



County of San Diego

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April 28, 2025

TO: Behavioral Health Services Contracted Service Providers

FROM: Adria Cavanaugh, Chief, Agency Operations
Behavioral Health Services

CONTRACT DOCUMENTATION REQUIREMENTS

In preparation for the Fiscal Year (FY) 2024-25 year-end process and upcoming FY 2025-26, the following documents may require submission from contractors to comply with Behavioral Health Services (BHS) contract terms and conditions.

1. FY 2024-25 CONTRACT YEAR-END ACTIVITIES

1.1. Administrative Adjustment Request (AAR) – Required for Cost Reimbursement Contracts only

All AARs for FY 2024-25 are due to the Contracting Officer's Representative (COR) by **April 30, 2025**. Attached are the updated AAR Guidelines and the AAR template, if needed. Note that a full budget is also required to be submitted on April 30, 2025. Electronic submission is acceptable.

NOTE: COR approval is required before adjustments are implemented. Late AAR submissions could result in AAR denial or potential disallowance.

1.2. Inventory Report

The County of San Diego (County) Health and Human Services Agency (HHSA) requires contractors to submit an inventory report at least annually, no later than thirty (30) calendar days into each new contract year and when any updates occur throughout the year (i.e., new items charged to the contract or items are lost, stolen, damaged, disposition or salvage). The inventory report must list all capital assets and minor equipment that have been purchased in whole or in part with County contract funds since contract start date, including property acquired through lease purchase agreements.

1.2.1. Inventory Definitions

- **Capital Assets and Equipment:** Nonexpendable property with a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

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- **Minor Equipment:** Tangible property with a useful life of more than one year and an acquisition cost between \$500 to \$4,999 per unit.

1.2.2. Inventory Guidelines

- **Cost Reimbursement (CR) payment type:** All capital assets and minor equipment charged to the contract shall be listed on the inventory report.
- **Hybrid and Fixed Price (FP) payment type:** Contracts with budget line items purchased with County funds or one-time funding for equipment which are usually reimbursed at cost to the contractor are required to follow the same inventory procedures as CR contracts for those items ONLY.
- The inventory report must list:
 - County contract information
 - All equipment that holds Personal Identifiable Information (PII) such as cellphones and laptops, and items subject to misuse or theft regardless of value and contract type
 - All property purchased with County contract funds beginning from the contract start date (regardless of contract payment type)

Contractors may use the attached revised BHS Inventory Report Form or their own inventory report template which must include the required elements as stated in the BHS Inventory Guidelines. All reports must indicate the date of report completion.

Email copies of the FY 2025-26 Inventory Report(s) to your assigned COR no later than thirty (30) days after the end of contract term. For example, if the contract term is through June 30, 2025, the report is due by July 30, 2025.

For additional guidelines, refer to the Substance Use Disorder Operations Handbook (SUDPOH) Section O and Organizational Provider Operations Handbook (OPOH) Section J.

Contracts transitioned from CR to FP via contract action in calendar year 2023 or 2024: Please refer to the attached BHS Information Notice, "Updates to Contractor Inventory Process" dated May 10, 2024 for instructions.

2. FY 2025-26 NEW FISCAL YEAR ACTIVITIES

2.1. Cost Allocation Plan (CAP) – Required for CR Contracts only

A CAP is a written methodology to document how the organization's shared costs are charged to various contracts and/or programs. CAPs do not apply to contracts with a fixed price payment type. CAPs apply to all CR contracts; however, the following are exempt from submitting a CAP:

- Contractors that only provide one service/program
- Contractors that only receive one type of funding
- Contractors that directly charge their full cost only to one benefitting program

An organization-wide CAP for FY 2025-26 is due with the FY 2025-26 budget. Email both the CAP and FY 2025-26 budget to your assigned COR and cc: BHS.Claims@sdcounty.ca.gov. Requests for exemption that fall within any of the three exempted categories listed above should be emailed to BHS.Claims@sdcounty.ca.gov along with a written justification.

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The below are required for **ALL** contracts:

2.2. Subcontractor/Consultant Agreement(s)

All BHS Subcontractor/Consultant Agreement(s) must be pre-approved, regardless of dollar amount and payment type, prior to the effective date of the subcontractor agreement or before the start of services.

The following is the pre-approval process:

2.2.1. Written pre-approval from the COR is required for Subcontractor/Consultant agreements prior to the effective start date of subcontractor agreement as stipulated in Contract Article 1.4.4 County Approval. Contractors must request written pre-approvals at a minimum two (2) weeks prior to the effective start date of Subcontractor agreement.

2.2.2 A written pre-approval must contain the following four components for each subcontract and/or consultant agreement:

1. Name of the organization or individual
2. Brief scope or description of what services/products the subcontractor(s) and/or consultant(s) will provide relevant to the main contract
3. Agreement amount
4. Agreement term

Contractor must obtain pre-approval by completing the four components in the BHS Subcontract Budget Tab of the annual BHS Budget spreadsheet. (NOTE: The BHS budget Template for FY 25-26 will be sent along with the allocation letters). Contractor must fill in check boxes, then sign, and submit to the assigned COR for review. All columns must be completed; see examples below for situations where “to be determined” (TBD) will and will not be accepted for pre-approval.

Once the BHS Subcontractor/Consultant Pre-Approval Form has been reviewed, the COR will sign and return it to the Contractor indicating pre-approval. If there is an extension of a subcontract agreement, the COR team needs to request a revised subcontract budget since the subcontract’s term and total amounts have been changed.

For FP contracts, a revised fixed budget is not needed, even with an increase with payment amount or extension. Contractors are only required to submit the BHS Subcontractor/Consultant Pre-Approval Form.

Example 1: Contractor will subcontract with *Medical 4 All Inc.* to provide psychiatric services to patients from September 1, 2024 – June 30, 2025 at \$200.00 per hour for 40 hours per month. Annual total = \$80,000. The name of the psychiatrist is not yet known and is listed as TBD.

- In this example, this information meets the requirement for pre-approval because the agency that is responsible for providing the services – *Medical 4 All Inc.* – is identified and the Individual psychiatrist delivering services is the only TBD.

Example 2: Contractor will subcontract with a psychiatrist to provide psychiatric services to patients. The name of the psychiatrist is not yet known, and neither is the pay rate. The agreement period will be November 1, 2024 – June 30, 2025. TBD is listed in the Individual column and in the Budget columns.

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- In this example, this information does not meet the requirement for pre-approval because the subcontract will be with an individual and the complete information is not known.
- Once all the information is known, the contractor must fill out the Subcontract Budget Tab template with all the required information, sign, scan, and send to the COR for pre-approval. Once approved, the COR will return the form indicating approval.

Contractor must provide COR with copies of **all** subcontracts and/or consultant agreements relating to the contract, regardless of dollar amount and payment type (CR, FP, Pay for Performance, etc.). Contractor shall complete the attached BHS Subcontractor/Consultant Agreement Contractor Checklist and submit the form together with copies of fully executed agreement(s) to the COR within thirty (30) days after the effective date of the agreement. For example, for an agreement with an effective date of July 1, 2025, all agreements are due no later than July 31, 2025.

2.3. BHS Provider Communications

2.3.1. GovDelivery

Beginning July 1, 2025, all BHS provider communications (Information Sharing Notices) will be sent through GovDelivery. To ensure you receive these emails, please add sdcounty@service.govdelivery.com to your contact list. You can register to receive Information Sharing Notices via GovDelivery using this [link](#).

2.3.2. Optum

All BHS provider communications (Information Sharing Notices) will be posted on the [Optum website](#), allowing you to view any contractor communications that have been released. This is currently being developed, and more information will be provided soon.

2.4. Contractor Signatory Authorization Form (SAF)

The SAF is being revised, and additional information will follow.

2.5. Attestation

The Attestation form is being revised, and additional information will follow.

If you have any questions or need assistance, please contact your COR and/or Contract Analyst.

Thank you for your assistance.

ADRIA CAVANAUGH, Chief, Agency Operations
Behavioral Health Services

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Attachments:

1. 2024-03-08 BHS Info Notice-AAR Policy Recommendations and Updates
 - 1a. BHS AAR Guidelines
 - 1b. Administrative Adjustment Request (AAR) Template
2. BHS Inventory Report Form FY 24-25
 - 2a. BHS Inventory Guidelines for County Contracts
 - 2b. BHS Inventory Report Form – EXAMPLE
 - 2c. 2024-05-10 BHS Info Notice - Updates to Contractor Inventory Process
3. BHS Budget Template - Cost Reimbursement FY 24-25
 - 3a. BHS Subcontractor Consultant Pre-Approval Form
 - 3b. BHS Subcontractor Consultant Agreement Contractor Checklist
4. BHS GovDelivery Flyer