

DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

Amendment of Section 10518 and 10529, Repeal of Sections 10532 and 10533, and Adoption of Sections 10700, 10701, Title 9, California Code of Regulations

LICENSURE AND CERTIFICATION FEES

ADDENDUM TO INITIAL STATEMENT OF REASONS

Calculation of Licensure and Certification Fees Shown in Section 10701(a), Title 9, CCR

Background:

On August 24, 2007, Chapter 177, Statutes of 2007 (Senate Bill 84), was enacted mandating ADP to assess fees for licensure and certification of residential alcoholism or drug abuse recovery or treatment (residential facilities) and certification of outpatient AOD treatment programs (outpatient programs) regardless of the form of organization or ownership.

As allowed by Health and Safety Code (HSC) Section 11833.04 (added by Chapter 177), ADP initially implemented fees developed to implement Chapter 177 through ADP Bulletin 07-11, dated October 11, 2007. This rulemaking will adopt those fees into Section 10701(a), Title 9, of the California Code of Regulations (CCR).

ADP consulted with an advisory workgroup of stakeholders (not-for-profit and for-profit providers, small and large providers, county representatives, and other provider group representatives) to discuss how to implement the mandates of Chapter 177 by developing an effective and equitable formula for assessing fees based on ADP's Licensing and Certification Division's (LCD) annual budget for residential and outpatient licensure and certification activities, as well as LCD's allocated portion of indirect costs (i.e., the cost of personnel, accounting, auditing, legal services, and other activities shared by all divisions within ADP). Licensure and certification activities include: application intake and processing, in-house desk review, on-site review; biennial extension intake and processing, in-house desk review, on-site review; additional site visits as needed to investigate complaints and respond to inquiries; as well as administrative activities such as:

- Analysis of new legislation to determine its impact on residential facilities and outpatient programs;
- Development of regulations, legislative proposals, and budget change proposals;
- Preparation for and attendance at advisory committee meetings;
- Response to phone calls, letters, e-mails, and other correspondence regarding licensed or certified residential facilities and outpatient programs.

Calculation of Application Fees:

ADP determined the actual amount of clerical time involved in intake and processing applications; administrative analyst time involved in conducting an in-house desk review of applications; and field

analyst time involved in preparing for a site visit, conducting a site visit for each application, travel to and from the facility or program, and approving the application based on the results of the site visit.

ADP determined an average number of licensing and certification applications received per year based on the total number of applications received for FY 2004-05, 2005-06, and 2006-07.

ADP determined average travel time to be 3.46 hours per site visit, and used that average instead of actual travel time to compute cost of licensing and certification, because the amount of travel time varies based on the geographic location of the residential facility or outpatient program.

ADP used mid-level salary levels for Office Technicians (OT) and Associate Governmental Program Analysts (AGPA) to determine its actual cost for reviewing and approving applications for licensure and certification.

Calculation of Initial/Biennial Extension Fees:

ADP added together revenue from application fees (\$1,203,060) that were based on actual cost of processing applications for licensure and certification. ADP subtracted that amount from LCD's annual budget for residential and outpatient licensure and certification activities (\$7,972,970) to determine the total amount of revenue needed from initial/biennial extension fees for both residential facilities and outpatient programs (\$6,769,910). The fees are called "initial/biennial extension fees" because ADP charges an initial fee for the first two-year period of licensure and/or certification and an extension fee for biennial extension of licensure and certification. The amount of the fees is the same for both the initial fee and the biennial extension fee.

Using data for the quarter ending June 30, 2007, ADP added the number of licensed residential facilities (910) to the number of certified outpatient programs (1,059) to estimate the total number of residential facilities and outpatient programs (1,969 total). ADP then divided the number of residential facility licenses (910) by the total number of residential facilities and outpatient programs (1,969 total) to determine that residential facilities represented 46% of the total. ADP multiplied that 46% by the revenue needed from initial/biennial extension fees (\$6,769,910) to determine that it needed \$3,114,159 from initial/biennial extension fees in order to meet its expenditures for initial/biennial extension of residential facility licenses.

ADP similarly divided the number of outpatient programs (1,059) by the total number of residential facilities and outpatient programs (1,969 total) to calculate that outpatient programs represented 54% of the total. ADP multiplied that 54% by the revenue needed from initial/biennial extension fees (\$6,769,910) to determine that it needed \$3,655,751 from initial/biennial extension fees in order to meet its expenditures for initial/biennial extension of outpatient program certifications.

While ADP charges a set fee for initial/biennial extension of outpatient programs, ADP decided it would be fairer and more equitable to charge initial/biennial extension fees for residential facilities based on the number of beds (resident capacity) per facility, since the amount of work involved in initial/biennial extension of residential facility licenses increases based on the resident capacity of the facility. Residential facilities that are certified as well as licensed will be charged initial/biennial extension fees based on the number of beds per facility.

The following charts show how each type of fee was calculated as described above (fees are rounded to the nearest dollar):

RESIDENTIAL LICENSURE FEES

Initial Residential Licensure Application Fee Section 10701(a)(1)(A)			
Average Administrative Analyst Time	13.3 hours	\$65.60/hour	\$872.48
Average Field Analyst Time	25.34 hours	\$72.91/hour	\$1,847.54
Clerical Time	1.13 hours	\$46.74/hour	\$52.82
Fee			\$2,773/application

Biennial Residential Licensure Initial/Extension Fee Section 10701(a)(1)(B)	
\$7,972,970 ((LCD's annual budget for residential and outpatient licensure and certification activities including direct and indirect costs) – \$1,203,060 (total application fees for a one year period) = \$6,769,910 (total revenue needed from biennial residential and outpatient initial/extension fees)	
\$6,769,910 x 46% (licensed residential facilities) = \$3,114,158.6 rounded to \$3,114,159/year	
\$3,114,159 divided by 21,147 (# of licensed residential beds as of Quarter Ending 6/30/07) = \$147.26244	
Fee	\$147/bed

Adolescent Waiver Application Fee Section 10701(a)(1)(C)			
Administrative Analyst Time	6.87 hours	\$65.60/hour	\$450.67
Field Analyst Time	12.61 hours	\$72.91/hour	\$919.40
Fee			\$1,370/application

Dependent Children Application Fee Section 10701(a)(1)(D)			
Field Analyst Time	12.71 hours	\$72.91/hour	\$926.69
Clerical Time	.67 hours	\$46.74/hour	\$31.32
Fee			\$958/application

Increase in Bed Capacity Application Fee Section 10701(a)(1)(E)			
Field Analyst Time	12.46 hours	\$72.91/hour	\$908.46
Clerical Time	.67 hours	\$46.74/hour	\$31.32
Fee			\$940/application

Facility Relocation Application Fee Section 10701(a)(1)(F)			
Field Analyst Time/application	12.14 hours	\$72.91/hour	\$885.13
Clerical Time/application	.67 hours	\$46.74/hour	\$31.32
Fee			\$916/application

OUTPATIENT CERTIFICATION FEES

Initial Outpatient Certification Application Fee Section 10701(a)(2)(A)			
Administrative Analyst Time	13.3 hours	\$65.60/hour	\$872.48
Field Analyst Time	23.85 hours	\$72.91/hour	\$1,738.90
Clerical Time	1.13 hours (68 minutes)	\$46.74/hour	\$52.82
Fee	\$2,664/application		

Biennial Outpatient Certification Initial/Extension Fee Section 10701(a)(2)(B)	
\$7,972,970	(LCD's annual budget for residential and outpatient licensure and certification activities including direct and indirect costs)
- \$1,203,060	(total application fees/one-year period)
= \$6,769,910	(total revenue needed from biennial residential and outpatient initial/extension fees)
\$6,769,910	
x 54%	(certified outpatient facilities)
= \$3,655,751.4	rounded to \$3,655,751
\$3,655,751	divided by 1,059 (# of certified outpatient programs as of Quarter Ending 6/30/07)
= \$3,452.07837	
Fee	\$3,452/outpatient program

Facility Relocation Application Fee Section 10701(a)(2)(C)			
Field Analyst Time	12.14 hours	\$72.91/hour	\$885.13
Clerical Time	.67 hours	\$46.74/hour	\$31.32
Fee	\$916/application		

COMBINED RESIDENTIAL LICENSURE AND CERTIFICATION FEES

Initial Combined Residential Licensure and Certification Application Fee Section 10701(a)(3)(A)			
Administrative Analyst	26.6 hours	\$65.60/hour	\$1,744.96
Field Analyst	25.34 hours	\$72.91/hour	\$1,847.54
Clerical	2.26 hours	\$46.74/hour	\$105.63
Fee	\$3,698/application		

Biennial Combined Residential Licensure and Certification Initial/Extension Fee Section 10701(a)(3)(B)	
\$7,972,970	(LCD's annual budget for residential and outpatient licensure and certification activities including direct and indirect costs)
- \$1,203,060	(total application fees for a one year period)
= \$6,769,910	(total revenue needed from biennial combined residential licensure and certification initial/extension fees)
\$6,769,910	
x 46%	(licensed residential facilities)
= \$3,114,158.6	rounded to \$3,114,159
\$3,114,159	divided by 21,147 (# of licensed residential beds as of Quarter Ending 6/30/07) = \$147.26244
Fee	\$147/bed

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