

## Report in Brief

Date: November 2023

Report No. A-09-21-01001

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES  
**OFFICE OF INSPECTOR GENERAL**



### Why OIG Did This Audit

In Federal fiscal year 2023, the Substance Abuse and Mental Health Services Administration (SAMHSA) allocated approximately \$3 billion to States under the Substance Use Prevention, Treatment, and Recovery Services Block Grant program (formerly the Substance Abuse Prevention and Treatment Block Grant (SABG) program). SABG grantees use the funds to plan, implement, and evaluate activities that prevent and treat substance use disorders, including opioid treatment services.

The United States currently faces a nationwide public health emergency due to the opioid crisis. As part of OIG's efforts to ensure the integrity and proper stewardship of grant funds used to combat this crisis, we performed this audit of California's SABG expenditures because a prior SAMHSA review identified inadequate procedures and documentation. Our objective was to determine whether California's SABG expenditures for Los Angeles County (LA County), including expenditures for transitional housing providers, complied with Federal and State requirements.

### How OIG Did This Audit

Our audit covered \$80.6 million in SABG expenditures that LA County submitted to California for reimbursement for the period July 1, 2019, through June 30, 2020. We reviewed: (1) general ledger reports, (2) expenditures for well-being centers (i.e., school-based health centers), and (3) a judgmental sample of claims and expenditures.

## Some of California's Substance Abuse Prevention and Treatment Block Grant Expenditures for Los Angeles County Did Not Comply With Federal and State Requirements

### What OIG Found

Some of California's SABG expenditures for LA County, including expenditures for transitional housing providers, did not comply with Federal and State requirements. Specifically, LA County submitted for reimbursement approximately \$1.7 million in expenditures for transitional housing services that had been previously reimbursed. In addition, LA County providers submitted for reimbursement unallowable claims for transitional housing and treatment services. Finally, an LA County provider submitted for reimbursement invoices that included certain unallowable expenditures for prevention activities.

In addition, LA County may not have properly allocated certain SABG expenditures. Specifically, we identified a weakness in LA County's procedures that allocated all costs of the county's well-being centers to the SABG when they may not have been directly related to substance use disorders.

### What OIG Recommends and California's Comments

We recommend that California: (1) recover from LA County \$1.7 million for transitional housing expenditures and establish a process to review whether counties, including LA County, were reimbursed for expenditures that had been previously reimbursed; and (2) instruct LA County to develop a cost allocation plan for its well-being centers, determine the portion of \$1.8 million that should not have been allocated to the SABG, and recover any overpayment. We also recommend that California work with LA County to: (1) develop a process to ensure that LA County's claims processing system does not pay transitional housing claims after an individual has been discharged from outpatient treatment, (2) provide clear guidance to providers on claiming and documenting treatment services, and (3) develop procedures for LA County's monitoring activities to identify whether providers are submitting invoices for reimbursement based on actual costs incurred.

California concurred with four of our five recommendations and provided information on corrective actions it planned to take. However, it did not concur with our recommendation related to our finding on unallowable claims for treatment services. After reviewing California's comments and related documentation, we revised our finding and revised our recommendation to state that California should work with LA County to provide clear guidance to providers on claiming and documenting treatment services.