



Community Mental Health Center Cost Report Walkthrough

Fact Sheet July 2023

Introduction

This guide provides additional information regarding Community Mental Health Center (CMHC) cost reports.

A. Instructions: Instructions for Completing Cost Report

The first tab of the Colorado Unit Cost Report provides a list of instructions explaining how to properly complete each schedule. This tab is for instructional use only; no information input is needed. This tab, in addition to the [Behavioral Health Accounting and Auditing Guidelines](#), can be used as a resource to identify where expenses should be filed.

The CMHC Cost Report utilizes a color-coded cell scheme to assist in understanding what cells to edit. This guide will enable the editor to understand which cells require modifications.



Data Input Cell. Beige cells are the only cells that can be modified during cost report completion.



Automatic Formula Cell. Dark grey cells are locked and cannot be modified.



Header Cell. Light grey cells are locked and cannot be modified.

The instruction tab provides the following acronyms:

ALR:	Assisted Living Residence
ATU:	Acute Treatment Unit
BS:	Bachelor of Science
CEO:	Chief Executive Office



CFO:	Chief Financial Officer
CSU:	Crisis Stabilization Unit
FTE:	Full Time Equivalents
PRTF:	Psychiatric Residential Treatment Facility
RCCF:	Residential Child Care Facility
RVU:	Relative Value Unit
SUD:	Substance Use Disorder
TRCCF:	Therapeutic Residential Child Care Facility

The last item on this tab is a statement declaring that the reporting requirement are governed by the [Behavioral Health Accounting and Auditing Guidelines](#).

B. Certification: Certification Statement

The second tab, certification, is where the certification statement and officer signatures are placed.

The tab also contains the following information:

Center/Provider Name: This corresponds to the CMHC name.

Fiscal Year End: This date corresponds to the end of the reporting period.

The officer signature attests to the following:

“I hereby certify that I have reviewed the attached Unit Cost Report for the above-referenced center/provider and fiscal year end and that, to the best of my knowledge and belief, it is a true, correct and complete statement prepared from the books and records of the center/provider in accordance with applicable State and Federal rules and instructions, except as noted below:”

C. Schedule 1: Expenses

The first expenses tab, Schedule 1, contains all the expenses for the time period being reported. The expenses outlined in this tab are broken down according to the requirements listed in the [Behavioral Health Accounting and Auditing Guidelines](#).



The reporting template follows this pattern:

ROWS: Cost Category **Examples**

Direct Client Service Personnel Costs	<i>Licensed physicians, case management, payroll taxes, etc.</i>
Operations Personnel Costs	<i>Executive leadership, payroll taxes, etc.</i>
Direct Salary Limitations	<i>Excess salary above limits</i>
Employee-Related Costs	<i>Employee recruitment</i>
Contacted Personnel Costs	<i>Clinicians, other contracted personnel</i>
Client Costs	<i>Transportation, educational material, food or drink, technology, etc.</i>

Columns: Functional Application **Examples**

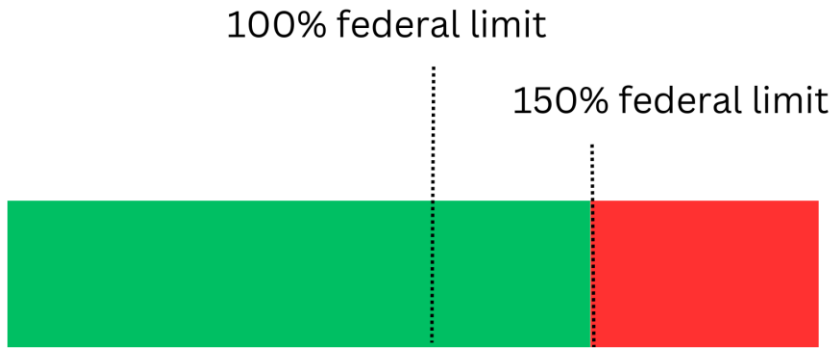
Indirect	<i>Licensed physicians, case management, payroll taxes, etc.</i>
Encounter Based Services with RVU	<i>Executive leadership, payroll taxes, etc.</i>
Direct Salary Limitations	<i>Excess salary above limits</i>
All Inpatient Hospital Services without RVU	<i>Employee recruitment</i>
Encounter Based Services without RVU	<i>Clinicians, other contracted personnel</i>
Unallowable	<i>Transportation, educational material, food or drink, technology, etc.</i>

a. Schedule 1A: Non-Clinical Direct Salary Limit

This schedule identifies the non-clinical direct salaries to which a limitation is applied. The limitation and application are determined annually by the Department of Health Care Policy & Financing and the Office of Behavioral Health as set by 150% of the federal limit. The excess direct salary amounts above the annual limit are automatically reclassified to unallowable on Schedule 1.



Non-Clinical Direct Salary



Non-clinical direct salaries **up to 150%** of federal limit guidelines will be considered in cost reporting.

Any amount **above 150%** of the federal limit **will not** be considered in cost reporting.



b. Schedule 1B: Indirect Cost Allocation Methodology

This schedule includes explanations of methods and bases used to allocate indirect costs on Schedule 1.

Examples

Step 1.	<i>The cost of employee benefits such as workers' comp insurance, unemployment insurance, medical benefits and other employee benefits are allocated to programs based on the number of FTEs in each program.</i>
Step 2.	<i>...next step or method used is...</i>
Step 3.	<i>...additional steps or methods used are...</i>

c. Schedule 1C: Less-Than-Arm's-Length Transactions

This schedule is utilized to identify all transactions that are less-than-arms-length (reference the definition below). The CMHC must identify the nature, amount, account number(s) and/or program(s) associated with the related party expense. In addition, the vendor/individual name should be included.

Examples of less-than-arm's-length transactions include:

Leases, Management Agreements, or Administrative Service Agreements between a parent and subsidiary or commonly owned subsidiaries.

D. Schedule 2: Service Groups

This schedule summarizes expenses by service group. The service groups include:

1. Emergency services
2. Consultative and educational services
3. Outpatient services
4. Partial hospitalization
5. Inpatient and residential services



This schedule tab does not need to be edited as it pulls data from other areas of the report.

a. Schedule 2A: Emergency Services

This schedule details expenses related to the provision of emergency services, by program. Applicable expense should be specifically identified for each program (or team, reporting unit, etc.), and then identified as encounterable (RVU-producing and reported in Column 3 on Schedule 1) or non-encounterable (not RVU-producing and reported in Column 5 on Schedule 1).

Indirect costs related to each emergency services program should be identified, if possible. Otherwise, total indirect costs allocated to the **emergency services** in each column should be identified in aggregate below the detailed table on this schedule.

b. Schedule 2B: Consultative and Educational Services

This schedule mirrors the previous schedule, but details expenses related to the provision of consultative and educational services, by program. Applicable expense should be specifically identified for each program (or team, reporting unit, etc.), and then identified as encounterable (RVU-producing and reported in Column 3 on Schedule 1) or non-encounterable (not RVU-producing and reported in Column 5 on Schedule 1).

Indirect costs related to each emergency services program should be identified, if possible. Otherwise, total indirect costs allocated to the **consultative and educational services** in each column should be identified in aggregate below the detailed table on this schedule.

c. Schedule 2C: Outpatient Services

This schedule mirrors the previous schedule, but details expenses related to the provision of outpatient services, by program. Applicable expenses should be specifically identified for each program (or team, reporting unit, etc.), and then identified as encounterable (RVU-producing and reported in Column 3 on Schedule 1) or non-encounterable (not RVU-producing and reported in Column 5 on Schedule 1). Indirect costs related to each emergency services program should be identified, if possible. Otherwise, total indirect costs allocated to the **outpatient services** in each column should be identified in aggregate below the detailed table on this schedule.



d. Schedule 2D: Partial Hospitalization

This schedule mirrors the previous schedule, but details expenses related to the provision of outpatient services, by program. Applicable expense should be specifically identified for each program (or team, reporting unit, etc.), and then identified as encounterable (RVU-producing and reported in Column 3 on Schedule 1) or non-encounterable (not RVU-producing and reported in Column 5 on Schedule 1). Indirect costs related to each emergency services program should be identified, if possible. Otherwise, total indirect costs allocated to the **partial hospitalization services** in each column should be identified in aggregate below the detailed table on this schedule.

E. Schedule 3: Inpatient and Residential Services

This schedule contains the expense and census detail for all inpatient and residential facilities and calculates individual and average per diem rates for each.

Facilities should be identified by name and reported within the appropriate section:

1. Residential
2. ATU/CSU (Acute Treatment Unit / Crisis Stabilization Unit)
3. Detox
4. RCCF (Residential Child Care Facility)
5. TRCCF (Therapeutic Residential Child Care Facility)
6. PRTF (Psychiatric Residential Treatment Facility)
7. Inpatient Hospital

For each facility, the following should be identified:

- A. Bed capacity
- B. Census days
- C. Total facility expense (including indirect costs)
- D. Room and board expense

F. Base Unit Cost Calculation

This schedule includes the units of service provided during the period and calculates the base unit cost.



Units are identified by procedure code, and classified as either:

1. **Facility** - The encounter occurred within the CMHC.
2. **Non-Facility** - The encounter occurred outside the CMHC.

Revenue recognized for non-RVU integration services (e.g. clinic services) should be reported on this schedule and will be excluded from the base unit cost calculation.

For more information see: [How Base Unit Costs \(BUCs\) are Determined.](#)

For more information contact

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