Los Angeles County Health Agency
Department of Public Health
Substance Abuse Prevention and Control
What is a transitional payment and when is it appropriate?

• A transitional payment is an advance payment that requires SAPC approval and may be considered if it enables agencies to remain operational during the cross-over period from one fiscal year to another, a billing blackout period, or under extenuating circumstances.

• Each transitional payment request will be reviewed on a case-by-case basis, with considerations including but not limited to the financial viability of agencies, appropriate patient access to care, appropriateness of request, etc.
Transitional Payment Request Form

• In order to request a transitional payment, providers must complete the **Transitional Payment Request Form** in its entirety.
  – Incomplete Transitional Payment Request Forms will not be considered.

• **SAPC requires the Transitional Payment Request Form in order to collect information that will be used to inform its decision about whether or not to approve the transitional payment.** Some of the questions and information included in the Transitional Payment Request Form are:
  – Reasons for the request
  – Services provided and funding sources available to the agency
  – Is the agency maintaining a 60-day cash reserve?
  – Is the agency in default for any payments due?
  – Financial data
Transitional Payment Request Form (cont’d)

If the transitional payment is being requested outside a fiscal year transition or billing blackout period, additional documents will be required to justify the need for a transitional payment, including:

– Current year Financial Statements (Balance Sheet, Income Statement, Cash Flow Statement)
– Reconciled Bank Statements for the last six months
– Last two years audited/unaudited Financial Statements
– Recent Independent Auditor’s Report
Transitional Payment Methodology

• Transitional payments will be based on the average of three (3) prior months of paid services and will not exceed $1/12^{th}$ of the contracted allocation amount.

• SAPC approval decisions will be informed by the following:
  – Appropriateness of the requested amount
  – Rationale of the request
  – Financial feasibility of repayment
Transitional Payment Contact and Timeline

• Transitional payment requests should be requested through each agency’s respective Contract Program Analyst (CPA).
• This request should include a completed Transitional Payment Request Form and if applicable, all required financial documents.
• The timeline for approvals/denials will be 9-15 business days after submission of a completed Transitional Payment Request Form.
  – Incomplete Transitional Payment Request Forms will not be considered.
• If an agency is expecting the need for a transitional payment, it is the agency’s responsibility to submit a timely and completed request.