ALLIANCE FOR AGING, INC.

SUBJECT: ALLIANCE – PROVIDER CONTRACT BUDGET PROCEDURES

POLICY:
The Alliance shall reimburse providers only for reasonable, allowable, and necessary expenses incurred to provide services for which unit rates and number of units have been authorized. It is also the policy of the Alliance for Aging to optimize the use of existing funds so as to serve the largest number of elders. Available funds will be optimized by using the most recent available data to analyze contractor spending patterns and trends in order to serve the largest number of clients.

PROVIDER BUDGET PROCEDURE

A. Unit Cost Methodology (UCM): The UCM is a tool that calculates service unit rates and is used as a budget projection for future expenses and unit rates. The UCM is utilized and required in three scenarios:

1. As part of its Service Provider Application (SPA) in the Procurement process.
2. A provider wishing to request a contractual unit rate adjustment will follow the Reimbursement Rate Review Policy which is attached to these policies.
3. A provider that is adding a service to an existing contract, at the request of the Alliance due to an emergency situation, as stated in the OAA Modified Spending Procedure Policy.

B. Service Cost Report (SCR): The SCR is a tool that calculates actual service unit rates using historical provider expenses. Each provider, as required by contract, will submit to the Alliance a SCR. The SCR must follow the same expenditure categories as the UCM. The SCR must be supported by the provider's general ledger activity and external audit report for the same period. The Alliance may ask for a copy of the provider's general ledger activity reports and/or the external audit report to ensure accuracy and that all expenses are captured and properly allocated on the SCR.

The submitted SCR will be reviewed by the Alliance to ensure:

1. Expenses are compatible with program objectives.
2. Expenses are reasonable and include supporting documentation where appropriate.
3. Expenses are in compliance with state and federal regulations.
4. Match is properly included.
5. Current contracted service unit rates are supported. (Note that remedial action will be taken for rates that are unsupported.)

C. Provider Annual Budget Spending Plan: This Spending Plan is a tool created by the provider at the beginning of the contract year to anticipate and plan for the monthly number of service units and clients to be served throughout the contract year. The Spending Plan, in conjunction with the provider submitted Surplus/Deficit Report, will be reviewed by the Contract Manager each month. Explanations for variances and revisions to the Spending Plan may be required throughout the contract period.

D. Monthly Billing:

Timing of Billing:
Billing must be received by the Alliance by the contract due dates. The due dates are provided for you in your program contracts. Billing submission dates are due on the dates below following the month being reported:

- OAA/NSIP – 6th (beginning with 2019 contracts)
- ADI – 10th
- LSP – 5th
- CCE/HCE – 7th
- Relief – 5th

Methods of Billing Submission:
Beginning January 2019, all billing should be sent electronically through email to the designated Alliance billing staff member and should include the following in the email subject line:
- Agency Name
- Program (OAA, LSP, CCE, etc.)
- Month being billed

Billing Submission Includes:
1. Form 105 – completed, signed, and scanned. Use the appropriate 105 for each program.
   Note that if your scanned copy is illegible, please send the Excel version along with the signed & scanned copy.

   List each service as shown on "Services Reported by Program and Service Report" CIRTS report.

   Templates of Form 105 for each program, in Excel format, can be found on the Alliance for Aging website under providers- Fiscal

2. Form 106 – completed, signed and scanned. Use the appropriate 106 for each program.
   Note that if your scanned copy is illegible, please send the Excel version along with the signed & scanned copy.

   Templates of Form 106 for each program, in Excel format, can be found on the Alliance website under Providers- Fiscal

3. Adjusted Units Report
   If reporting prior month adjusted units, the Adjusted Units Report should include any units / funding for previous months not to exceed 3 months previous. (For services that are "Cost Reimbursement", use dollars rather than units.)

   The Adjusted Units Report template, in Excel format, can be found on the Alliance website under Providers- Fiscal

4. CIRTS Reports:

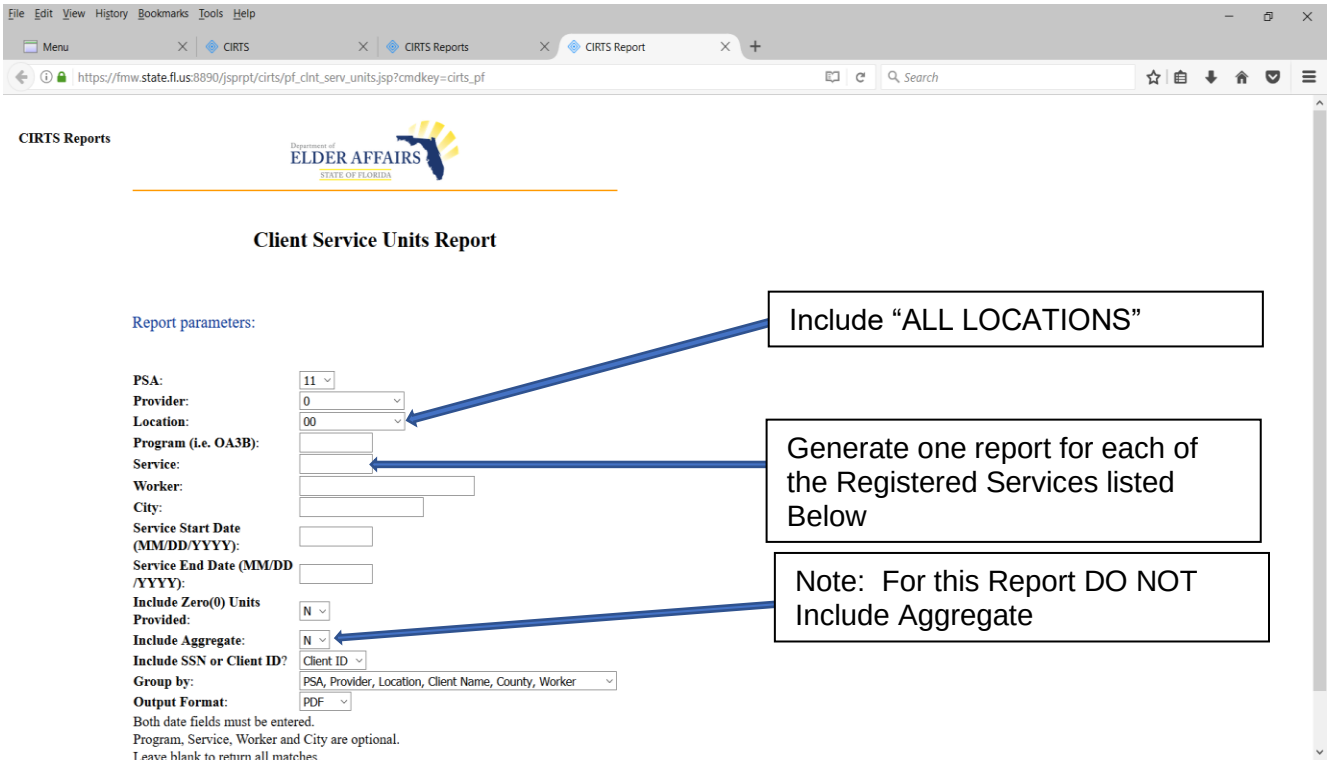
   Note that ALL CIRTS reports should be run within a short time frame as to ensure no entries are made by data entry staff that will alter or create variances between reports.

   ALSO, CIRTS reports that include client information should be sent with ENCRYPTION.

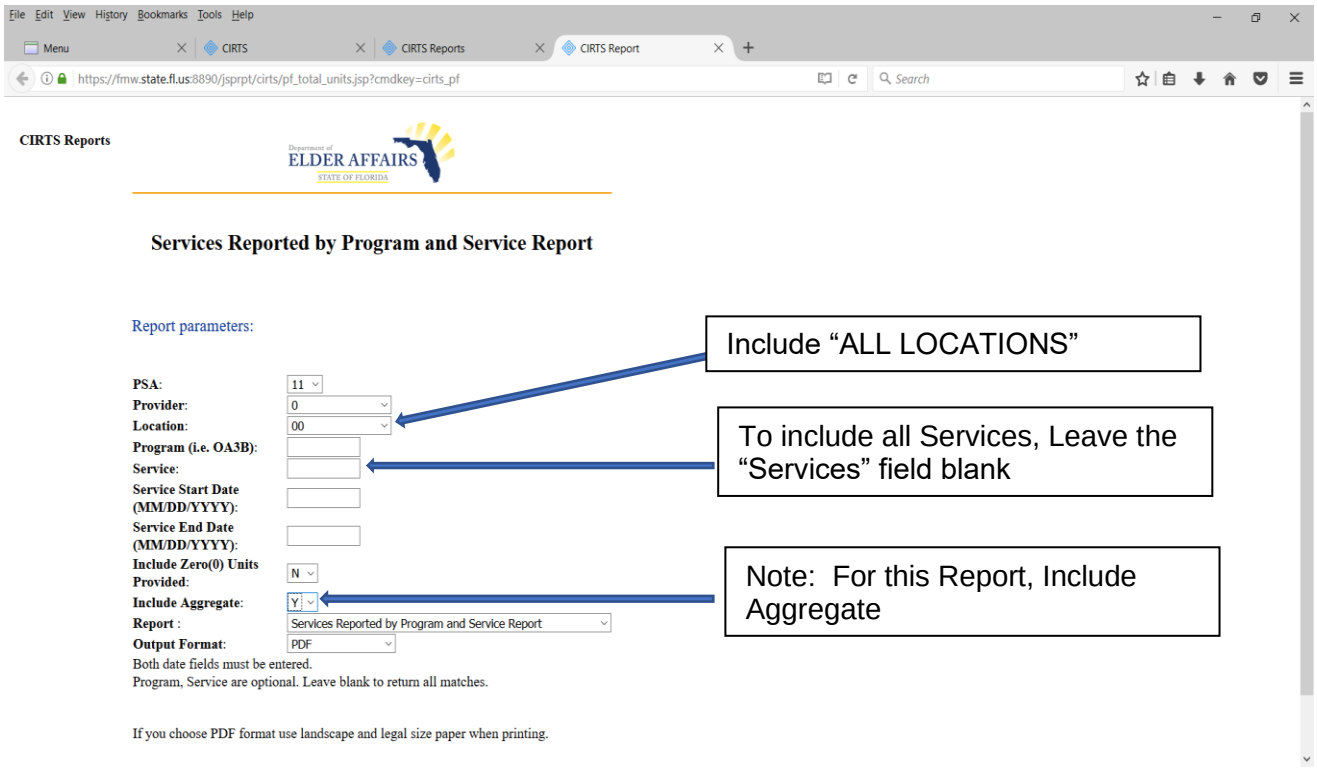
   a. Month-to-Date CIRTS Report “Services Reported by Program and Service” – Include Aggregate – “Y”
   b. Year-to-Date CIRTS Report “Services Reported by Program and Service” – Include Aggregate – “Y”
   c. Month-to-Date CIRTS Report “Client Service Unit Report” – For all services reported by clients per the DOEA Handbook - Include Aggregate – “N”
   d. Year-to-Date CIRTS Report “Client Service Unit Report” – For all services reported by clients per the DOEA Handbook - Include Aggregate – “N”
   e. For NSIP Billing, the “Client Service Unit Report” CIRTS report must be submitted for all DOEA Alliance funded programs (OAA & LSP) AND NDP. These reports may be run to include Aggregate.

5. Other Required Documentation:
   a. Supplies, Housing Improvement, or Material Aid:
      - For Material Aid, any work over $500, approval must be submitted to the contract manager for prior approval. Approval should include a breakdown of materials required to be purchased. This approval and the original invoice must be submitted as part of the support in the billing.
      - For Supplies and Housing Improvement, the Alliance reserves the right to request invoices or other documentation.
      - Invoices should match CIRTS accordingly.

CIRTS Reports: “Client Service Units Report”



CIRTS Reports: "Services Reported by Program and Service"



A Registered Services includes:

- All Nutrition Related Service
- Case Management / Case Aid
- Transportation
- Adult Day Care
- Chore
- Escort
- Homemaker / Personal Care
- Respite – In-Home
- Respite – Facility
- Housing Improvement
- Material Aid
- Specialized Medical Equipment

The Alliance reserves the right to request additional supporting documentation during any billing month.

Reconciliation:
It is the provider's responsibility to reconcile the 105, 106, and CIRTS reports both current month and year-to-date.

Current month billing units and dollars for each service reported on the 105 must reconcile to the current month "Services Reported by Program & Service Report" and the "Client Service Unit Report".

YTD billing must reconcile to the following:

- Current Month units + Adjusted Units Report
- YTD "Services Reported by Program & Service Report"
- YTD "Client Service Unit Report"

Billing will not be processed for any monthly billing in which the 105, 106, and CIRTS do not reconcile. The Alliance billing staff will communicate with providers if the reports do not reconcile – or if any report is not received correctly.

Match:
Match is required for the following programs and Titles:
OAA IIIB, OAA IIIC1, OAA IIIC2, OAA IIIE, CCE, and Relief

Match can be either a Cash Match, In-Kind Match, or a combination. To calculate Match, simply divide your contract and monthly billing amounts by nine (9). For programs requiring match, record the Match value in Part A of the 105.

Match must be included on the 105 Form.

Co-Pay:
Co-Pay is required for CCE and ADI. Co-Pay requirement and process is described in Appendix B of the Programs and Services Handbook.

Co-Pay goals are determined at the beginning of the contract year and may be adjusted quarterly. Record your monthly Co-Pay assessed and Co-Pay collected in Part D of the 105.

Other Income/Program Income:
Program Income (such as client contributions) are recorded monthly in Part C of the 105.

E. The Alliance annual provider monitoring will include an expenditure review. All disallowed reimbursed costs will be refunded to the Alliance.

F. Requests for Contract Service Units' Revisions:

a. CCE – Service modified spending is allowed. However, this is primarily a Case Management program. As such, the Alliance will review service spending trends to ensure the integrity of the Case Management program.
b. HCE – Service modified spending is allowed. However, as with CCE, this is primarily a Case Management program. As such, the Alliance will review service spending trends to ensure the integrity of the Case Management program.
c. ADI – Service modified spending is allowed. However, this is primarily a Case Management and Respite program. As such, the Alliance requires the provider to obtain approval and a contract amendment prior to modifying spending between services.
d. LSP –This funding is appropriated by the Florida Legislature and must be used as the appropriation intended.
a. OAA – Service modified spending is stipulated in the "OAA Provider Modified Spending Procedure" contained within these policies.

Providers requesting unit rate adjustments must follow the Alliance Reimbursement Rate Review Policy dated March 2016 at the bottom of these policies.

If a requested budget revision requires an amendment to the Alliance contract with the DOEA, budget changes will not be approved to the provider until the Alliance contract is amended and approved by DOEA.

G. As a rule, expenses incurred by a provider prior to having a signed contract or amendment will not be reimbursed.

SURPLUS/DEFICIT ANALYSIS

The provider will submit a Surplus/Deficit Report monthly throughout the contract period indicating the actual spending, units served, and number of clients served.

The Alliance will review the Surplus/Deficit Report. Any noted variations will be reviewed and discussed with the provider in order to improve forecast accuracy.

CCE, HCE & ADI

A. Procedure:

1. The Alliance fiscal staff will compile and analyze financial data related to service provider expenditures by programs and will interpret Average Monthly Cost per Client, Attrition and Consumer Case Load data. This data will be disseminated to appropriate Alliance management staff for further analysis and follow-up when needed.

2. The Alliance fiscal staff will send to each CCE, HCE, and ADI agency monthly Surplus/Deficit Reports and an analysis of the findings, together with any inquiries regarding the findings. This communication will be sent via electronic mail. If necessary, Surplus/Deficit Reports will be discussed in conference with lead agencies to achieve consensus forecasts.

3. Agencies are expected to maintain a monthly case load utilizing the Alliance established average cost PMPM and maintain spending levels in accordance with the Surplus/Deficit procedure described in section B below. If an Agency requested additional referrals in excess of what had been determined to be the optimal caseload in order to prevent a surplus, then a justification for requesting the additional referrals should be included as part of the communication response. The fiscal staff will track case activations and case load to ensure these cases do not adversely impact any current clients receiving services.

4. The monthly Surplus/Deficit Reports will be sent by the Alliance to DOEA, as required.

B. Remedial Actions for Surplus/Deficit:

1. For the Surplus/Deficit Reports covering the first quarter of the contract year the Alliance will initiate remedial action when two consecutive monthly Reports indicate surpluses in excess of five (5) percent for each month.

   Remedial action will consist of a de-obligation of surplus funds in an amount sufficient enough to bring the year-to-date cumulative surplus to less than five (5) percent of the cumulative year-to-date expected expenditures.

   De-obligated funds will be used by the ADRC to make referrals on a client choice basis. The fiscal staff will advise the ADRC of the number of referrals to be made based on the amount of funds available. Once all persons to be referred are identified and their choice of case management agency made, the ADRC will notify the Alliance fiscal office and the lead agencies. Appropriate contract amendments will then be prepared and executed.

2. For reports covering the second quarter of the contract period, the Alliance will initiate remedial action when two consecutive monthly reports show cumulative surpluses in excess of two and a half (2.5) percent in each month.

   Remedial action will consist of a de-obligation of surplus funds in an amount sufficient enough to bring the year-to-date cumulative surplus to less than two and a half (2.5) percent of the cumulative year-to-date expected expenditures.

   De-obligated funds will be used by the ADRC to make referrals on a client choice basis. The fiscal staff will advise the ADRC of the number of referrals to be made based on the amount of funds available. Once all persons to be referred are identified and their choice of case management agency made, the ADRC will notify the Alliance fiscal office and the lead agencies. Appropriate contract amendments will then be prepared and executed.

3. For reports covering the third quarter of the contract period, the Alliance will initiate remedial action when two consecutive monthly reports show cumulative surpluses in excess of one and a half (1.5) percent in each month.

   Remedial action will consist of a de-obligation of surplus funds in an amount sufficient enough to bring the year-to-date cumulative surplus to less than one and a half (1.5) percent of the cumulative year-to-date expected expenditures.

   De-obligated funds will be used by the ADRC to make referrals on a client choice basis. The fiscal staff will advise the ADRC of the number of referrals to be made based on the amount of funds available. Once all persons to be referred are identified and their choice of case management agency made, the ADRC will notify the Alliance fiscal office and the lead agencies. Appropriate contract amendments will then be prepared and executed.

4. For reports covering the 10th and 11th month of the contract period, the Alliance will initiate remedial action for each month in which the surplus exceeds one (1) percent. The amount exceeding the one (1) percent threshold will be de-obligated.

   Remedial action will consist of a de-obligation of surplus funds in an amount sufficient

enough to bring the year-to-date cumulative surplus to less than one (1) percent of the cumulative year-to-date expected expenditures.

De-obligated funds will be used by the ADRC to make referrals on a client choice basis. The fiscal staff will advise the ADRC of the number of referrals to be made based on the amount of funds available. Once all persons to be referred are identified and their choice of case management agency made, the ADRC will notify the Alliance fiscal office and the lead agencies. Appropriate contract amendments will then be prepared and executed.

5. For the report covering the last month of the contract period, if the surplus exceeds one (1) percent, it will be noted as a program compliance issue and incorporated as part of the monitoring of the lead agency by the Alliance. The Agency may also be placed on corrective action.

OAA, NSIP, & LSP

A. **Procedure:**

1. The Alliance fiscal staff will prepare a complete Alliance monthly surplus/deficit report incorporating all providers. This information is sent to the Director of Program Integrity and Accountability.

2. The OAA, NSIP, and LSP providers will each submit a consolidated surplus/deficit report in a format provided by the Alliance to the Alliance's contract manager. This Surplus/Deficit report must be submitted to the Alliance contract manager with the monthly request for payment and must address each contracted service and provide an explanation of any variances above or below one percent of the monthly targeted expenditures included on the annual spending plan. The explanation should include how the provider is addressing the variance.

3. The contract manager will reconcile the Alliance prepared Surplus/Deficit with the provider's prepared Surplus/Deficit report and verify wait list information if provider is generating surpluses.

4. The monthly surplus/deficit report prepared by the Alliance will be sent to DOEA, as required.

5. For OAA and LSP, the provider is expected to manage its own wait list as to avoid incurring surpluses while clients are waitlisted and in need of services.

B. **Remedial Actions for Surplus/Deficit:**

1. For OAA and NSIP, providers will be given any opportunity to spend surpluses during the course of the contract year; however, any confirmed surplus identified by the provider will be de-obligated no later than the end of the third quarter. For LSP, funds shall be used as appropriated by the State and cannot be transferred to another provider.

2. For OAA, de-obligated funds, initiated by either the Alliance or at the request of the provider for a particular service, will be offered to other providers with the same service within the same OAA sub-Title. If no provider can utilize the de-obligated funding for that service, the surplused funds will be used to address needs identified

in other services within the same OAA sub-Title. To avoid the de-obligation, the provider must demonstrate the need for the surplus funds (through such means as outreach efforts). If the provider cannot demonstrate such need, these funds may be de-obligated for future years. Consecutive surpluses for the same service for two consecutive years will result in a permanent de-obligation of funds, unless special circumstances preclude the de-obligation.

3. For NSIP, de-obligated funds, initiated by either the Alliance or at the request of the provider will be offered to other providers contracted for NSIP funding. To avoid the de-obligation, the provider must demonstrate the need for the surplus funds (through such means as outreach efforts). If the provider cannot demonstrate such need, these funds may be de-obligated for future years. Consecutive surpluses for two consecutive years will result in a permanent de-obligation of funds, unless special circumstances preclude the de-obligation.

OAA PROVIDER MODIFIED SPENDING

A. The provider must provide services in accordance with its contacts.

B. Transferring funds between services:
The Alliance procedure will follow the following process for moving these funds:

1. The Alliance will determine that there is enough total funding for the five Titles to cover providers current contracts and adjust overall Title funding accordingly. Generally, the Alliance will utilize a proportionate allocation method to allocate any additional funding to increase and amend provider OAA contracts. The Alliance will communicate with providers for determination of service allocation for the individual provider portion

2. If the DOEA OAA contract award does not provide enough funding to cover the existing provider contract awards, the Alliance will reduce and amend provider OAA contracts using a proportionate methodology among all contracted providers. The Alliance will communicate with providers for determination of service allocation for the individual provider portion reduction.

C. An OAA provider can provide any contracted service within a service bundle to ensure that client needs are met, and allocated funds are utilized as specified in the RFP.

D. If an OAA provider is projecting a surplus in any contracted service, the provider may request a contract amendment from the Contract Manager to modify the number of service units for that service in their contract to another service within that OAA sub-Title. The Alliance will consider the existing supply and demand for that service at the PSA level and the justification submitted by the provider. The Alliance will consider the provider's request based on the following:

1. The need or ability of another OAA funded provider to utilize the funding for that same Service.
2. Wait list for the same service as identified in CIRTS.
3. The provider's justification for the request (including outreach efforts).
4. Other service needs in the PSA.
5. There is an emergency situation.

E. If no other provider is identified in step #4 above, then the OAA provider requesting modification to any contracted service must submit the following information to the Contract Manager:
    1. The service from which the provider wants to transfer units and the service to which the provider wants to add units.
    2. The number of units the provider wants to transfer.

Any approval based on this policy is valid only for the duration of the current contract.

Any provider requested contract amendment will not be considered after the 10th day of the last month of the contract year.

CCE AND ADI PROVIDER CO-PAYMENTS

Agencies providing case management services under the Community Care for the Elderly (CCE) and Alzheimer's Disease Initiative (ADI) programs shall meet their annual co-payment goals.

PROCEDURES:

1. In keeping with procedures established in the DOEA Program and Services Handbook, provider agencies, in conjunction with the Alliance, shall establish an annual co-payment goal (amount to be collected from clients). Providers shall project the annual co-payments to be collected from each active client in all income ranges prior to the start of each fiscal year. The provider is required to meet the goal.