Costs Worksheet”, Form A-2 of this appendix or its equivalent (e.g., a spreadsheet containing the same information), must be completed for the reporting and allocating of all personnel costs during the SFY being expensed.

This form provides a method for allocating personnel time and costs among the direct and support service categories for all services being expensed. Note that at this step in the reporting of the costs, the administrative personnel hours and costs are treated in the same manner as Support Service costs.

3. Instructions for completion of Form A-2

When completing Form A-2 for budgeting purposes, historical payroll and contract service records should be used to create the report. When completing Form A-2 for actual purposes, the actual payroll and contract service records for the SFY being expensed should be used.

From payroll and contract service records, it is recommended a report be produced that accounts for total incurred costs and hours paid for each employee. The total personnel costs must agree with the financial statements and will be used to verify that all costs have been allocated among the various cost categories in the cost reporting process.

From either the report referenced above, or some other supporting documentation, the hours and costs of each employee must be separated into direct service or support service hours and costs (as

defined in paragraphs (H) (3) and (4) of this rule) remembering that administrative personnel costs must be classified as support service costs at this point in the cost reporting process.

The next step is that all direct and support hours paid and costs incurred are required to be further allocated to the various services that are included in the cost report.

Once this information has been documented, complete Form A-2 by following these steps:

The position title of each employee is entered into column 1 of Form A-2. If there are multiples of the same position, enter the position title as many times as necessary (i.e. If there are three community psychiatric supportive treatment workers, enter community psychiatric supportive treatment workers on three rows in column 1.)

The agency must keep sufficient documentation to be able to track each "position title" to a specific employee and that employee's payroll records.

Column 2 is optional and, if used, must reflect the position number or other internal position identification number.

Utilizing a report that accounts for total incurred costs and hours paid for each employee for the SFY being expensed, the total incurred personnel costs, including fringe benefits is entered into column 3 for each position listed.

Utilizing the payroll records for the SFY being expensed, enter the total hours, including overtime, to be paid or actually paid (calculated using the accrual method of accounting) for each position into column 4.

For each service that is being expensed, place the name of the service at the top of a separate column 5. These names must match the service names in column 1 of the UCR. Make as many column 5s as are necessary for the services being expensed, including administration as a service.

The total costs and the total hours should be allocated

among the various services by cost category, (i.e. direct service or support service). Be certain that all of the hours and all of the costs have been allocated.

The final step in the completion of Form A-2 is to sum columns 3, 4, and the four columns in all column 5s. Place these sums in the appropriate space on the "TOTALS" row.

#### 4. Reporting of Personnel hours and costs on the UCR

The sum of column 3 of Form A-2 represents the total personnel costs and must balance to the financial statements. The sum of column 4 of Form A-2 divided by the total hours (using the accrual method of accounting) a FTE should work during the SFY being expensed, represents the total FTEs and must equal the sum of columns 3 (a) and (b) of the "totals for agency" row on the UCR.

The sum of the costs for each direct service (column 5, sub column (b) of Form A-2) is transferred to the appropriate column 4, sub column (a) of the UCR.

The sum of the costs for each support service (column 5, sub column (d) of Form A-2) is transferred to appropriate column 4, sub column (b) of the UCR.

The sum of the hours for the direct (each column 5, sub column c ) of Form A-2) service is divided by the total hours (using the accrual method of accounting) a FTE should work during the SFY being reported and the resulting FTE amount is transferred to column 3, sub column (a) of the appropriate service on the UCR.

The sum of the hours for the support (each column 5, sub column (e) of Form A-2) service for each service (column 5) is divided by the total hours (using the accrual method of accounting) a FTE should work during the SFY, being reported and the resulting FTE amount is transferred to column 3 sub column (b) of the appropriate service on the UCR.

The final step in the reporting of personnel hours and costs is to sum column 3 (a), sum column 3 (b), sum column 4 (a) and sum column 4 (b) in the "totals for agency" row of the UCR.

### C. Determining and Allocating Non-personnel Costs

After allocating all personnel costs among the various services, the non-personnel costs must be determined and allocated among the services. Non-personnel costs are those costs defined in paragraph (H) 5 of this rule. An example of this type of cost includes, but is not limited to, the cost of supplies needed for the delivery of a partial hospitalization service. These costs also include those costs which benefit the agency as a whole and can not be directly allocated to one or more services. An example of this type of non-personnel costs includes, but is not limited to, utility costs that are allocated to all services on the basis of square footage. Non-personnel costs must be allocated to the services that they benefit.

#### 1. Allocation Methods for Non-personnel Costs

**Direct Allocation** – This method is used when the entire cost category benefits one service. An example of a direct allocation is the depreciation costs of a van that is used exclusively for a partial hospitalization service. In this case, the entire cost of the depreciation must be allocated to the partial hospitalization service and must not be shared among any of the other services.

**Allocation by square footage** – This method is used in the allocation of non-personnel costs that are driven by the physical area that a service utilizes. Examples of these types of non-personnel costs are utility and maintenance related cost. When this type of allocation base is used, the physical area of the facility that is used by each service, including administration, must be documented in square feet. The percentage of the square footage for each service is multiplied by the total non-personnel cost for that cost category and the result will be that service's allocated cost for that category.

**Allocation by total FTEs assigned to each service** – This allocation base is used for non-personnel costs that are driven by staff usage. An example where this allocation base is used is the costs of general office supplies.

When this allocation base is used, columns 3 (a) and 3 (b) of the UCR should be summed for each service and the resulting

percentage of the total FTEs must be multiplied by the total cost of that non-personnel item of expense, such as office supplies, to arrive at each service's allocation of these costs.

Allocation by Direct Service FTEs assigned to each service - This allocation base is used for non-personnel costs that are driven by direct care staff usage. An example where this allocation base is used is the costs of clinical liability insurance. When this allocation base is used, the percentage of column 3(b) of the UCR compared to the total direct care FTEs on the UCR for each service must be multiplied by the total cost of that non-personnel item of expense, such as liability insurance, to arrive at each service's allocation of these costs.

Allocation by the Number of Units Produced for each service - This allocation base is used for non-personnel costs that are driven by units produced for each service. An example where this allocation base is used is the non-personnel claims processing costs. When this allocation base is used, the percentage of the units documented in column 2 of the UCR for each service is multiplied by the total cost of that non-personnel cost category, such as claims processing costs, to arrive at each service's allocation of these costs.

2. Non-personnel Cost Report, Form A-3

The "Mental Health Services Non-personnel Cost Report", Form A-3 of this appendix or its equivalent (e.g., a spreadsheet containing the same information), must be completed for the reporting and allocating of all non-personnel costs anticipated to be incurred or actually incurred during the SFY being expensed.

This form provides documentation of the method or methods used for allocating non-personnel costs for all services being expensed including "administration" as a service.

3. Instructions for the completion of Form A-3

The first step is to obtain cost information concerning all service non-personnel costs, and combine the costs into like categories, (e.g. natural gas costs, electric costs, liability insurance costs, etc.).

The Objects of expense are documented in column 1 “object of expense” of Form A-3.

The total costs identified for each object of expense documented in column 1 must be entered into the appropriate column 4 of Form A-3.

Once the method of allocation (i.e. the allocation base) has been determined for each object of expense, document this in column 2 of Form A-3.

For each service being expensed on the uniform cost report, including administration, a separate column 3 must be made on Form A-3 and the name of the each service must be placed at the top of each column 3 of Form A-3. These service names must match the service taxonomy located in column 1 of the UCR.

The allocated costs, using calculations defined above must then be placed into the appropriate column 3 on form A-3.

Once all necessary column 3s have been completed for all appropriate objects of expense, sum the allocated costs, including administration, by object of expense and compare the resulting number to column 4 “Object of Expense Total” to ensure they are the same.

Each column 3 and column 4 should then be summed and the resulting number documented in the “totals” row.

#### 4. Reporting of Non-personnel Costs on the UCR

The totals documented on Form A-3 must be transferred to the appropriate row, by service taxonomy, in column 5 “service non-personnel costs” of the UCR.

#### D. Determining Service Total Costs

Columns 1 through 5 of the UCR have been completed. The values in columns 4 (a), 4(b) and 5 should be summed by service and the total for each service placed in the appropriate place of column 6 “service total costs” of the UCR.

## E. Determining And Allocating Administrative Overhead Costs

### 1. General Information

The purpose of this step is to equitably allocate all administrative overhead costs among the various mental health services as well as non-mental health services, (e.g. alcohol and other drug services, Title IV-E services, etc.). Up to this point, personnel and non-personnel costs have been allocated to administrative overhead as a discrete service as well as the other mental health services. The personnel and non-personnel costs that were allocated to administrative overhead have been documented on the UCR in the row titled “administrative overhead”. Columns 4 (b) and 5 of the “administrative overhead” row need to be summed and the result placed in column 6 of the “administrative overhead” row on the UCR.

### 2. Administrative Overhead Cost Distribution Worksheet, Form A-4

The “Administrative Overhead Cost Distribution Worksheet”, Form A-4 of this appendix or its equivalent (e.g., a spreadsheet containing the same information), must be completed for the reporting and allocation of all administrative costs anticipated to be incurred or actually incurred during the SFY being expensed.

This form provides documentation of the method used for allocating administrative costs among the services.

### 3. Instructions for the completion of the “Administrative Overhead Cost Distribution Worksheet”, Form A-4.

In column 1 “type of service”, enter the names of all mental health services that contain a value in column 6 of the UCR. The number of and names of the services reported on Form A-4 must be identical to those found in column 1 of the UCR.

At this point, decide which allocation base will be used for the distribution of all administrative overhead costs across all services being expensed. The only acceptable allocation bases are:

Service Total Costs, (column 6 of the UCR)  
 Direct Service Personnel Costs, (column 4a of the UCR)  
 Total Personnel Costs, (columns 4a plus 4b of the UCR)  
 Total Direct Service FTEs, (column 3a of the UCR)  
 Total Direct and Support FTEs, (columns 3a plus 3b of the UCR)

Place a check mark in the appropriate place on the bottom of Form A-4 in the “check method used” area.

The allocation base for each service must be entered into column 2 “base value for each service” of Form A-4. For example, if the allocation base used is service total costs, the values in column 6 of the UCR are entered into column 2 for each service on Form A-4.

Column 2 is then summed and the result entered in the “totals” row of Form A-4.

For each service in column 1, the value in column 2 is divided by the value in column 2 in the “totals” row. The result of this calculation is a percentage of the total and is placed in column 3 “% of total base”. For example, if the value in column 2 is \$25,000 for assessment, and the sum of column 2 is \$100,000, then the percent of the total allocation is .25 (25,000 divided by 100,000). The values in column 3 should be rounded to two decimal points.

Column 3 is summed and the result must be 1.00. If not, the calculations must be rechecked.

At this point, the total administrative overhead costs, (found in column 6 in the “administrative overhead” row of the UCR) are entered in the “totals” row of column 4.

The total administration value found at the bottom of column 4 should be multiplied by each value in column 3. The result is entered into the appropriate service row of column 4. For example, if the percent of total allocation for mental health assessment is .25 and the total administration is \$100,000, then the administration allocation for mental health assessment is \$25,000. The amount of \$25,000 would be entered in column 4 “administration allocation” of the mental health assessment row on form A-4.

All Column 4 values should be totaled to verify that the sum is equal to the amount previously entered in the “totals” row of column 4. If not, the calculations must be rechecked.

Finally, the values in column 4 of Form A-4 are transferred to the appropriate column 7 of the UCR.

F. Calculating Total Costs for Each Service on the UCR

The total costs for a service is calculated by adding the value in column 6 “service total costs” and the value in column 7 “allocation of administrative overhead”. The sum is entered into column 8 “total costs”.

G. Calculating the Cost Per Unit of Each Service on the UCR.

For each service being expensed on the UCR, the total costs in column 8 must be divided by the number of units in column 2. This results in a cost per unit for each service and this value is entered in column 9 “cost per unit” of the UCR.

H. Identification and Documentation of Unallowable Costs.

For each service being expensed on the UCR, any unallowable costs as defined in this rule must be documented in column 10 of the service in which the unallowable cost was originally allocated. After all such costs are documented and placed in column 10, the column should be summed.

I. Calculating the Total Allowable Costs

For each service being expensed which has documented unallowable costs, subtract the amount in column 10 from the amount in column 8. This results in a total allowable cost and this value is entered in column 11 “total allowable costs” of the UCR.

For each service being expensed, which has no documented unallowable costs, enter the value from column 8 in column 11.

J. Calculating The Allowable Cost Per Unit Of Service

For each service being expensed on the UCR, the total allowable costs in column 11 must be divided by the number of units in column 2. This results in an allowable cost per unit for each service and this value is entered in column 12 “allowable cost per unit” of the UCR.

K. Reporting Of Costs For “Other” In The Service Taxonomy

The following four services are considered as “Other” in the ODMH Service Taxonomy:

Administrative Overhead – This represents administrative costs that benefit the agency as whole and can not be allocated to a specific service or services.

Ohio Department of Alcohol and Drug Addiction Services – This represents the total costs associated with alcohol and other drug services. These values should exactly match the values in the “Total AoD Services” service line of the ODADAS-FIS-047.

Title IV-E Services – This represents costs associated with all services provided under the Title IV-E program. Costs reported in columns 4a, 4b, 5 and 7 of the UCR must exactly match the costs as reported on the JFS 02911, Total Agency Cost-Summary” IV-E service line.

Other non-Mental Health/AoD/IV-E Services – This represents costs associated with any services not already classified.

L. Totals for ~~AOD~~ MH services

In each area indicated in this row, total all values entered into each column excluding the values for “Administrative Overhead, ~~“Mental Health Services”~~ “ODADAS” “Title IV-E Services” and “Non MH/AOD/Title IV-E Services”, ~~“Non AOD/MH/Title IV-E Services”~~. This will report the total column values for all ~~AOD~~ MH specific services.

M. Totals for Agency

In each area indicated in this row, total all values entered into each column including the values for “Administrative Overhead, ~~“Mental Health~~

ODADAS Services”, “Title IV-E Services” and “Non MH/AOD/Title IV-E Services”. ~~“Non AOD/MH/Title IV-E Services”~~. This will report the total column values for all services.

## **5122-26-19.1 [Effective until 7/1/2012] Actual uniform cost report (AUCR) agreed upon procedures and report submission requirement.**

(A) This rule establishes the requirement for all ODMH certified community mental health (CMH) agencies that the actual uniform cost report (AUCR) submitted in accordance with rule 5122-26-19 of the Administrative Code was examined by an independent public accounting (IPA) firm using the agreed upon procedures contained in Appendix A of this rule prior to submission to ODMH. The ODMH certified CMH agency shall assure any recommendations contained in the agreed upon procedures report are made and a new original AUCR is completed.

(B) Beginning with the AUCR period July 1, 2005 through June 30, 2006 and for subsequent state fiscal year (SFY) reporting periods thereafter, the ODMH certified CMH agency shall submit the following to ODMH within one hundred eighty days after the end of a SFY:

(1) The originally prepared AUCR that was completed prior to the agreed upon procedures review and in accordance with rule 5122-26-19 of the Administrative Code;

(2) A copy of the agreed upon procedures report completed in accordance with Appendix A of this rule and issued by the IPA; and

(3) If appropriate, a new original AUCR adjusted based upon the recommendations of the IPA firm as documented in the agreed upon procedures report.

(C) An ODMH certified CMH agency reporting costs on the AUCR's "Ohio Department of Alcohol and Drug Addiction Services" line will also need to submit a copy of its information as required in rule 3793:2-1-10 of the Administrative Code.

(D) An ODMH certified CMH agency that is also subject to rule 5101:2-47- 26.2 of the Administrative Code may submit the information required in that rule in place of the information required by paragraph (B) of this rule with the following exception: the ODMH certified CMH agency is responsible for making all recommended adjustments to the AUCR and, if appropriate, submitting the new, original AUCR.

(E) The ODMH certified CMH agency shall send the AUCR agreed upon procedures report and, if applicable, the new, original AUCR to the Ohio department of mental health, office of fiscal services. A copy of the AUCR report and, if applicable, a copy of the new AUCR shall be sent to the local alcohol, drug addiction and mental health services or mental health board where the agency's primary place of business is located.

### Appendix A Actual Uniform Cost Report (AUCR) Agreed Upon Procedures and Report Submission Requirement

(A) An independent public accounting (IPA) firm shall use the following procedures when performing an Actual Uniform Cost Report (AUCR) in order to:

(1) report on the accuracy of the data reported on the AUCR;

(2) report on the allocation methods used for actual cost reporting;

(3) report on the allowability and unallowability of the cost data reported on the AUCR;

(4) determine if the data reported on the AUCR is in accordance with the applicable federal and state resources as stated in rule 5122-26-19 of the Administrative Code, as in effect for the State Fiscal Year (SFY) being reported; and

(5) report on the consistency between the first budget uniform cost report (BUCR) and the AUCR.

(B) Work completed in other areas or during other agreed upon procedures reviews may be used to satisfy these procedures as long as it is documented by the independent audit firm how the work satisfies these procedures. Work completed during a review required by rule 5101:2-47- 26.2 of the Ohio Administrative Code may be used for completing the review required by this rule. If reliance is placed upon work completed by an independent audit firm from another engagement, such as an Office of Management and Budget(OMB) circular A-133 audit, a financial statement audit, or other such audit or review, or some other auditor's work, it must be documented in the agreed upon procedures report required by this rule, how the work being relied upon meets the requirements contained in these procedures.

(C) If it is available, the previous SFY AUCR, AUCR report, and independent financial audit report are to be reviewed to determine if any management comments and/or findings will impact the current actual uniform cost report data.

(D) Obtain and inspect the program's chart of accounts, including all revenue and expense accounts.

(E) Obtain and inspect a copy of rule 5122-26-19 of the Administrative Code as in effect for the SFY AUCR being reviewed.

(F) Obtain and inspect the first BUCR and all supporting documentation.

(G) Agreed Upon Procedures

(1) Procedure One – Mathematical Accuracy Testing

(a) Obtain a reconciliation of the total costs reported on the AUCR to the general ledger and/or the independent audited financial statements for the SFY being verified. Compare the amounts listed on the reconciliation to the amounts listed on the general ledger and/or the independent audited financial statements for the SFY being verified. Identify and document any material variances (variances greater than plus or minus two percent) and obtain management's explanation of the material variance(s) for inclusion in the actual uniform cost report agreed upon procedures (AUP) report.

(b) For and by each service with costs being reported on the AUCR:

(i) sum the values reported in columns 4, and 5 to verify the result is equal to the value reported in the corresponding column 6;

(ii) sum the values reported in columns 6 and 7 to verify the result is equal to the value reported in the corresponding column 8;

(iii) verify the value reported in column 9 is equal to the result of dividing the value in column 9 by the value in column 2;

(iv) verify the value reported in column 11 is equal to the result of subtracting the value in column 10 from the value in column 8;

(v) verify the value reported in column 12 is equal to the result of dividing the value in column 11 by the value in column 2;

(vi) verify the values reported in the "Total MH Services" are equal to the sum of the values reported in the corresponding column; and

(vii) verify the values reported in the "Agency Total" are equal to the sum of the values reported in the corresponding column.

(2) Procedure Two – Personnel Costs Verification

(a) Compare the personnel costs reported in column 4 of the AUCR to the salaries, wages, and fringe benefits reported on the independently audited financial statements or Federal Internal Revenue Service Employer Form 941 for the SFY. Identify and document any material variances (variances greater than plus or minus two percent) and obtain management's explanation of the material variance(s) for inclusion in the actual uniform cost report agreed upon procedures (AUP) report.

(b) From the personnel costs reported in column 4 of the AUCR, select ten employees whose personnel costs roll-up to those costs. Either for one pay period or on the year end totals, perform the following procedures on the sample by inspecting the following supporting documentation:

(i) compare the costs for allowability and unallowability as defined in sections (1) and

(2) of paragraph (H) of rule 5122-26-19 of the Administrative Code;

(ii) compare the allocation methods used to determine whether the costs are documented as direct service (column 4a) or support service (column 4b) costs;

(iii) compare the allocation methods used to determine which service personnel costs have been allocated to;

(iv) verify any unallowable costs are allocated in the same manner they were originally allocated and are documented in the appropriate service row of column 10 of the AUCR; and

(v) identify and document any material variances (variances greater than plus or minus two percent) and obtain management's explanation of the material variance(s) for inclusion in the actual uniform cost report agreed upon procedures (AUP) report.

(3) Procedure Three – Non-Personnel Costs Verification

(a) From the non-personnel costs reported in column 5 of the AUCR, select a haphazard sample (as defined in the American Institute of Certified Public Accountants audit sampling guide), of checks and/or electronic funds transfer (EFT) disbursements, equal to twenty percent or forty checks and/or EFT disbursements, whichever is less. Perform the following procedures on each selected check or EFT disbursement:

(i) compare the costs the check or EFT disbursement is for to the appropriate allowability or unallowability criteria listed in sections (1) and (2) of paragraph (H) of rule 5122-26-19 of the Administrative Code;

(ii) verify the allocation method or methods used for the sampled non-personnel costs have been made in accordance with the procedures outlined in the Appendix to rule 5122-26-19 of the Administrative Code;

(iii) verify any unallowable costs are allocated in the same manner as they were originally allocated and are documented in the appropriate service row of column 10 of the AUCR; and

(iv) identify and document any material variances (variances greater than plus or minus two percent) and obtain management's explanation of the material variance(s) for inclusion in the actual uniform cost report agreed upon procedures (AUP) report.

(4) Procedure Four – Administrative Overhead Costs Verification

(a) From the administrative overhead costs reported in column 7 of the AUCR, select a haphazard sample (as defined in the American Institute of Certified Public Accountants audit sampling guide) of checks and/or electronic funds transfer (EFT) disbursements, equal to ten percent or twenty checks and/or EFT disbursements, whichever is less. Perform the following procedures on each selected check or EFT disbursement:

(i) compare the costs the check or EFT disbursement is for to the appropriate allowability or unallowability criteria listed in sections (1) and (2) of paragraph (H) of rule 5122-26-19 of the Administrative Code;

(ii) determine if the administrative overhead costs were allocated using only one of the allowable methods described in the Appendix to rule 5122-26-19 of the Administrative Code;

(iii) verify that any unallowable costs are allocated in the same manner they were originally allocated and are documented in the appropriate service row of column 10 of the AUCR; and

(iv) identify and document any material variances (variances greater than plus or minus two percent) and obtain management's explanation of the material variance(s) for inclusion in the actual uniform cost report agreed upon procedures (AUP) report.

(5) Procedure Five – Units of Service Verification

(a) From and by each service with costs reported on the AUCR, select a haphazard sample

(as defined in the American Institute of Certified Public Accountants audit sampling guide) of the reported units of service, equal to twenty percent or forty total units, whichever is less. Perform the following procedures on the selected units:

(i) verify documentation exists in client records to support the number of units selected ;

(ii) compare the type of service selected to determine it is reported in the appropriate service line of column 2; and

(iii) identify and document any material variances (variances greater than plus or minus two percent) and obtain management's explanation of the material variance(s) for inclusion in the actual uniform cost report agreed upon procedures (AUP) report.

(6) Procedure Six – First BUCR to AUCR Comparison

(a) Compare the first BUCR to AUCR and verify that the methods of cost reporting selected for the first BUCR are the same as the methods used when completing the AUCR.

(H) Actual Uniform Cost Report Agreed Upon Procedures Report

(1) A written report on the findings of these agreed upon procedures shall be completed by the independent public accounting (IPA) firm for the Ohio Department of Mental Health (ODMH) certified CMH agency to submit to ODMH. The report shall be completed in accordance with the American Institute of Certified Public Accountants Statement on Standards for Attestation Engagements Statement number 11, 12 or its successor, and the work papers shall be completed in accordance with Government Auditing Standards. At a minimum, the report shall include the following:

(a) the procedures performed and the findings;

(b) a schedule listing the number of variances, if any, per procedure and a list of unallowable costs noted during the agreed upon procedures (AUP);

(c) the completed copy of the AUCR, including an original signature; and

(d) any other observations and/or comments of note the auditor, using his/her professional judgment, deems relevant.

(I) The AUCR agreed upon procedures report shall be given to the ODMH certified CMH agency.

Effective: 06/30/2006 R.C. 119.032 review dates: 06/30/2011 Promulgated Under: 119.03 Statutory Authority: 5119.61(A), 5119.611(C) Rule Amplifies: 5119.61(A), 5119.611(C)