



To:	BHS Contracted Service Providers
From:	Behavioral Health Services (BHS)
Date:	March 8, 2024
Title	Response on Admin Adjustment Request (AAR) Policy Changes and Other Updates

This memo provides an update regarding the Behavioral Health Services (BHS) Administrative Adjustment Request (AAR) process and guidelines for cost reimbursement contracts. Contracting Officers Representatives (CORs) will retain the ability to request additional information and justification for proposed budgetary changes as part of the monthly invoice review.

General Changes

The **BHS AAR Guidelines** will be updated to reflect the following changes effective April 1, 2024:

- AARs with a full budget will no longer be needed for non-material changes (see BHS AAR Guidelines)
- Per Contract Service Agreement, Article 5.2.2, each Administrative Adjustment shall be in writing and signed by the COR and Contractor. Due to this requirement, the need for a one-page AAR will continue. However, a full budget is not required except for the final AAR submission on April 30th or 60 days before the end of the contract term for off-cycle contracts.

Shifts in Salaries

The **BHS AAR Guidelines for Salaries** will reflect the following changes effective July 1, 2024:

- Providers will not need to obtain COR approval for salary increases of more than 5% as long as they are within the range of salaries for each position.
 - The **BHS Cost Reimbursement Budget Template (Sch 1 S&B tab)** will be revised to include a column for Salary Range. Note that the budget may reflect the average of the salary range.
 - If a proposed salary increase exceeds the maximum of the salary range by more than 5%, the provider must receive written COR pre-approval using the one-page AAR.

Updates in Budget Template - Operating Expenses (Sch II OE Final Tab)

The **BHS Cost Reimbursement Budget Template - Operating Expenses tab** will reflect the following changes effective July 1, 2024:

- Similar line items will be consolidated to reduce the number of line items on the template.
- Asterisked and double-asterisked line items will remain as separate line items.

Updates in Budget Template – Suppl B Subcontract Tab

The **BHS Cost Reimbursement Budget Template – Suppl B Subcontract tab** will reflect the following changes effective July 1, 2024:

- The **Suppl B Subcontract tab of the BHS Cost Reimbursement Budget Template** will be revised.
 - The number of hours or rate for each subcontractor agency/individual will be removed but the agreement amount will be retained as part of COR review and as required by Agency Contract Support.
- Written pre-approval is required when there are budget shifts between existing subcontractors or when adding a new subcontractor using the one-page stand-alone Suppl B Subcontract Template. However, if the total subcontract line item increases, the one-page stand-alone Suppl B Subcontract Template and the one-page AAR Template must be submitted.

For More Information:

- Contact your Contracting Officer’s Representative (COR) or
- Junida Bersabe, Principal Accountant, junida.bersabe@sdcounty.ca.gov, (619) 381-9560



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- Subcontractor’s contractual agreement shall continue to follow OMB 200.459 requirements and all required flow-down language as required by OMB.

The **Substance Use Disorder Provider Operations Handbook (SUDPOH)** and **Organizational Provider Operations Handbook (OPOH)** will be updated to reflect these changes. All other relevant policies and procedures for contracts remain in place.

Thank you for your patience and continued support. If you have any questions, please contact Junida Bersabe (Junida.bersabe@sdcounty.ca.gov).

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