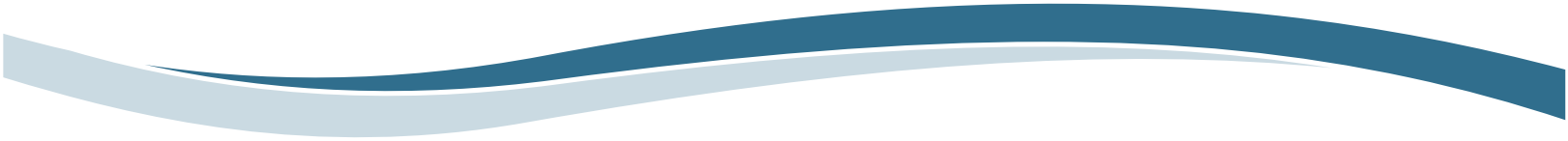
Substance Use Prevention, Treatment, and Recovery Services Block Grant (SUBG) Policy Manual

Version 3.2 (3.6.2025)

Community Services Division

Federal Grants Branch



DHCS
CALIFORNIA DEPARTMENT OF
HEALTH CARE SERVICES

Document Revision History

Version	Revision Date	Changes
V1.0	11/21/2018	Original
V1.1	09/11/2019	Page 19 – Adolescent and Youth Treatment Program Allocation Page 23 – Charitable Choice Various and minor typographical corrections
V2.0	03/30/2021	Page 8 – Rapid HIV Testing and Counseling Page 12 – Indirect Cost Rate Page 14 – SABG County Application Page 17 – Cost-Sharing Assistance Appendix H – Additional FAQ responses Various and minor typographical corrections
V3.0	05/21/2024	Grant name changed from to SUBG 2.2 - SUBG County Application - now biennial 3.2 - Prevention Set-Aside Allocation Expenditures and Services - links updated 3.4 - Adolescent and Youth Treatment Program Allocation - Youth Treatment Guidelines (YTG) replaced by Adolescent Substance Use Disorder Best Practices Guide (ABPG) 3.5 - Cost Sharing Assistance (CSA) HIV EIS testing removed 3.6 - Recovery Support Services 3.7 - Room and Board 3.8 - Incentives 3.9 - Harm Reduction 3.10 - Syringe Services Programs (SSPs) 3.11.3 - SUBG Primary Prevention Data Collection and Reporting - PPSDS replaced with ECCO 3.12.1 Purchase of Vehicles and Other Equipment Appendix A – Acronyms - updated Appendices C, E, F, G, H – Removed Various and minor typographical corrections
V3.1	12/09/2024	Page 18 – 2.5 - Subrecipient Cost Review Page 28 – Harm Reduction

Version	Revision Date	Changes
V3.2	02/05/2025	Page 9 – Primary Prevention Page 22 – Prevention Set-Aside Allocation Expenditures and Services Prevention Data Quality Standards Page 26 – Transitional Housing (TH) and Recovery Residences (RR)

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Introduction

The California Department of Health Care Services (DHCS) Substance Use Prevention, Treatment, and Recovery Services Block Grant (SUBG) Policy Manual offers guidance to counties that contract with DHCS for SUBG funding to provide authorized substance use disorder (SUD) prevention, treatment, and recovery support services.

The Policy Manual provides comprehensive information regarding federal law authorizing the SUBG program and implementing regulations as well as State laws and DHCS policies and procedures for operationalizing the requirements governing the SUBG program.

Questions can be sent to **SUBG@dhcs.ca.gov**.

This manual is an electronic, interactive document organized into four sections.

- **Section One** - Federal statute authorizing the SUBG and implementing regulations.
- **Section Two** - DHCS policies and procedures for operationalizing the SUBG program in California.
- **Section Three** - specific information regarding services and expenditures allowable under SUBG Categorical Allocations.
- **Section Four** - appendices as quick reference tools and resources for further information.

For the purposes of this manual:

- DHCS is the designated Single State Agency (SSA), responsible for applying for and administering the SUBG program in California. As the designated SSA, DHCS acts as a pass-through agency to provide SUBG funding to local non-Federal governments to either provide SUD services directly or by contracting with local SUD providers.
- California counties are considered subrecipients of SUBG. Counties are required to assume the obligations pertaining to SUBG, as they are passed down through SUBG County Application. The term "contract" shall also mean, "agreement", "grant", or "grant agreement." The term "Contractor" shall also mean "Grantee." The term "Subcontractor" shall also mean "Subgrantee."
- Providers who contract with counties to provide SUBG-funded SUD services are also considered subrecipients for the purposes of compliance with Federal grant

rules and regulations. Providers under contract with counties are referred to by DHCS as "subcontractors." Counties are required to pass down all Federal statutes, implementing regulations, State laws and DHCS policies and procedures pertaining to the SUBG program to all subrecipients or subcontractors through contractual obligation.

- SUBG's program objective is to help plan, implement, and evaluate activities that prevent and treat SUDs.
- SUBG, in some instances, is the funding of last resort per **45 CFR 96.137(a)**. SUBG funds are also subject to a contractual restriction where DMC funds are available. However, there are some exceptions to this rule. This policy manual provides further explanation of this topic in Section Three – SUBG Exception.

Background

The Substance Use Prevention, Treatment and Recovery Services Block Grant (SUBG, formerly known as SABG, renamed in 2023, is a noncompetitive, formula block grant.

The Substance Abuse and Mental Health Services Administration (SAMHSA), administers SUBG through SAMHSA's Center for Substance Abuse Treatment (CSAT) Performance Partnership Branch, in collaboration with the Center for Substance Abuse Prevention (CSAP) Division of State Programs.

- SUBG is authorized by: **Section 1921 of Title XIX, Part B, Subpart II and III of the Public Health Service (PHS) Act**.
- SUBG implementing regulations are found in: **Title 45 Code of Federal Regulations (CFR) Part 96** (45 CFR 96); and
- The SUBG Program is subject to U.S. Department of Health and Human Services (HHS) Uniform Administrative Requirements, Cost Principles, and Audit Requirements found in: **Title 45 Code of Federal Regulations (CFR) Part 75** (45 CFR 75).

1. Section One: Relevant Federal Rules and Regulations Governing SUBG

1.1. Federal Requirements Regarding Targeted Populations and Service Areas

The SUBG program targets the following populations and service areas:

- Pregnant women and women with dependent children;
- Intravenous Drug Users (IVDU);
- Tuberculosis (TB) services; and
- Primary prevention services.

1.2. General Guidelines for Expenditure of SUBG Funds

According to SAMHSA, SUBG funding may be used to:

- Fund priority treatment and support services for individuals without insurance or for whom coverage is terminated for short periods of time.
- Fund those priority treatment and support services that demonstrate success in improving outcomes and/or supporting recovery that are not covered by Medicaid, Medicare, or private insurance.
- Fund primary prevention by providing universal, selective, and indicated prevention activities and services for persons not identified as needing treatment.
- Collect performance and outcome data to determine the ongoing effectiveness of behavioral health promotion, treatment, and recovery support services.

Any treatment services provided with SUBG funds must follow the priority population treatment preferences established in 45 CFR 96.131:

1. Pregnant IVDUs;
2. Pregnant substance abusers;
3. IVDUs; and

4. All other eligible individuals.

1.3. Restrictions on Expenditure – 42 USC 300x 31 (a,b); SAMHSA Standard Terms and Conditions; 45 CFR 96.134(a); 45 CFR 96.137(a); 48 CFR 331.101-70

1.3.1. General Restrictions – 45 CFR 96.135

SUBG funding cannot be used for the following services or activities:

- To provide inpatient hospital services;
- To make cash payments to intended recipients of health services;
- To purchase or improve land, purchase, construct, or permanently improve (other than minor remodeling) any building or other facility, or purchase major medical equipment;
- To satisfy any requirement for the expenditure of non Federal funds as a condition for the receipt of Federal funds;
- To provide financial assistance to any entity other than a public or nonprofit private entity;
- To provide individuals with hypodermic needles or syringes so that such individuals may use illegal drugs, unless the Surgeon General of the Public Health Service determines that a demonstration needle exchange program would be effective in reducing drug abuse and the risk that the public will become infected with the etiologic agent for Acquired Immunodeficiency Syndrome (AIDS); or
- To expend the grant for the purpose of providing treatment services in penal or correctional institutions.

1.3.2. Executive Salaries – 48 CFR 331.101-70

Beginning in federal fiscal year 1990, Congress has stipulated in the Department of Health and Human Services appropriations acts and continuing resolutions that, under applicable contracts, appropriated funds cannot be used to pay the direct salary of an individual above the stipulated rates.

Funds provided under this grant cannot be used to pay the salary of an individual at a rate higher than Level II of the Executive Salary Schedule for the award year.

The applicable rates for each year are identified at **https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/**.

1.3.3. Non-Supplantation of State Funds – 45 CFR 96.134(a); 45 CFR 96.137(a)

According to federal regulations, SUBG funds cannot be used to supplant other sources of funding of alcohol and other drug prevention and treatment programs. County subrecipients are obligated to use SUBG finding as a "payment of last resort" in cases where it is not possible to fund services with other sources of funding, such as Medi-Cal, realignment funds, any State compensation program, any other public assistance program for medical expenses, any grant program, any private health insurance, or any other benefit program.

1.4. Federal Rules Regarding Required Expenditures

1.4.1. Primary Prevention – 42 USC 300x 22(a); 45 CFR 96.124(b)(1); 45 CFR 96.125

Governing SUBG Statutes and Regulations require that grantees spend no less than 20 percent of their SUBG allotment on substance abuse primary prevention strategies. To ensure statewide compliance, DHCS has set a 25 percent allocation for each county's Primary Prevention Set-Aside.

These strategies are directed at individuals not identified to be in need of treatment. Grantees must develop a comprehensive primary prevention program that is SUD primary prevention centered and includes activities and services provided in a variety of settings including school, community, and well-being centers. The program must target both the general population and subgroups that are at high risk for substance abuse. Programs under these strategies aim to be primarily focused on SUD primary prevention but may secondarily highlight risk factors that contribute to SUD. Education focused on risk factors without any mention of relation to SUD is not reimbursable.

The program must include, but is not limited to, the following strategies:

- Information Dissemination
- Education
- Alternatives
- Problem Identification and Referral
- Community-Based Process
- Environmental

1.4.2. Women's Services – 42 USC 300x 22(b); 45 CFR 96.122(f)(1)(viii); 45 CFR 96.124(c) and (e)

Governing SUBG Statutes and Regulations require the State to spend not less than five (5) percent of the Federal Fiscal Year (FFY) 1994 SUBG award to establish new programs, expand the capacity of existing programs, and to increase the availability of treatment services designed for pregnant women and women with dependent children; and, directly or through arrangements with other public or nonprofit entities, to make available prenatal care and childcare while women are receiving such services.

Governing SUBG Statutes and Regulations also require the State to ensure that, at a minimum, treatment programs receiving funding for such services also provide or arrange for the provision of the following services to pregnant women and women with dependent children, including women who are attempting to regain custody of their children:

1. Primary medical care for women, including referral for prenatal care and, while the women are receiving such services, child care;
2. Primary pediatric care, including immunization, for their children;
3. Gender specific substance abuse treatment and other therapeutic interventions for women which may address issues of relationships, sexual and physical abuse and parenting, and child care while the women are receiving these services;
4. Therapeutic interventions for children in custody of women in treatment which may, among other things, address their developmental needs, their issues of sexual and physical abuse, and neglect; and
5. Sufficient case management and transportation to ensure that women and their children have access to services provided.

1.4.3. Pregnant Women Preferences – 42 USC 300x 27; 45 CFR 96.131

Governing SUBG Statutes and Regulations require the State to ensure that each pregnant woman be given preference in admission to treatment facilities: and, when the facility has insufficient capacity, to ensure that the pregnant woman be referred to the State, which will refer the woman to a facility that does have capacity to admit the woman, or if no such facility has the capacity to admit the woman, will make available interim services within 48 hours, including a referral for prenatal care.

Governing SUBG Statutes and Regulations also require the State to publicize the availability of such services and the preference given to pregnant women from the facilities in accordance with the statute.

1.4.4. Intravenous Drug User (IVDU) Services – 42 USC 300x 23; 45 CFR 96.126

Governing SUBG Statutes and Regulations require the State to provide treatment to IVDU that fulfills the 90 percent capacity reporting, 14-120 day performance requirement, interim services, outreach activities and monitoring requirements.

The State is also required to ensure:

1. Programs receiving funds under the grant must be required to notify the State, within seven days, of reaching 90 percent capacity to admit individuals;
2. A capacity management program is established enabling programs to meet above requirement and ensure maintenance of such reports;
3. Each individual who requests and is in need of treatment is admitted to a program of such treatment within the 14-120 day performance requirement time period;
4. Interim services are made available (to include prenatal care) within 48 hours of request if IVDU treatment services are not available;
5. A waiting list management program (WLMP) is implemented.
6. Programs carry out activities encouraging individuals in need of treatment to undergo treatment; and
7. Develop effective strategies for monitoring.

1.4.5. Tuberculosis (TB) Services – 42 USC 300x 24(a); 45 CFR 96.127

Governing SUBG Statutes and Regulations require the State to directly or through arrangements with other public or nonprofit private entities routinely make available TB services to each individual receiving treatment for SUDs and to monitor such service delivery.

The State requires counties receiving federal grant funds to do the following to comply with this federal requirement:

1. Make available TB services to each individual receiving treatment;
2. Refer individuals to another provider of TB services if individual is denied treatment for substance abuse due to lack of capacity;
3. Implement infection control procedures designed to prevent the transmission of TB; and
4. Conduct case management activities.

1.4.6. Charitable Choice – 42 USC 300x 65; 42 CFR Part 54; 45 CFR 96.122

Governing SUBG Statutes and Regulations require the State to comply with Public Law 106-310, the amended Public Health Service (PHS) Act, by adding requirements to:

1. Prohibit discrimination against nongovernmental organizations and certain individuals on the basis of religion in the distribution of government funds to provide substance abuse services; and
2. Allow organizations to accept the funds to provide services to individuals without impairing the religious character of the organization or the religious freedom of the individuals.

SUBG subrecipients are required to:

1. Identify religious organizations that provide substance use disorder services;
2. Incorporate the applicable Part 54 requirements into county/provider contracts, including a notice to clients;
3. Monitor religious providers for compliance with Part 54; and

4. Establish a referral process, to a reasonably accessible program, for clients who may object to the religious nature of the program. Such process must include a notice to the county and the funding of alternative services.

1.4.7. Process for Referring – 42 USC 300X 28; 45 CFR 96.132(a)

Governing SUBG Statutes and Regulations require the State to take measures to improve the process in the State for referring individuals to the treatment modality that is most appropriate for the individual.

Examples of how this may be accomplished:

- The development and implementation of a capacity management/waiting list management system;
- The utilization of a toll free number for programs to report available capacity and wait list data; or
- Utilizing standardized assessment procedures to facilitate the referral process.

1.4.8. Continuing Education – 42 USC 300X 28(b); 45 CFR 96.132(b)

Governing SUBG Statutes and Regulations require the State to provide continuing education for the employees of facilities which provide prevention activities and treatment services.

1.4.9. Coordinate Services – 42 USC 300x 28(c); 45 CFR 96.132(c)

Governing SUBG Statutes and Regulations require the State to coordinate prevention activities and treatment services with the provision of other appropriate services.

In evaluating compliance, the Secretary will consider the existence of a "Memorandum of Understanding" (MOU) between the various services providers/agencies and evidence the State has included prevention and treatment services in its grants and contracts.

1.4.10. Confidentiality and Disclosure of Patient Records – 42 USC 300x 53(b); 45 CFR 96.132(e)

Governing SUBG Statutes and Regulations require the State to have in effect a system to protect from inappropriate disclosure of patient records.

This system shall include provisions for employee education on the confidentiality requirements and the fact that disciplinary action may occur upon inappropriate disclosures. This requirement cannot be waived.

1.5. Other Federal Requirements and Guidance

1.5.1. SUBG Maintenance of Effort (MOE) and Supplantation – 42 USC 300x 30; 45 CFR 96.134

Single State Agencies such as DHCS are required to maintain state expenditures for authorized activities at a level that is no less than the average maintained by the State for the two-year period prior to the year for which the state is applying for SUBG.

The purpose of the SUBG MOE is to ensure Federal SUBG funds are used to supplement, not supplant state funding. The consequences of not meeting the SUBG MOE is that there will be a dollar-for-dollar reduction to the state's SUBG if it is determined by SAMHSA that the state did not materially comply with the MOE requirement.

Please note, under the 2011 Realignment, the SUBG MOE requirement is met, in large part, by the county's expenditure of the Behavioral Health Subaccount.

In addition to the SUBG MOE, 45 CFR 96.134(a) contains a non-supplantation requirement. SUBG funds cannot be used to supplant state funded SUD services. If SUBG funds were spent on a SUD service that the county would have provided regardless of receiving SUBG funding, the county supplanted state funds and violated the restrictions on expenditures found in 42 USC 300x 31.

1.5.2. Single Audit Requirements - 2 CFR 200.501

Currently, 2 CFR 200.501 requires non-Federal entities (such as SUBG subrecipients) expending $750,000 or more in federal funds in a fiscal year to have a single or program specific audit conducted for that fiscal year.

The State Controller's Office (SCO) provides the central point for the coordination and control of activities relating to all audits and reviews conducted by counties and their external auditors. In the event there are audit findings, counties must propose a corrective action plan (CAP). The State is responsible for making a management decision and informing the county on approval of proposed CAPs and the satisfaction of the requirements to take appropriate and timely corrective action.

For more information on single audits, counties can refer to 2 CFR 200.501, or the SCO webpage at **https://www.sco.ca.gov/aud_single_audits.html**.

1.5.3. SUBG Funding Period – 42 USC 300x 62

The U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration (SAMHSA) provides Federal SUBG funds to states. The SUBG Assistance Listings number is 93.959 (formerly the Catalog of Federal Domestic Assistance number), and can be found on **SAM.gov**. Funds are awarded by SAMHSA to the State on a FFY basis (beginning on October 1), and the award has a 24 month spending period that overlaps two SFY.

The State allocates and disburses SUBG funds to counties in 12-month allocations in alignment with the California SFY, July 1 through June 30.

1.5.4. Tracking SUBG Expenditures by Award

The period of availability is a condition Congress attached to SUBG in the enabling legislation. Tracking obligations and expenditures by individual grant award documents that the funds are obligated and expended within the period of availability. Therefore, SAMHSA's Division of Grants Management requires SUBG grantees to track obligations and expenditures by individual SUBG award in accordance with 45 CFR Section 96.30.

Effective beginning July 2020, counties will no longer make the determination of paying expenditures from a specific Federal Fiscal Year (FFY) and are expected to track spending by SFY during the SUBG period of performance. DHCS will notify counties from which FFY award their SUBG Invoices, formerly known as Quarterly Federal Financial Management Reports, have been reimbursed for purposes of cost reporting. This policy, first outlined in **Behavioral Health Information Notice 20-034**, is included in each annual BHIN concerning SUBG allocations. Effective beginning July 2022, DHCS will

provide a biennial BHIN concerning SUBG allocations to align with the biennial SUBG application period.

1.5.5. Funding of For-Profit Organizations

The PHS Act § 1931(a)(1) and § 1916(a)(5), and SUBG implementing regulations, 45 CFR § 96.135(a)(5), prohibit the use of SUBG funds to provide financial assistance to any entity other than a public or nonprofit private entity. The term "financial assistance" is used to describe a grant relationship (subrecipient) as distinguished from an acquisition, or procurement relationship (vendor), typically funded by a contract. While the statute and regulations preclude States from providing grants to for profit entities, procurement contracts for goods and services that are ancillary to the operation of the Federal program may be entered into with for profit entities.

It is important to note that SUBG funds for SUD services, including, but not limited to (Narcotic Treatment Program) NTP services, can only be spent through non-profit entities. Counties can use grant funds to enter a vendor relationship with a for-profit entity. However, a vendor is defined as an entity that provides goods and services to support recipients and subrecipient efforts to carry out the award objectives. Vendors are not authorized to provide treatment services to patients, as only a subrecipient with an approved subaward for the purpose of carrying out a portion of a Federal award can provide NTP or other SUD treatment services to patients.

1.5.6. Determining Subrecipients or Vendors

Recipients of SUBG funds, including subrecipients such as counties, are responsible for determining whether their agreements with partnering entities are as a subrecipient or as a vendor. For more information on determining whether an entity is a subrecipient or vendor, please refer to **Appendix D** of this document.

1.5.7. Uniform Guidance – 2 CFR Part 200

Effective December 26, 2014, each federal agency administering federal grants, adopted and implemented **Title 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards**.

All Office of Management and Budget (OMB) federal grant circulars have been combined into 2 CFR Part 200, now commonly referred to as the Uniform Guidance.

The DHHS codified 2 CFR Part 200 into 45 CFR 75. All federal grant awards issued through SAMHSA are subject to the uniform administrative requirements and cost principles of 45 CFR 75, which includes subrecipient pre-award risk assessment and annual negotiated indirect cost rate.

1.5.8. Subrecipient Pre Award Risk Assessment

According to federal requirements in the **Uniform Guidance**, counties are required to comply with the subrecipient pre-award risk assessment requirements contained in 45 CFR 75.352(b). The county, as the SUBG subrecipient, is required to review the merit and risk associated with all potential grant subcontractors, annually, prior to making an award. The county is required to perform and document annual subcontractor pre-award risk assessments for each subcontractor and retain documentation for audit purposes.

For more information, please see **MHSUD Information Notice 16-036**.

1.5.9. Indirect Cost Rate (ICR)

Pursuant to 45 CFR 75.352(a)(4), a pass-through entity must ensure that each subrecipient has an approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government or, if no such rate exists, either a rate negotiated between the pass through entity and the subrecipient (in compliance with this part), or a de minimis indirect cost rate as defined in 45 CFR §75.414(f).

The ICR policy for SUBG is described in **Behavioral Health Information Notice 20-020**: Department of Health Care Services (DHCS) Behavioral Health Cost Rate Policy for Federal Formulary and Discretionary Grants.

To be eligible for recoupment of indirect costs, subrecipients or contractors must submit a certification form to the **ICRcertification@dhcs.ca.gov** mailbox by December 31 to receive certification for the following State Fiscal Year (SFY). Certifications will be approved by DHCS for a period of three years. Entities must select one of the following options:

- Federally Negotiated ICR
- 10 percent rate
- Negotiated rate

1.5.10. Direct and Indirect Facilities and Administration (F&A) Costs

For further guidance classifying and reporting direct and indirect F&A Costs, the SUBG federal awarding agency, HHS, references the subrecipient financial grant management requirements contained in 45 C.F.R. Part 75, specifically Subpart D—Post Federal Award Requirements, Subpart E—Cost Principles, and Subpart F—Audit Requirements.

2. Section Two: DHCS Policies and Procedures

2.1. Designated Single State Agency (SSA)

DHCS has been designated as the SSA responsible for administering and coordinating the State's efforts in prevention, treatment, and recovery services for SUD services. DHCS is also the primary state agency responsible for interagency coordination of these services. DHCS has the responsibility for state leadership on SUDs. The DHCS Director and the CSD Deputy Director are appointed by the Governor and confirmed by the Senate.

2.2. SUBG County Application

The SUBG county contract is integrated into the County Performance Contract (CPC). Counties must prepare and submit a Biennial SUBG County Application that consists of enclosures detailing various rules, regulations, and requirements, in addition to program narratives and budgets. Counties are required to adhere to the terms and conditions of the County SUBG Application, as its enclosures are incorporated by reference in the CPC.

For more information, please see **Behavioral Health Information Notice 20-026**.

2.3. DHCS Allocation of SUBG Funding to Counties

A Behavioral Health Information Notice will be published biennially with the Governor's Preliminary Budget Allocation to Counties. The notice will contain an overview of the funding methodology, a summary of statewide allocations, and information about the exchange program for smaller counties.

DHCS receives and then transmits the SFY Governor's Budget (Preliminary) Allocation to County Behavioral Health Directors Association (CBHDA) and County Alcohol and Other Drugs (AOD) Administrators for information and planning purposes, pursuant to **HSC 11814**. The proposed allocation of funds is contingent upon enactment of the annual SFY Budget Act and federal appropriations. After the SFY Budget is enacted, a final Behavioral Health Information Notice will be sent to reflect any adjustments.

2.4. State SUBG Funding Categories

SUBG funds are allocated to counties by DHCS to provide program funding for specific areas of need. These funds are to be spent on those specific programs and cannot be used for other programs, unless specified. For example, primary prevention funds must be spent on primary prevention services. DHCS allocates SUBG funds to counties under the following five (5) categories:

- SUBG Discretionary
- Prevention Set Aside
- Perinatal Set Aside
- Adolescent and Youth Treatment Program

2.5. Subrecipient Cost Review; 2 CFR 200.302, 2 CFR 200.303, 45 CFR 96.30(a)

Pursuant to 2 CFR 200.302, DHCS is responsible for expending and accounting for Federal award funds in accordance with State laws and procedures. This includes maintaining and reviewing records, holding control and accountability over funds, and comparison of expenditures with written budget amounts, among other requirements.

The State of California is required by 45 CFR 96.30(a) to enact fiscal control and accounting procedures sufficient to prepare reports, including the tracing of payments to "a level of expenditure adequate to establish" that grant funds are being used for their intended purpose. The State requires counties receiving federal grant funds to do the following to comply with this federal requirement:

1. Review duplicate payment requests and ensure that expenditures are properly accounted for;
2. Review subrecipients' cost allocation plans and provide any necessary technical assistance; and
3. Approve, verify, and validate that costs submitted for reimbursements are adequately supported, allowable, allocable, and based on actual work performed.

3. Section Three: Services and Expenditures Allowable Under SUBG Categorical Allocations

3.1. SUBG Exception – SUBG-Funded Services for Medicaid/Medicare Eligible Beneficiaries

SAMHSA has provided guidance that indicates SUBG funds can be utilized to supplement Medicaid, Medicare, or private insurance SUD services when those priority treatment and support services demonstrate success in improving outcomes and/or supporting recovery.

If Medicaid, Medicare or private insurance coverage for a beneficiary is exhausted or there is a gap in coverage, an individual may receive SUBG funded SUD services under the conditions listed below:

3.1.1. SUBG-Funded Extension of DMC/DMC-ODS Residential Treatment Services

This would apply if Medicaid limited residential treatment to two episodes per year, and a physician or eligible health care provider confirms an extension of residential services is medically necessary, SUBG can cover the cost of the extended residential service for the beneficiary, including the cost of room and board.

3.1.2. SUBG-Funded Treatment Services – Same Day as Billed Medicaid Services

This would apply when a Perinatal or Women with Dependent Children beneficiary is receiving residential treatment and requires NTP services. Because only one service can be billed through Medicaid in a single day, SUBG can be utilized to cover the cost of the residential treatment service, including room and board.

3.1.3. SUBG Funded Treatment Services – Gaps in Eligibility/Coverage for Medicaid/Medicare

For example, this would apply when a beneficiary experiences a gap in eligibility/coverage while their initial DMC coverage is pending authorization or when a beneficiary moves from one DMC-ODS county to another DMC-ODS county, and their transfer of eligibility is pending. SUBG can cover the cost of the medically necessary SUD service until Medicaid eligibility has been granted. This exception process is subject to retrospective reviews and audits by DHCS.

3.2. Prevention Set-Aside Allocation Expenditures and Services

Twenty percent of SUBG is set-aside for SUD Primary Prevention programs per **45 CFR 96.125**. In order to ensure statewide compliance, DHCS has set a 25 percent allocation for the Primary Prevention Set-Aside. SUBG-funded primary prevention programs include a broad array of prevention strategies directed at individuals not identified to be in need of SUD treatment. In accordance with 45 CFR 96.125, Primary prevention shall include strategies, programs and initiatives that reduce both direct and indirect adverse personal, social, health and economic consequences resulting from problematic substance availability, manufacture, distribution, promotion, sales, and use. The desired result of primary prevention is to promote safe and healthy behaviors and environments for individuals, families, and communities.

Per the SUBG County Application, California's 58 counties are required to develop a work plan that aligns with the goals of the statewide Substance Use Prevention Plan based on SAMHSA's **Strategic Prevention Framework (SPF)**. In collaboration with its Technical Assistance (TA) contractor, **Center for Applied Research Solutions (CARS)**, through the **Advance Behavioral Health Prevention California** program, DHCS provides toolkits, TA and resources for counties to successfully develop a work plan. Work plans are required to be submitted biannually and are reviewed and approved by DHCS prevention staff. Progress of the work plans are reported to DHCS on a quarterly basis in compliance with the Data Quality Standards.

For more information on DHCS Primary Prevention, please refer to the **DHCS Prevention and Youth Branch web page**.

3.3. Perinatal Set-Aside Allocation

Perinatal Set-Aside funds are used for women-specific services for treatment and recovery from SUD, along with diverse supportive services for California women and their children.

Perinatal programs must meet the requirements set forth in the **Perinatal Practice Guidelines (PPG)**. Counties must use these funds to increase or maintain existing perinatal treatment capacity and programs. Counties may also use these funds to add new perinatal services or programs or change existing programs.

For more information on the Perinatal Practice Guidelines, please refer to the **DHCS Prevention and Youth Branch web page**.

3.3.1. Perinatal Treatment Modalities and Services

The following SUBG-funded perinatal treatment modalities and services will be funded:

- ODF Treatment
- Intensive Outpatient Treatment (IOT)
- Narcotic Treatment Program (NTP)
- Outpatient Detoxification Treatment (Other than Narcotic Treatment Detoxification)
- Residential Treatment (Detoxification or Recovery)
- Outreach
- Interim Services
- Case Management
- Aftercare
- Room and Board

3.4. Adolescent and Youth Treatment Program Allocation

SUBG Adolescent and Youth Treatment funds provide comprehensive, age appropriate, SUD services to youth. The target population for youth treatment is individuals ages 12 through 20.

The service components are:

- Outreach
- Screening
- Initial and Continuing Assessment
- Diagnosis
- Placement
- Treatment
- Planning
- Counseling
- Youth Development Approaches to Treatment
- Family Interventions and Support Systems
- Educational and Vocational Activities
- Structured Recovery Related Activities
- Alcohol and Drug Testing
- Discharge Planning
- Continuing Care

The **Adolescent Substance Use Disorder Best Practices Guide (ABPG)** is designed to help counties develop specialized treatment for adolescents with substance use disorders and best serve the complex needs of this population.

3.5. Cost-Sharing Assistance (CSA)

SUBG funds can be used for CSA purposes for the maintenance of private health insurance coverage to individuals for behavioral health services. Block grant funds may be used to cover health insurance deductibles, coinsurance, copayments, or similar charges to assist individuals in meeting their cost-sharing responsibilities. Cost-sharing assistance does not include premiums, balance billing amounts for non-network providers, or the cost of non-covered services.

For more information, see **Behavioral Health Information Notice 21-002**.

3.6. Recovery Support Services

In 2023, SAMHSA emphasized the use of block grants to fund recovery support services.

Recovery support services are non-clinical services intended to help individuals stay engaged in the recovery process, provide emotional or practical support to navigate care systems, and sustain positive behavior change.

SAMSHA has provided guidance for allowable recovery support service expenditures, available here:

https://www.samhsa.gov/sites/default/files/recovery-support-services-subg-mhbg.pdf

Counties will be expected to maintain unduplicated counts of individuals receiving SUBG-funded recovery support services for reporting purposes. More details of this reporting requirement will be included in the SUBG County Application enclosures.

3.6.1. Sobering Centers

SAMHSA has approved Sobering Center services as a type of recovery support services and allowable use of SUBG funds. As recovery supports, the services are non-clinical interventions that facilitate recovery, wellness, and connection between service providers and other supports.

A sobering center is a short-term care facility designed to allow an individual who is intoxicated and nonviolent to safely recover from the debilitating effects of acute alcohol or drug intoxication. The centers typically operate 24 hours a day, seven days a week, and have lengths of stay ranging from 4-24 hours. Sobering centers are not treatment, and are not intended as facilities for longer term, multi-day detoxification.

The average length of stay across the country is typically between seven to eight hours. Sobering centers offer rehydration, food and or snacks, treatment for nausea, and, in some cases, light medical care such as wound dressing. Sobering centers may also offer substance use education, counseling, screening, and referral into a county's SUD treatment system.

3.7. Room and Board

SUBG discretionary funds, or SUBG perinatal funds (for perinatal beneficiaries only), may be utilized to cover the cost of room and board for certain residential services.

For more information, see **MHSUD Information Notice 18-058**.

3.7.1. Transitional Housing (TH)

Counties contracting to provide DMC State Plan SUD services my offer transitional housing (TH) as an essential support service in their SUD continuum of care in adherence with the following guidance:

- TH does not provide SUD services or require licensure by DHCS;
- All residents must be actively engaged in outpatient SUD treatment services to be provided off site;
- TH costs will not be reimbursed for individuals after discharge from SUD outpatient treatment;
- Payment of room and board is for food and lodging expenses only.
- Stay is limited to short term (up to 24 months);
- Counties shall ensure the facility is secure, safe, and alcohol and drug free; and
- Counties shall develop guidelines for contracted providers, provide monitoring and oversight and fulfill all SUBG reporting requirements.

3.7.2. Recovery Residences (RR)

Counties entering into a state-county intergovernmental agreement to participate in the DMC-ODS may offer RR services as an ancillary component in adherence with the following guidance:

- RR do not provide SUD services or require licensure by DHCS;
- All residents must be actively engaged in medically necessary recovery support or SUD treatment services to be provided off site;
- RR costs will not be reimbursed for individuals after discharge from medically necessary recovery support or SUD treatment services;
- Payment of room and board is for food and lodging expenses only;

- Stay is limited to short term (up to 24 months);
- Counties shall ensure all facilities are secure, safe, and alcohol and drug free; and
- Counties shall develop guidelines for contracted providers, provide monitoring and oversight and fulfill all SUBG reporting requirements.

3.7.3. Residential Treatment

Counties entering into a state county intergovernmental agreement to participate in the DMC-ODS are required to provide at least one American Society of Addiction Medicine (ASAM) level of residential treatment for approval of a county implementation plan in the first year.

As the room and board portion of the required residential services is not a Medicaid billable activity, SUBG discretionary funds, or SUBG perinatal funds (for perinatal beneficiaries only), may be utilized to cover the cost of room and board in adherence with the following guidance:

- Residential treatment is a non-institutional, 24 hour, non-medical, short term residential program providing rehabilitation services to beneficiaries with a SUD diagnosis;
- A Medical Director or Licensed Practitioner of the Healing Arts must determine that the residential treatment is medically necessary and in accordance with the beneficiary's individualized treatment plan.
- Counties must ensure payment of room and board is for food and lodging expenses only.

3.7.4. Room and Board Vendors

Counties may procure the room and board component of a treatment program from for-profit entities if there is a limited availability of non-profit transitional and residential housing resources, which makes it necessary to separately procure the room and board treatment component from a for-profit entity.

The purpose must be for providing the client's treatment needs, whereas housing is defined as inextricable to the client's treatment (rather than ancillary to the client's treatment), and SABG funds must only be used when the client is participating in treatment that explicitly includes room and board as a component of the client's SUD

services. The for-profit vendor is limited to, and responsible for, providing the room and board component only.

Counties are responsible for ensuring vendor compliance with Block Grant statutory requirements. Recipients, subrecipients, and vendors of the SAMHSA Block Grant must adhere to all legal, regulatory, and SABG program requirements.

Counties must include requests for approval of for-profit room and board vendors in their SABG county applications.

Please reference **Appendix D** – Determining Subrecipients and Vendors.

3.8. Incentives

SUBG funds can be used for non-cash incentives to encourage attendance and attainment of treatment or prevention goals. Incentives must be an integral part of a program design.

Do not use discretionary grant funds to make direct payments to individuals.

The value of incentives should be the minimum amount necessary to meet the program and evaluation goals of the grant, up to $30.

Incentives are an allowable component of SUBG programming is they are intended to:

- Improve an individual's access to and retention in treatment that is deemed essential to meeting program goals as they relate to the target population;
- Improve access to and retention in prevention programs;
- Meet abstinence benchmarks; or
- Increase participation in required data collection follow-up.

Please reference this guidance from the SAMHSA website:

https://www.samhsa.gov/grants/grants-management/policies-regulations/additional-directives

3.9. Harm Reduction

Harm reduction is an evidence-based approach that empowers people who use drugs to create positive change and potentially save their lives.

An important component of a harm-reduction strategy is the distribution of naloxone (Narcan) as well as fentanyl and xylazine test strips to prevent opioid-related deaths.

These are allowable SUBG expenses; however, they *cannot* be purchased with Primary Prevention Set-Aside funds per **SAMHSA Use of Funds For Naloxone**. Primary Prevention Set-Aside funds can be obligated and expended to support overdose prevention education and training consistent with **42 USC 300x-22(a) and 45 CFR 96.125 Primary Prevention**.

Counties will be expected to report on naloxone kits, fentanyl test strips, and overdose impact for all SUBG-funded harm reduction activities. Details for this reporting are included in the SUBG County Application enclosures.

In keeping with a report issued by the U.S. Department of Health and Human Services in 2013, and subsequent guidance in a 2014 letter from SAMHSA, grant subrecipients are authorized to utilize their Primary Prevention Set-Aside funds to support overdose prevention education and training consistent with 42 USC 300x-22(a) and 45 CFR 96.125.

3.10. Syringe Services Programs (SSPS)

DHCS, with support from the California Department of Public Health and the Centers for Disease Control and Prevention, has received approval from SAMHSA to utilize SUBG funding to support existing SSPs, or to start new SSPs within the state of California.

NO FEDERAL FUNDS MAY BE USED TO PURCHASE SYRINGES.

A syringe service program is a comprehensive harm reduction program for people who inject drugs that include the provision of sterile needles, syringes and other drug preparation equipment, disposal services, and additional services, such as risk reduction counseling, disease screening, provision of naloxone, and referral and linkages to SUD treatment and recovery services, primary medical care, or mental health services.

Counties are allowed to use up to forty percent of the Discretionary Set-Aside to fund SSPs. SUBG funds cannot supplant existing funding sources. Programs will be monitored and must retain records proving that no supplantation has occurred.

Funds may be used to establish elements of a SSP or to establish a relationship with an existing SSP. SUBG funding may be used for personnel, supplies, testing kits, educational materials, outreach, and similar expenses. For more details counties will refer to guidelines in the SUBG County Application enclosures.

Counties must submit a Program Narrative for each SSP the county proposes to fund under SUBG, as well as an attestation and certification form. In accordance with federal restrictions, DHCS reserves the right to deny funding for any SSP.

Please direct all questions pertaining to SUBG-funded SSPs to **SUBG@dhcs.ca.gov**.

3.11. SUBG Reporting Requirements

3.11.1. California Outcomes Measurement System for Treatment (CalOMS Tx)

CalOMS Tx is California's data collection and reporting system for SUD treatment services. CalOMS Tx data is due to DHCS by the 15th of each month, or approximately within 45 days of the report month. Counties and direct providers may submit their monthly CalOMS Tx data as soon as it is available, or at any time during the report month (the calendar month in which the admissions, discharges, or annual updates occur).

To gain access to CalOMS, visit the **BHIS webpage** to download the CalOMS County Approver Certification & Vendor Appointment Form (DHCS 5261).

Completed and signed forms must be emailed to:

DATAR-CalOMSProgramSupport@dhcs.ca.gov.

For more program related information, visit the **CalOMS Tx web page** or email **DATAR-CalOMSProgramSupport@dhcs.ca.gov**.

3.11.2. CalOMS Tx System Failure

If the CalOMS Tx user experiences programmatic barriers to timely submission of CalOMS Tx data into the Behavioral Health Information System (BHIS), user shall report the problem in writing by secure e-mail to DHCS at **SUDCalOMSSupport@dhcs.ca.gov** before established data submission deadlines.

If the CalOMS Tx user experiences BHIS service failure or other system-related technical difficulties that impact the county's ability to timely submit CalOMS Tx data and/or meet other CalOMS Tx compliance requirements, user shall report the problem in writing by secure e-mail to DHCS at: **SUDCalOMSSupport@dhcs.ca.gov**.

3.11.3. SUBG Primary Prevention Data Collection and Reporting

In 2023, DHCS implemented the ECCO system to replace the Primary Prevention SUD Data Service (PPSDS).

If counties are unable to submit prevention data timely or meet other compliance requirements, a user shall contact their specific assigned county analyst. If you are in need of technical assistance, the quickest and most efficient way to access ECCO training and technology support is to request help through ECCO.

3.11.4. Treatment Episode Data Set (TEDS)

TEDS is a national data system of admissions to publicly funded SUD treatment facilities. As a regulatory requirement, DHCS extracts this data from CalOMS Tx monthly reports to submit to SAMHSA. TEDS data do not include all admissions to SUD treatment -- only admissions to facilities that are licensed or certified by DHCS to provide SUD treatment.

Counties must be aware of the importance of timely and accurate CalOMS Tx monthly reports to enable DHCS to meet its federal data submission requirements. For more information visit **SAMHSA Data** and **Treatment Episode Data Set 2021: Admissions To And Discharges From Substance Use Treatment Services Reported By Single State Agencies**.

3.11.5. Drug and Alcohol Treatment Access Report (DATAR)

DATAR is the DHCS system to collect data on treatment capacity and is considered a supplement to CalOMS Tx. All SUD treatment providers that receive SUD treatment funding from DHCS are required to submit the one-page DATAR form to DHCS each month. In addition, certified DMC providers and Licensed NTPs must report, whether or not they receive public funding. Providers and Central Intake Units must submit DATAR reports for each month by the 10th of the following month. For example, for the month of September, the DATAR report must be submitted by the 10th of October.

DATAR is an application developed by DHCS and can be accessed by authorized California providers, counties, and state staff. To become an authorized County Approver, visit the **Substance Use Disorder Services - Forms** web page, download and complete the County Approver Certification Form (DHCS 3300), and submit it to **DATAR-CalOMSProgramSupport@dhcs.ca.gov**.

For Program Support, email the DATAR-CalOMS Help Desk at:

DATAR-CalOMSProgramSupport@dhcs.ca.gov.

For DATAR system issues contact **SUDDATARSupport@dhcs.ca.gov**.

3.11.6. Master Provider File (MPF)

The **Master Provider File (MPF)** data systems retain SUD provider records for each California county. The MPF Team assists California counties in the management of their SUD provider record information. Current and accurate SUD provider records ensure successful submissions for Drug Medi-Cal (DMC) claims, monthly CalOMS Tx submissions, monthly DATAR submissions, monthly Primary Prevention Services Data System (PPSDS) submissions, and annual fiscal Cost Reports.

The MPF Team will send each county a monthly MPF Report that identifies each county operated and/or subcontracted SUD provider. Counties are responsible for reviewing the monthly report for accuracy and providing the MPF Team with updates as needed. All updates to existing SUD provider records, or notification of contracts with new SUD providers, must be submitted in writing using the appropriate MPF Forms. Completed forms are emailed to **MPF@dhcs.ca.gov**.

The current MPF Forms can be obtained by emailing a request to **MPF@dhcs.ca.gov**.

For more information, please refer to the **DHCS MPF web page**.

3.11.7. Quarterly SUBG Invoicing

DHCS issues quarterly reimbursement payments to counties based on actual expenditures for services rendered in that quarter.

Counties will report quarterly expenses on their SUBG invoices (formerly known as the Quarterly Federal Financial Management Reports). The amount reported will become the quarterly SUBG payment for the county. Due dates for the invoices are 45 days after the end of each quarter.

In addition to the invoice, supporting detail is required on the quarterly SUBG Ledger Report. This report summarizes expenses by provider and uses the same fields that are currently used in the Drug Medi-Cal Cost Report.

Previously, counties were required to submit a budget plan for each year using the SUBG Budget Plan Report. This has been superseded by the SUBG County Application and is no longer required.

Counties will request SUBG reporting forms, and submit quarterly and annual reports, to **SUBG@dhcs.ca.gov**.

3.11.8. SUD Cost Report

Each year counties are required to complete and submit an SUD cost report to

DHCS. The purpose of this report is to:

4. Report counties' annual costs and expenditures for SUD services, both DMC and non-DMC;
5. Compare and reconcile the amount of funds paid to the county with the actual costs of providing those services;
6. Document how State and Federal funds were spent and ensure that set asides and other categorical requirements were met;
7. Provide mandated service and expenditure data to oversight agencies (the Centers for Medicare and Medicaid Services and SAMHSA); and
8. Provide data for DHCS to develop annual DMC reimbursement rates and conduct statewide evaluation.

For more information, please refer to the **DHCS Fiscal Management and Accountability web page**.

3.11.9. Charitable Choice

According to **SAMHSA**, "SAMHSA's two Charitable Choice provisions [Sections 581 584 and Section 1955 of the Public Health Service (PHS) Act, 42 USC 290kk, et seq., and 42 USC 300x 65, respectively] allow religious organizations to provide SAMHSA funded SUD services without impairing their religious character and without diminishing the religious freedom of those who receive their services. These provisions contain important protections both for religious organizations that receive SAMHSA funding and for the individuals who receive their services and apply to religious organizations and to State and local governments that provide SUD prevention and treatment services under [SUBG]".

According to the SUBG County Application, counties must report the number of Charitable Choice referrals to DHCS no later than October 1 following the end of the most recent SFY. Counties will email **CharitableChoice@dhcs.ca.gov** with the following information: County Name; Reporting Period; number of Charitable Choice referrals. Any delinquencies in reporting the required Charitable Choice information will be reported to DHCS's Behavioral Health Compliance Section for follow up.

3.12. Prior Written Approval for Certain Items of Cost

Per **45 CFR 75.407**, prior written approval is required for the allowability of certain items of costs. These items include, but are not limited to, equipment and other capital expenditures, entertainment costs, compensation-fringe benefits, as well as several other items of costs, and it is advisable to review in the stated regulation.

Counties may request prior approval from DHCS for these items through the biennial SUBG County Application process. Any applications or application revisions containing items requiring prior approval must have those items included within the detailed budget, which should be accompanied by a corresponding narrative regarding the purpose, allocability, and necessity of these items.

Please note that all expenditures must comply with 45 CFR Part 75, 45 CFR Part 96, and the terms and conditions outlined in the SUBG County Application.

3.12.1. Purchase of Vehicles and Other Equipment

A County may purchase a vehicle for use in their SUD prevention, treatment, and recovery support services program using SUBG funds. If the vehicle is intended solely for perinatal or youth services programs, perinatal or youth set-asides can be used.

DHCS pre-approval is required for vehicle purchases. Counties must include the proposed purchases of vehicles in their SUBG County Application either as part of the initial application submission or during a budget change request.

Please address the following questions in the application program narrative that includes the proposed vehicle purchase:

- Is the purchase necessary? You must provide justification.

- Can the grantee organization purchase the vehicle with its own funds or finance it? This allows the value of the vehicle to be depreciated over the useful life budgeted using grant funds.
- Can the vehicle be purchased with another source of funding (federal or non-federal, e.g., program income, foundation funds, county funds, etc.)?
- Will other programs use this vehicle, or will the vehicle be dedicated to the administration of SABG only?
- Will grant funds be used for maintenance, insurance, and gasoline? If not, why?

If DHCS approves the vehicle purchase request, a County may purchase a vehicle using SABG funds, but must follow the terms outlined in Enclosure 4 — Special Terms and Conditions, of the SUBG County Application.

List the legal owner as:

California Department of Health Care Services

1501 Capitol Avenue, MS 4000

Sacramento, California 95899-7413

Paragraph (4)(G)(1), of Enclosure 4 of the SUBG County Application requires that within 30 calendar days prior to the end or termination of the agreement, the Contractor shall ask DHCS as to the requirements, including manner and method, of returning equipment to DHCS. DHCS may, at its discretion, authorize the continued use of state equipment for performance of work under a different State agreement.

4. Section Four: Appendices

4.1. Appendix A — Acronyms

ABPG	Adolescent Best Practices Guide
AIDS	Acquired Immunodeficiency Syndrome
AOD	Alcohol and Other Drug
CalOMS Tx	California Outcomes Measurement System for Treatment
CAP	Corrective Action Plan
CARS	Center for Applied Research Solutions
CBHDA	California Behavioral Health Directors' Association
CCR	California Code of Regulations
CDPH	California Department of Public Health
CFR	Code of Federal Regulations
CL	Club Live
CMS	Centers for Medicare and Medicaid Services
CPI	Community Prevention Initiative
CSAP	Center for Substance Abuse Prevention
CSAT	Center for Substance Abuse Treatment
CSD	Community Services Division
DATA 2000	Drug Addiction Treatment Act of 2000
DATAR	Drug and Alcohol Treatment Access Report
DHCS	California Department of Health Care Services
DHHS	U.S. Department of Health and Human Services
DMC	Drug Medi Cal
DMC-ODS	Drug Medi-Cal Organized Delivery System
F&A	Facilities and Administration
FFY	Federal Fiscal Year
HHS	U.S. Department of Health and Human Services
HSC	California Health and Safety Code
IN	Information Notice
IVDU	Intravenous Drug User
MAT	Medication Assisted Treatment
MOE	Maintenance of Effort
MOU	Memorandum of Understanding
MPF	Master Provider File

MTDC	Modified Total Direct Costs
NTP	Narcotic Treatment Program
ODS	Organized Delivery System
OMB	Office of Management and Budget
PHS	Public Health Service
PPSDS	Primary Prevention SUD Data Service
PPG	Perinatal Practice Guidelines
SUBG	Substance Use Prevention, Treatment, and Recovery Services Block Grant
SAMHSA	Substance Abuse and Mental Health Services Administration
SCO	California State Controller's Office
SFY	State Fiscal Year
SPF	Strategic Prevention Framework
SPP	Strategic Prevention Plan
SSA	Single State Agency
SSP	Syringe Services Program
STEPP	Strategic Training and Education for Prevention Planning
SUD	Substance Use Disorder
TA	Technical Assistance
TB	Tuberculosis
TEDS	Treatment Episode Data Set
USC	United States Code
WLMP	Waiting List Management Program
WLR	Waiting List Record

4.2. Appendix B — SUBG Definitions

Allocation

Distribution of federal funds from a federal entity to a non-federal entity or from a non-federal pass-through entity to a subrecipient.

De-Obligation

De-obligation is a downward adjustment of a previously recorded obligation.

Expenditure

Expenditures are goods and other tangible property received, services performed by employees, contractors, subgrantees, subcontractors, and other payees for a liability resulting from an obligation made within the 42 USC 300x 62(a) statutory timeframe.

First-Tier Subrecipient

A First Tier Subrecipient is a non-federal entity that expends federal awards received from a pass-through entity to carry out a Federal program. Each contracted county is a SUBG first tier subrecipient (also referred to as a Subgrantee, or Contractor in the SUBG County Application).

Funding Period

The time period during which federal grant funds may be obligated and expended.

Grantee

DHCS is the SUBG grantee in California.

Obligation

Obligation refers to the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment during the same or a future period.

Pass-Through Entity

A Pass-Through Entity is a non-federal entity (grantee) that receives a federal grant or cooperative agreement. DHCS is the SUBG grantee in California.

Re Obligated Funds

Funds de obligated within the original funding period are once again available for new obligations.

Set-Aside

A portion of a federal funding set-aside for a specific programmatic purpose.

Single State Agency (SSA)

The California Department of Health Care Services (DHCS) is the designated SSA for the purpose of applying for and administering the SUBG program in California.

SUBG County Application

Standard Agreement with terms and conditions and incorporated enclosures (must be fully executed to be in effect).

Unobligated Funds

Federal funds not obligated within the period of availability.

Vendor

A Vendor is a dealer, distributor, merchant, or other seller providing ancillary goods or services that are required for the conduct of a federal program.

4.3. Appendix D – Determining Subrecipients and Vendors

According to 45 CFR Part 75 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards:

- A subrecipient is a non-Federal entity that expends Federal awards received from a pass through entity to carry out a Federal program; and
- A vendor is a dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of a Federal program.

Regulations list the following characteristics, indicating that some or all of the listed features may be present:

Subrecipients	Vendors
Determine who is eligible to receive Federal financial assistance.	Provide goods and services within normal business operations.
Performance is measured against whether the objectives of the Federal program are met.	Provide similar goods or services to many different purchasers.
Responsible for programmatic decision-making.	Operate in a competitive environment.
Responsible for adherence to applicable Federal program compliance requirements.	Provide goods or services that are ancillary to the operation of the Federal program.
Use Federal funds to carry out a program of the organization.	Are not subject to the compliance requirements of the Federal program.

Further, 45 CFR Part 75 states, in part, that:

- Unusual circumstances may exist; therefore, careful judgment should be exercised in determining whether an entity is a subrecipient or vendor; and
- The relationship between the recipient of Federal funds and the entity should be examined, rather than the form of the written agreement between the two parties.