



**California State Opioid Response IV:
Allowable Expenditures**
Updated July 2, 2024

The following information is intended to provide California State Opioid Response Project contractors with a general list of allowable activities and expenditures under California's State Opioid Response (SOR) IV grant.

SOR awards are authorized under the Further Consolidated Appropriations Act, 2024, Division D, Title II, [Public Law 118-47] and section 1003 of the 21st Century Cures Act [Public Law 114-255] (42 USC 290ee-3 note), as amended.

For information on what is allowable under federal grants, please see [45 CFR Part 75](#). Additional SAMHSA Budget Guidance can be found [here](#).

For questions regarding specific allowable and unallowable activities and expenditures, please email SOR@dhcs.ca.gov.

Terms and Conditions of SOR Grant Funding:

1. Grant funds may be used to supplement existing activities. Grant funds may not be used to supplant current funding of existing activities. "Supplant" is defined as replacing funding of a subrecipient's existing program with funds from a federal grant.
2. Recipients must implement policies and procedures that ensure other sources of funding (such as Medicare, Medicaid, private insurance, etc.) are used first when available for that individual. Grant award funds for payment of services may be used for individuals who are not covered by public or other health insurance programs. Each recipient must have policies and procedures in place to determine affordability and insurance coverage for individuals seeking services.
3. Grant funds for treatment and recovery services may only be utilized for:
 - a. Services directly attributable to the SOR project; and
 - b. Services to individuals who are not covered by public or commercial health insurance plans; or
 - c. Services to individuals whose coverage has been formally determined to be unaffordable. This may include unaffordable insurance deductibles or co-pays and must be consistent with programs' internal protocols for individuals needing financial assistance where the cost of treatment would be unaffordable and ultimately serve as a barrier to receiving treatment; or

- d. Services that are not sufficiently covered by an individual's health insurance plan. This includes gaps in coverage, for example, while an individual is waiting for public insurance coverage to begin. Expenditures for services only partially attributable to the SOR grant must have sufficient rationale identifying cost-sharing allocations.
4. SOR funds may only be utilized to provide services to patients that specifically address opioid or stimulant misuse issues.
 - a. If either a currently diagnosed or demonstrated history of opioid or stimulant misuse exists concurrently with other substance use, all substance use issues may be addressed.
 - b. Individuals who have no history of or no current issues with opioid or stimulant misuse shall not receive treatment or recovery services with SOR grant funds.
 - i. For example: a patient with only an alcohol use disorder without a history, or current experience of opioid or stimulant misuse, shall not be covered by SOR funds.
5. Organizations receiving SOR funding are not required to claim indirect costs.
 - a. Indirect cost rate (ICR) shall not exceed 15 percent of total award.
6. No more than 5 percent of the total grant award may be used for administrative and infrastructure development.
 - a. As of October 2022, telehealth costs are not considered part of this 5 percent.
 - b. Any telehealth costs must be dedicated to provider telehealth equipment and services.
 - c. No funding can be allocated to purchasing telehealth equipment for patients, or loaning funds/equipment to patients for the purpose of providing telehealth services.
7. No more than 5 percent of the total grant award for the budget period may be used for data collection, performance measurement, and performance assessment, including incentives for participating in the required data collection follow-up.
8. Organizations receiving SOR funds may not deny any eligible client, patient, or individual access to their program because of their use of FDA-approved medications for the treatment of 26 substance use disorders (e.g., methadone, buprenorphine products including buprenorphine/naloxone combination formulations and buprenorphine monoproduct formulations, naltrexone products including extended-release and oral formulations or long acting products such as extended release injectable or buprenorphine).
 - a. Specifically, patients must be allowed to participate in methadone treatment rendered in accordance with current federal and state methadone dispensing regulations from an Opioid Treatment Program (OTP) and ordered by a physician who has evaluated the client and determined that methadone is an appropriate medication treatment for the individual's opioid use disorder. Similarly, medications available by prescription or office-based implantation must be permitted if it is appropriately authorized through prescription by a licensed prescriber or provider. In all cases, medications for opioid use disorder (MOUD) must be permitted to be continued for as long as the prescriber or treatment provider determines that the medication is clinically beneficial.

Recipients must assure that clients will not be compelled to no longer use MOUD as part of the conditions of any programming if stopping is inconsistent with a licensed prescriber's recommendation or valid prescription.

9. Grant funds may not be used, directly or indirectly, to purchase, prescribe, or provide marijuana or treatment using marijuana.
 - a. Grant funds also cannot be provided to any individual or organization that provides or permits marijuana use for the purposes of treating substance use or mental disorders.
10. The Consolidated Appropriations Act, 2023 (Public Law No: 117-328) restricts the amount of direct salary to Executive Level II of the Federal Executive Pay scale. [The Office of Personnel Management released new salary levels for the Executive Pay Scale and effective January 1, 2024, the salary limitation for Executive Level II is \\$221,900.](#) The law limits the salary amount that may be awarded and charged to SAMHSA grants and cooperative agreements. This amount reflects an individual's base salary exclusive of fringe and any income that an individual may be permitted to earn outside of the duties to your organization. This salary limitation also applies to subrecipients under a SAMHSA grant or cooperative agreement. Note that these or other salary limitations will apply in the following fiscal years, as required by law.
11. General Provisions under Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act Public Law 116-260, Consolidated Appropriations Act, 2021, Division H, Title V, Section 527, notwithstanding any other provision of this Act, no funds appropriated in this Act shall be used to purchase sterile needles or syringes for the hypodermic injection of any illegal drug.

Allowable & Unallowable Costs

1. Personnel

a. Allowable

- i. Salaries and fringe benefits for any staff serving patients or managing grant funds or activities. [The salary limitation for Executive Level II for SOR IV is \\$221,900.](#) Positions include, but are not limited to:
 1. Physician, NP, PA, or other prescribing provider
 2. Nurse
 3. Counselor
 4. Case manager/care coordinator
 5. Peer Support Specialist
 6. Program Director
 7. MOUD Support Team Staff
 8. Administrative staff
- ii. Reference manuals and tools used for personnel and community education.
- iii. Time/expenses related to data collection activities (up to 5 percent of total grant award).

b. Unallowable

- i. Salaries and fringe benefits to personnel not performing SOR project activities.
- ii. Salaries and fringe benefits for personnel performing both grant activities and non-grant activities without sufficient documentation (i.e., payroll records, paystubs, and job descriptions clearly identifying cost-sharing methodologies).

2. Treatment Services for Uninsured/Underinsured Patients

a. Allowable

- i. FDA-approved Medications for Opioid Use Disorder (MOUD):
 1. Methadone
 2. Buprenorphine products, including single-entity buprenorphine products, buprenorphine/naloxone tablets, films, buccal preparations, long-acting injectable buprenorphine products, and injectable extended-release naltrexone.
 3. Naltrexone products including extended-release and oral formulations (medically managed withdrawal services must be accompanied by naltrexone injectable in case of return to use and to improve treatment and recovery outcomes).
- ii. FDA-approved medications or devices for withdrawal management
- iii. HIV testing
- iv. Hepatitis A & B & C testing, vaccination
- v. Human papillomavirus (HPV) vaccination (for those up to age 26)
- vi. Meningococcal vaccination
- vii. Pneumococcal (pneumonia) vaccination
- viii. Tetanus, diphtheria, and pertussis (TDaP) vaccination
- ix. Zoster (shingles) vaccination (for those ages 18 and older)
- x. Sexually Transmitted Infection (STI) testing and warm hand-off referrals to appropriate treatment to those testing positive.
- xi. Services for incarcerated patients with OUD or stimulant use disorder
- xii. Residential treatment for patients with OUD or stimulant use disorder
- xiii. Any allowable services or activities provided via telehealth
- xiv. Urine drug screening/testing costs
- xv. Xylazine test strips
- xvi. Any other services or activities for SUD treatment or testing for potential complications of OUD or stimulant use disorder that are not covered/not sufficiently covered by the individual's insurance, when clinically indicated – contact your DHCS program analyst for approval.
- xvii. Naloxone and Fentanyl test strips
 1. Naloxone and Fentanyl test strips can be requested through the [Naloxone Distribution Project](#) free of charge.

b. Unallowable

- i. Evidence-based contingency management (CM) approaches, including incentives, drawings, vouchers, etc. DHCS will not fund CM interventions through SOR IV; these interventions are currently provided and evaluated through a statewide project funded by California’s Medicaid program as a benefit through the 1115 waiver. This Medicaid benefit provides up to \$599 in CM incentives for beneficiaries. More information on this program can be found on the [Recovery Incentives Program: California’s Contingency Management Benefit website](#).
- ii. Non-FDA-approved medications for MOUD (i.e., Ketamine, etc.)
- iii. Non-FDA-approved devices
- iv. Services or medications for patients who are covered by other funding sources (e.g., Medi-Cal, private insurance, etc.).
- v. Direct payments to individuals to induce their entry into treatment or continuation in treatment. It is unallowable to provide an “undue inducement” that removes the voluntary nature of participation in treatment.

3. Telehealth Equipment & Services

a. Allowable

- i. Purchase or upgrades related to providers telehealth systems. Examples include:
 - 1. Hardware to be used by providers, such as desktops, monitors, laptops, tablets, servers, iPad stands, and webcams.
 - 2. Software and broadband subscriptions
 - 3. Reference manuals and tools used for personnel and community education
 - 4. Improvements to electronic health records (EHRs), adding electronic forms, and other data infrastructure
- ii. Purchases or upgrades related to virtual meeting platforms.

b. Unallowable

- i. Telehealth equipment or services for clients. Equipment/services must be used specifically by providers and may not be purchased or loaned out to clients.
- ii. Telehealth infrastructure:
 - 1. Structural development to integrate broadband lines
 - 2. Telehealth kiosks

4. Administrative & Infrastructure Development

a. Allowable

- i. Salaries of administrative or clerical staff under specific conditions where their services are integral to an activity and are not captured as indirect costs.

- ii. Medical equipment necessary to project operation.
- iii. Medication safes to store MOUD medications.
- iv. Medication safes or lockboxes for patients.
- v. Costs incurred as routine maintenance and repair of an organization's facilities to approximately the same condition prior to the grant award, costs related to normal wear and tear, are allowable and should be treated as an indirect cost.
 - 1. Painting
 - 2. Roofing maintenance
 - 3. Plumbing repairs
- vi. Capitalizable infrastructure, such as computer systems/software, new buildings, or structural changes to the existing facilities (e.g., to the foundation, roof, floor, or exterior or loadbearing walls of a facility, or extension or existing facility) are recoverable as depreciation through an approved negotiated indirect cost rate or 10% de minimis rate in accordance with your organization's existing capitalization/amortization policies.

b. Unallowable

- i. Alterations and Renovations (A&R) of any kind. A&R is defined as work that changes the interior arrangement or other physical characteristics of an existing facility or installed equipment so that it can be used more effectively for its currently designed purpose or adapted to an alternative use to meet a programmatic requirement. A&R may include work referred to as improvements, conversion, rehabilitation, or remodeling.
- ii. New facility construction.
- iii. Facility improvements unrelated to the expansion of OUD prevention, treatment, and recovery services.
- iv. Facility improvement to building foundation, roofing, heating, and air conditioning, or other structural improvements.
- v. Purchase of building
- vi. Supplies, equipment, or furniture for use in non-contract operations of the entity.
- vii. Automated External Defibrillators (AEDs)

5. Outreach & Engagement

a. Allowable

- i. Patient outreach/engagement activities and resources
- ii. Costs of meetings, conventions, or other events related to SOR Project operations within California, including conferences designed to improve MOUD personnel clinical skills.
- iii. Outreach/presentations to community agencies, local organizations, law enforcement, etc.
- iv. Costs related to operation of local opioid coalitions

- v. Advertising costs directly related to contracted services
- vi. Hygiene kits
- vii. Food can be included as a necessary expense for individuals receiving SAMHSA-funded mental and/or SUD prevention, harm reduction, treatment, and recovery support services, not to exceed \$10.00 per person per day.

b. Unallowable

- i. Costs of meetings, conventions, or other events not related to SOR project operations
- ii. Costs of promotional items and memorabilia, including models, gifts, clothing and souvenirs
- iii. The cost of food or meals are unallowable, even if they are considered an integral part of a conference or gathering.
- iv. Sporting events and entertainment
- v. Alcoholic beverages

6. Recovery Support Services

a. Allowable

- i. Recovery coaching
- ii. Vocational training
- iii. Employment support
- iv. Transportation
- v. Childcare
- vi. Linkages to legal services
- vii. Recovery Community Organizations
- viii. Temporary housing supported (i.e. application fees, deposits, rental assistance, utility deposits, and utility assistance)
- ix. Hygiene kits
- x. Dental kits to promote oral health for individuals with OUD enrolled in treatment with buprenorphine (i.e., dental kits are limited to items such as toothpaste, toothbrush, dental floss, non-alcohol-containing mouthwash and educational information related to accessing dental care).
- xi. Recovery Housing – one component of SUD treatment and recovery continuum of care. While recovery residences vary widely in structure, all are centered on peer support and a connection to services that promote long-term recovery. Individuals in recovery should have a meaningful role in developing the service array used in their recovery plan. Recovery houses are safe, healthy, family-like substance-free living environments that support individuals in recovery from addiction. Substance-free does not prohibit prescribed medications taken as directed by a licensed practitioner, such as pharmacotherapies specifically approved by the FDA for treatment of OUD, as well as other medications with FDA-approved indications for the treatment of

co-occurring health conditions.

7. Miscellaneous

a. Allowable

- i. Patient incentives for completing Government Performance and Results Act (GPRA) surveys are allowable up to \$30.00 non-cash incentives. Incentives are only allowable for 6-month follow-up interviews or discharge interviews for clients who have dropped out or left the program.
- ii. Per Title VI of the Civil Rights Act of 1964, recipients of federal financial assistance must take reasonable steps to make their programs, services, and activities accessible to eligible persons with limited English proficiency. Recipients must administer their programs in compliance with federal civil rights laws that prohibit discrimination based on race, color, national origin, disability, age, religion, conscience, and sex (including gender identity, sexual orientation, and pregnancy).
- iii. Develop and implement tobacco cessation programs, activities, and/or strategies.
- iv. Training of peers, first responders, and other key community sectors on the recognition of opioid overdose and appropriate use of naloxone and other opioid overdose reversal medications.
- v. Travel reasonably incurred for the SOR project paid at the [State travel reimbursement rates](#). Travel may not exceed the State rates.
 1. Airfare costs in excess of the basic least expensive unrestricted accommodations class offered by commercial airlines are unallowable.
- vi. Patient transportation (beyond fixed-route system), bus passes, taxis, taxi vouchers (tickets or coupons riders can offer in exchange for a ride), and ride-sharing services
 1. Coordinated Services Models – agencies working together to share resources
 2. Mobility on Demand – integrating and connecting pre-existing modes of operation
 3. Office supplies critical to project operation
 4. Furniture necessary to project operation, such as additional desks, office chairs, and other minor equipment.
 5. Detera pouches used to deactivate medications for disposal.
 6. Bandages, ice pack, and non-procedural first-aid supplies that can be administered by patient
 7. HEPA air filters
- vii. **Unallowable**
 1. Travel unrelated to SOR project operations

2. Travel costs in excess of the State rates
3. Purchasing vehicles to disperse MOUD to patients
4. Natural remedies (herbs, acupuncture, etc.)
5. Medical procedures, such as suturing or removal of sutures, abscess management, etc.
6. Stipends to grantees
7. Purchasing legal services with grant funds