North Carolina Department of Health and Human Services
Office of the Controller

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MEMORANDUM

TO: Area Directors
Area Finance Officers

FROM: Laketha M. Miller *Laketha M. Miller*

Michael Moseley, DMHDDSAS Director *MM*

Mark T. Benton, DMA Senior Deputy Director *MTB*

DATE: July 22, 2005

RE: Mental Health Cost Findings 2004-05 Reporting Period and Future Periods

As has been discussed for many months the DHHS Controller's Office, in conjunction with the DMA and the DMHDDSAS, will not require a cost finding from Local Management Entities/Area Programs for reporting year 2004-05. Historically, a cost finding was required in the November time-frame for the recently concluded reporting year, and software had been furnished by the DHHS Controller's Office. For 2005, data necessary for verification of program costs and System Management costs will be obtained by the DHHS staff during on-site reviews as part of the annual monitoring process scheduled for this fall as well as via work by local CPAs through the use of the Crosscutting Supplement during their annual audit.

For reporting year 2005-06 and future years, the DHHS annually will require the submission of cost data (the content and format have yet to be developed/finalized and this process will involve input from LME staff upfront) from Local Management Entities/Area Programs who have not fully divested of direct services if those services are deemed material in nature. It is expected this cost data collection effort also will be required on a periodic basis from a sample of the direct service providers. This is necessary to collect data to validate the reimbursement rates. It is anticipated that software to develop and submit the cost finding will continue to be furnished by the DHHS Controller's Office. Additional information regarding the participation in cost findings, reporting format and the level of detail required in 2006 and future years will be forthcoming in the next few months.