



# Finance Services Division Updates

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## Agenda

- FY 2025-26 Billing Deadline Reminder
- FY 2026-27 Revised Fiscal Reporting and Fiscal Compliance Information Notices
- FY 2026-27 Rates Matrix Updates
- FY 2026-27 Value-Based Incentives Updates

# FY 2025-26 Billing & Invoice Deadline


## Drug Medi-Cal Claims

Claim Submission Deadline	Expected Date of Reimbursement
July 1, 2026 – July 6, 2026	End of July 2026
July 7, 2026 – July 31, 2026	End of August 2026

## **Recovery Bridge Housing, Harm Reduction, Client Engagement and Navigation Services, and All Other Services and Contracts**

Claim Submission Deadline	Expected Date of Reimbursement
July 1, 2026 – July 6, 2026	End of July 2026

- See March 9, 2026 Communication
- Provider agencies must submit all needed invoices for services conducted in FY 2025-26 (on and before June 30, 2026) by the deadline.
- Any FY 2025-26 service claims received or submitted after July 6, 2026, may not be eligible for reimbursements based on the availability of funds, contract utilization, and/or the County's guidelines.




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March 9, 2026

**TO:** All Contract Service Provider Agencies

**FROM:** Daniel Deniz, Division Chief  
Finance Services Division

**SUBJECT:** **FISCAL YEAR 2025-2026 DEADLINE FOR SUBMISSION OF SERVICE REIMBURSEMENTS**

As the current Fiscal Year (FY) comes to a close, the County of Los Angeles Department of Public Health's Substance Abuse Prevention and Control Bureau (SAPC) is notifying provider agencies of key invoice submission deadlines to ensure reimbursements for services provided in FY25-26. As the fiscal year-end approaches, it is essential that provider agencies account for all service-related expenses and submit all the necessary information by the identified deadlines.

Funding sources used to support our programs are under increased scrutiny. It is essential for all of us to work together to ensure that we are using substance use disorder-focused funds fully and that they are appropriately spent. This is a shared responsibility between SAPC and provider agencies. The information below is designed to support provider agencies' billing activities over the next several months until the close of FY25-26.

**Reimbursable Services**  
Provider agencies should review their contract(s) scope/statement of work to identify all services that qualify for reimbursements. This process will ensure provider agencies can bill for all services and activities conducted to implement the program. Note that only services provided and expenditures incurred on or before **June 30, 2026** are eligible for reimbursement under the current FY (FY25-26).

**Acceptable Expense Documentation**  
Provider agencies should take several actions and considerations to support timely invoice review and processing. First, agencies need to ensure that all costs are supported with proper substantiating documentation, including but not limited to invoices, receipts, canceled checks, timesheets, and/or ledgers. Provider agencies should note the following when submitting claims for reimbursements:

## **FY 2025-26 Billing & Invoice Deadline**

### **Actions to Take Now**

- Conduct internal audits to identify services/costs that have NOT been submitted for reimbursements.
  - For Treatment Provider Agencies: Sage Billing - Run Progress Note Status Report to identify claims that need to be submitted for reimbursements.
- Review contract allocation and identify the amount of unused funds.
- Review statement/scope of work to confirm allowable program activities.
- Work with staff to identify needed equipment(s) and other resources to support the program that may be billed against the contract to leverage funds.
- Work with vendor(s), contractor(s), and/or other organization(s) to secure needed invoices or substantiating documentation to request reimbursements and submit by the deadline.

## SAPC IN 26-05 Fiscal Compliance

### Key Updates

- Revises the federal funding amount for Single Audits from \$750,000 to \$1,000,000.
- Clarifies that **ALL** SAPC Contracted Service Providers must conduct an annual Audited Financial Statements review.
- Describes contract actions for failure to timely and fully resolve fiscal non-compliance issues.

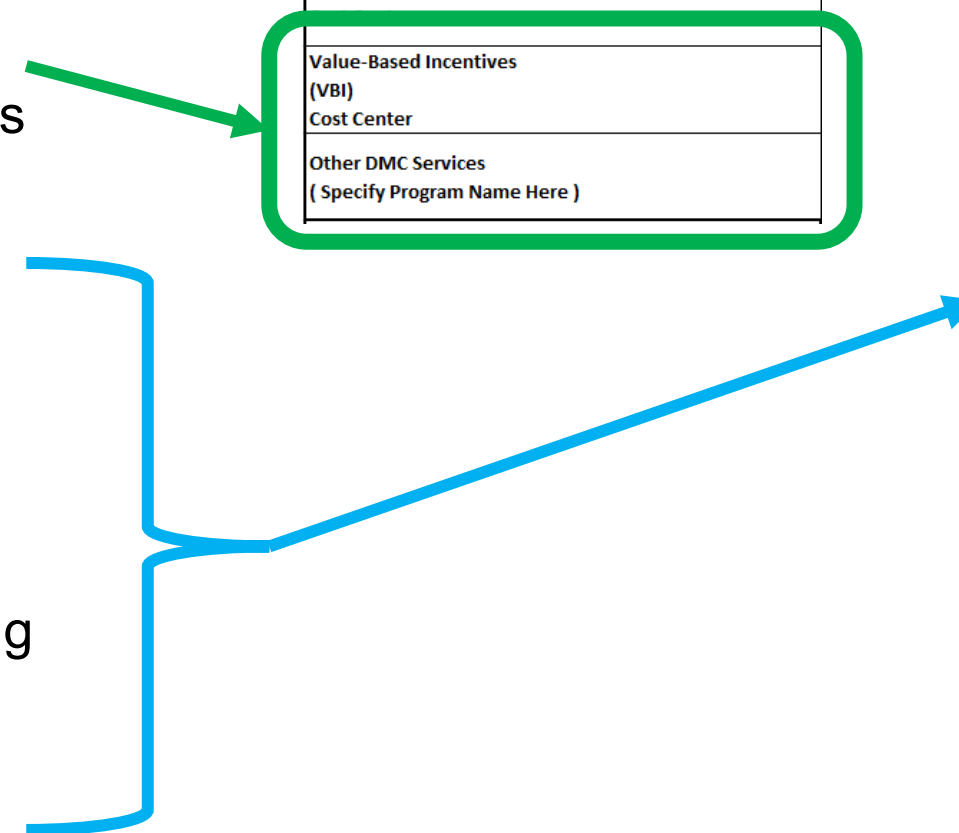
Type of Audit	Provider Requirement	Due Date
<p><b>Audited Financial Statements</b></p>	<p>All contracted service provider agencies, regardless of corporate status or services being provided, must complete an independent financial audit on an annual basis.</p>	<p>30 calendar days after provider agency receives the report or nine (9) months from close of fiscal year (whichever is earlier).</p>
<p><b>Single Audit Report</b></p>	<p>Provider agencies who expend over \$1,000,000 or more in federal funds, during entity’s fiscal year, as a federal requirement in provider agency’s Audited Financials.</p>	<p>30 calendar days after provider receives the report or nine (9) months from close of fiscal year (whichever is earlier).</p>

## Key Updates

- Revises reporting requirement to include a narrative on the use of funds.
- Describes contract actions for failure to timely submit fiscal reports.
- Updates reporting tool template to capture expenditures.
  - New Cost Centers: Value-Based Incentives & Other DMC Services (Special Programs)
  - New Descriptions:
    - Workforce Development
    - Software Subscriptions & IT
    - Community Outreach & Engagement
    - Sixty Calendar Day Operating Reserves
    - Program Investment Funds

Cost Center Totals
Outpatient Treatment Cost Center
Withdraw Management Cost Center
Intensive Outpatient Treatment Cost Center
Residential Cost Center
Narcotic/Opioid Treatment Program
Value-Based Incentives (VBI) Cost Center
Other DMC Services ( Specify Program Name Here )

SECTION ( A ) - EXPENDITURES DESCRIPTION
<u>Personnel Services</u>
Salary and Wages
Employee Benefits
Workforce Development
<u>Equipment, Materials and Supplies</u>
Depreciation - Equipment(s)
Maintenance - Equipment(s)
Medical, Dental and Laboratory Supplies
Membership Dues
Rent and Lease Equipment(s)
Clothing and Personal Supplies
Food and Lodgings
Laundry Services and Supplies
Small Tools and Instruments
Other(s)
<u>Operating Expenses</u>
Communications
Community Outreach & Engagement
Depreciation - Structures and Improvements
Household Expenses
Insurance
IT and Software



# FY 2026-27 Rates Matrix & Code Changes

**SAPC** | Substance Abuse  
Prevention and Control



## Rate Changes

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- 6.2% rate increase for: 0.1, 1.0, 2.1, OTP, RS, 1.0-WM, 2.0-WM, 3.7-WM and 4.0-WM
- 9.3% rate increase for: 3.1, 3.2-WM, 3.3, and 3.5
- \$5 rate increase for: Recovery Bridge Housing day rate
- Increased mileage rate to \$0.73 for Perinatal Transportation

# Code & Rule Changes

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- Addition of new codes for caregiver training
  - *SAPC's Clinical Standards & Training Team will be adding these codes into the LPHA Connecting Clinical Documentation to CPT and HCPCS Medi-Cal Codes training. Attend the [June 4<sup>th</sup> training](#) to learn about these new codes.*
- Removal of requirement to bill using the Clinical Trainee modifiers
  - *SAPC will adjust the services to include the Clinical Trainee modifier prior to billing to DHCS. FY 25-26 services will still require the modifiers, but Sage will not accept them for FY 26-27 services.*
- H0033:U9 (Oral Medication Administration delivered in 3.2-WM only) now requires a National Drug Code (NDC) on the claim per the Department of Health Care Services
  - *All of the allowable NDCs on the MAT NDC tab of the Matrix are applicable. DHCS has indicated only MAT medication NDCs are allowable for this code.*
- Addition of \$0 code - LPHACOD - for incentive tracking

## Rates Matrix Timeline

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- The FY 2026-27 Rates Matrix is aimed to be published to the network within the next two weeks.
- The Rates Matrix will contain minor additional changes not noted in these slides and will be accompanied by a document that highlights all changes that have been made between FY 2025-26 and 2026-27.

# FY 2026-27 Value-Based Incentives

**SAPC** | Substance Abuse  
Prevention and Control



# SAPC's 10-Year Payment Reform Roadmap

- **Goal:** Improve outcomes in the specialty SUD treatment system while balancing quality and other key considerations.
- **Value-Based Incentives (VBI)** have been key to these advancements and will continue to evolve.
- **FY 2026-27** advances implementation of outcome-focused reforms

Phase 1		Phase 2		Phase 3		Phase 4		Phase 5	
Investing in the Foundation		Implementing Outcome-Focused Reforms		Delivering Quality + Value		Managing Risks + Rewards		Advanced Value-Based or Population Health Environment	
2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33

# FY 2026-27 Value-Based Incentives

## Finance and Business Operations

### **Timely Submission of CalOMS Admission and Discharge Records Continuation**

At least **85%** of CalOMS admission and discharge records agency-wide are submitted on time and are 100% complete.

### **Timely Claims Submissions Continuation**

**95%** of prior-month service claims are submitted by the 10<sup>th</sup> of each month, as monitored through supplemental or late claims SAPC tracks each month.

### **Building Performance and Risk Metrics – Data Aggregation\* Continuation**

Provider agencies will use various analytical strategies to strengthen data-informed decision-making, risk management, and financial sustainability within evolving value-based reimbursement models.

## FY 2026-27 Value-Based Incentives

### Workforce Development

#### SUD Counselor-to-Client Ratio **New**

The agency-wide SUD Counselor-to-client ratio is at least:

- OP/IOP: **20** clients per counselor
- Residential: **12** clients per counselor
- Mixed LOCs: **16** clients per counselor

#### Percent of Clients with Co-Occurring Mental Health Conditions seen by LPHA **New**

At least **25%** of clients with co-occurring mental health conditions received a service provided directly by an LPHA.

#### MAT Prescribing Clinician Start-Up Cost Sharing **Continuation**

Incentive provides a cost-sharing opportunity alongside treatment agency's own financial investments to recruit, retain, and utilize medical clinicians, as members of the agency's treatment team to provide medication services.

## FY 2026-27 Value-Based Incentives

### Access to Care

#### **MAT Education/Services for Opioid Use Disorder (OUD) in Non-OTP Settings** Continuation

At least **60%** of clients with OUD in non-OTP settings receive MAT education and/or Medication Services that include MAT.

#### **MAT Education/Services for Alcohol Use Disorder (AUD)** Continuation

At least **50%** of clients with AUD agency-wide receive MAT education and/or Medication Services that include MAT.

#### **Clients Referred/Admitted to Another SUD Level of Care** Continuation

At least **35%** of clients are referred and admitted to another level of SUD care within 30 days of discharge.

#### **Mental and Physical Health Referrals/Care Coordination** Continuation

At least **30%** of clients with mental or physical conditions are referred and connected to appropriate services.

## FY 2026-27 Value-Based Incentives

### Access to Care (continued)

**Percent of Clients Engaged in Treatment (= or > 30 days) New**

At least 60% of clients remain engaged in treatment for 30 days or longer following admission.

**7-Day Follow-up after Residential Services Discharge New**

At least 30% of clients discharged from residential care (including residential WM) receive a qualifying follow-up service within 7 days.

**Percent of Appointment Disposition Form Referrals with Completed Appointment Disposition New**

At least 30% of referral and appointment records in the Appointment Disposition Log are completed within three (3) days of the appointment date.

**R95 - Unique Clients Served New**

At least a 5% increase in the number of unique clients served compared to the previous fiscal year (FY 2025-26 vs FY 2026-27).

**R95 - Client-Facing Agreements Continuation**

Participating treatment providers will update patient-facing agreements with language acknowledging SUD as a chronic medical condition that will be treated with compassion.

## FY 2026-27 Value-Based Incentives

Category	FY 2025-26			FY 2026-27		
	Infrastructure	P4P/P4R	Total	Infrastructure	P4P/P4R	Total
Financial and Business Operations	2 (12%)	2 (12%)	<b>4 (24%)</b>	1 (6%)	3 (19%)	<b>4 (25%)</b>
SUD Workforce Development	5 (29%)	0 (0%)	<b>5 (29%)</b>	1 (6%)	2 (13%)	<b>3 (19%)</b>
Access to Care	3 (18%)	5 (29%)	<b>8 (47%)</b>	2 (13%)	7 (44%)	<b>9 (56%)</b>
<b>Total</b>	<b>10 (59%)</b>	<b>7 (41%)</b>	<b>17 (100%)</b>	<b>4 (25%)</b>	<b>12 (75%)</b>	<b>16 (100%)</b>

- In total, this proposed package represents an **86% increase in P4P/P4R** payments and a **60% decrease in infrastructure** (capacity building) payments compared to the last Fiscal Year.

## FY 2026-27 Value-Based Incentives Next Steps

- Release the draft VBI package for public comment via the draft SAPC Rates Bulletin in May 2026.
- **FY 2026-27 VBI start date is July 1, 2026.**

## Finance Services Division Update – Contact

### Questions

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