PROVIDER CONTRACT FUNDING AND SPENDING ANALYSIS

Initial contract funding, monthly spending analysis, possible funding de-obligation, and modified spending availability are included in these procedures. Planning and provider oversight are the key elements to the full and proper use of these funds. Much of the below policy is the Alliance response in its responsibility for the oversight of these funds.

A. ADI, CCE, & HCE

In order to support the ability of the Alliance to ensure annual funding for the ADI, CCE, and HCE programs are utilized appropriately and entirely, the Alliances uses the following policy and procedure to initiate contracts, analyze the spending patterns, and provide clarity for the allowance of modified spending for each program.

1. Initial Annual Funding Allocation:

a. In the five years following the initial Contract issuance from an RFP, and in order to ensure contracts are executed prior to the contract fiscal year beginning date of July 1, the Alliance will determine, through CIRTS reports, each agency's active case load at May 31 of the previous contract year for each these three programs: ADI, CCE and HCE. For ADI & CCE, funding will be established based on that caseload multiplied by the established PMPM. For HCE, funding will be determined based on the caseload multiplied by the sum of the established Case Management PMPM, the Basic Subsidy Caregiver Stipend amount, and the established PMPM for Special Subsidy.

b. Should the funding provided by the State of Florida through DOEA be lower than the amount necessary to fund the case load, as determined above, a proportionate reduction will be applied for each agency. Should this occur, client attrition will be the primary remedy for the reduction in funding.

c. Should the funding provided by the State of Florida through DOEA be higher than the amount necessary to fund the case load, as determined above, the amount of excess funding 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 is made, the ADRC will notify the Alliance fiscal office and the lead agencies. Appropriate contract amendments will then be prepared and executed.

2. Spending Analysis:

a. For ADI, CCE, and HCE Case Management, the Alliance will review each agency spending for the first eleven (11) months of the contract year to provide a means to ensure funding is being used to its fullest and intent. This review will utilize a simple comparison of YTD actual spending compared to a YTD straight line monthly expected spending pattern.

b. With awareness that each agency may have established different billing cut off dates to ensure billing is received timely, in the analysis, the Alliance will run and utilize information generated from MTD and YTD CIRTS reports to more accurately capture the services provided and the funding utilized to provide these services. The CIRTS reports will be run by the Alliance within one week after the contractually required billing due dates. The information derived from these reports will be used regardless of whether a provider submitted the monthly billing as per the contractually required submission dates or not as it is expected that CIRTS data entry would be current.

c. The analysis will be generated within one week after the contractually required billing due date for the first eleven (11) months of the contract. The analysis will compare the actual YTD spending (as per the CIRTS reports mentioned above) to the YTD straight line monthly expected spending pattern.

YTD straight line monthly expected spending pattern is defined as the total contract award divided into 12 equal amounts for each month. The monthly amount is multiplied by the number of months for which the calculation is based.

Example: a contract award is $120,000. Twelve equal amounts would be $10,000 per month. Assuming the analysis is for January (7th month of the contract, the YTD straight line monthly expected spending pattern would be $70,000 ($10,000 x 7 months)

I. Should the results of the comparison indicate a deficit, the Alliance would inquire as to the nature of the deficit to ensure funding is available to serve existing clients throughout the contract period.

II. Should the results of the analysis indicate a surplus, the Alliance would not only inquire as to the nature of the surplus, but also determine whether a de-obligation of funding would be required. In order to allow for providers to adjust to a new contract year, any potential de-obligations would not occur until after the 3rd month of the contract period. The analysis to determine a de-obligation of funding would incorporate a Surplus Allowance. The Surplus Allowance is calculated as follows:

- For months 1-3, the Surplus Allowance is = 5% of the YTD straight line monthly expected spending pattern.
- For months 4-6, the Surplus Allowance is = 2.5% of the YTD straight line monthly expected spending pattern
- For months 7-9 the Surplus Allowance is = 1.5% of the YTD straight line monthly expected spending pattern
- For months 10 and 11 the Surplus Allowance is = 1% of the YTD straight line monthly expected spending pattern

III. Any surplus in excess of the Surplus Allowance would initiate a de-obligation for the amount in excess of the Surplus allowance.

d. For HCE Basic Subsidy allocation: Because the Basic Subsidy must be entered by the 15th of the month, the Alliance will generate MTD & YTD CIRTS reports for the period of the 16th of the previous month to the 15th of the month being analyzed to determine the actual amount of Basic Subsidy utilized. This actual amount utilized will be compared to the YTD straight line monthly expected spending pattern. Should the results of the comparison indicate a deficit, the Alliance would inquire as to the nature of the deficit to ensure funding is available to serve existing clients throughout the contract period. Should the results of the analysis indicate a surplus, the Alliance would not only inquire as to the nature of the surplus, but also adjust the Basic Subsidy allocation by the full amount of the excess surplus calculated.

e. For HCE Special Subsidy allocation: The analysis will be generated within one week after the contractually required billing due date for each of the first eleven (11) months of the contract. The analysis will compare the actual YTD spending (as per the CIRTS reports mentioned above) to the YTD straight line monthly expected spending pattern. Should the results of the comparison indicate a deficit, the Alliance would inquire as to the nature of the deficit to ensure funding is available to serve existing clients throughout the contract period. Should the results of the analysis indicate a surplus, the Alliance would not only inquire as to the nature of the surplus, but also reduce the Special Subsidy allocation by the full amount of the excess surplus calculated.

f. 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.

g. Should additional funding be received after the contract year has initiated, the additional 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.

h. In the event that additional funding is received, and de-obligations are calculated during the same month, any de-obligated funds will be added to the additional funding and 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 that combine the new funding and de-obligated funding will then be prepared and executed.

B. OAA & NSIP

1. Initial Annual Funding Allocation:

In the five years following the Initial OAA RFP Award, Providers will be funded with the entirety of the previous year's recurring funding by OAA Title and for NSIP. Recurring Funding includes all permanent allocation of funds such as the previous year initial award and any additional funding that has been received in the previous year by the Alliance from DOEA and allocated to providers. Previous year carry forward is not recurring funding, nor is funding that is moved between providers during the year unless otherwise stated.

Should the funding provided by DOEA be lower than the previous year recurring funds, adjustments to provider contracts may be required, depending on the reason for the reduction and would normally be applied using a prorated manner unless circumstances indicate another means should be utilized.

Should the funding provided by DOEA be higher than the total allocation of all provider previous year recurring funds, the Alliance may allocate any additional funds by Title in a prorated manner unless circumstances indicate another means should be utilized.

2. Spending Analysis

a. Each provider will submit a consolidated surplus/deficit report in a format provided by the Alliance to the Alliance's contract manager. The submission of the Surplus/Deficit report to the Alliance contract manager should follow the contractually required submission dates for billing. The reports 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.

b. 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 for review.

c. The contract manager will reconcile the Alliance prepared Surplus/Deficit with the provider's prepared Surplus/Deficit report and verify wait list information if the provider is generating a programmatic or service surplus. The provider is expected to manage its own wait list as to avoid incurring surpluses while clients are waitlisted and in need of services. Should the analysis indicate a deficit, the contract manager may inquire of the situation from the provider to ensure funding is available for continuity of services to clients throughout the contract year. Should the analysis indicate a surplus, the contract manager will inquire of the situation from the provider.

d. After review, the monthly surplus/deficit report prepared by the Alliance will be sent to DOEA, as required.

e. Should the analysis indicate a surplus, a potential situation for de-obligation may exist.

i. Providers will be given any opportunity to spend surpluses during the first six (6) months of the contract year; however, any confirmed surplus will trigger a de-obligation of funds starting with the completion of the 7th month of the contract. This de-obligation may be at the request of the provider during its own internal analysis or required by the Alliance to ensure that all funding received is utilized in its entirety in a way to enhance these program purposes and to serve as much of the population in need of these services.

ii. De-obligation of a surplus will be calculated as follows:

- A surplus is defined as any amount of funding that is below the YTD straight line monthly expected spending pattern – or - any amount that is below the annual spending plan developed and submitted by the provider.

- The YTD straight line monthly expected spending pattern is defined as the total contract award divided into 12 equal amounts for each month. The monthly amount is multiplied by the number of months for which the calculation is based.

- The 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.

- For the 7th, 8th, and 9th month of the contract year, the provider is extended a Surplus Allowance of 2.5% of the YTD straight line monthly expected spending pattern or 2.5% of the Spending Plan. Any amount of surplus exceeding this 2.5% Allowance may be de-obligated.

- For the 10th and 11th month of the contract year, the provider is extended a Surplus Allowance of 1% of the YTD straight line monthly expected spending pattern or 1% of the Spending Plan. Any amount of surplus exceeding this 1% Allowance may be de-obligated.

f. Any de-obligated funds, either 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 or, in the case of NSIP, will be offered to other providers contracted with NSIP funds. If no provider can utilize the de-obligated OAA funding for that service, the surplus funds will be used by the Alliance to address needs identified in other services within the same OAA sub-Title. Consecutive surpluses for the same service for two consecutive years will result in a permanent de-obligation of the de-obligated funds unless special circumstances preclude the de-obligation. If not other provider can utilize the de-obligated NSIP funds, the Alliance will determine the best way for those NSIP funds to be utilized.

g. Should additional funding be received after the contract year has initiated, the Alliance will generally allocate any additional funds by Title in a prorated manner to all providers unless circumstances indicate another means should be utilized.

C. LSP

Funding is allocated to providers based on the Legislative approved projects and purpose. The funds shall be used as appropriated by the State and cannot be transferred to another provider. Nor can funds be transferred internally by the providers to begin new services that are not identified in the Legislative appropriation unless written approval is requested and approved by the sponsoring Legislator and the Alliance.

D. MODIFIED SPENDING

1. **OAA** - The provider must provide services in accordance with its contract.

   a. Transferring funds between Titles is not permitted.

   b. Transferring funds between services within a Title is allowable only through the following process:

      i. **For Sub-Titles IIIB and IIIE**, a provider has full modified spending for services within a bundle to ensure that client needs are met, and allocated funds are utilized as specified in the RFP. If a provider is projecting a surplus in any contracted service or bundle of services, the provider may request a contract amendment to modify the number of service units for the services identified as surplus with another service within the same OAA sub-Title. If the provider is considering such a request, that request must be made in writing to the contract manager and must include any justification and details relating to the request. The Alliance will consider the provider request in conjunction with the existing supply and demand for that service at the PSA level using the following basis:

      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.

      If no other provider is identified in numbers 1-5 above, then the 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 and must be submitted no later than the 10^{th} day of the last month of the contract year for consideration.

      ii. **For Sub-Titles C1 and C2**, full modified spending is allowed between services within each of these Titles. However, the provider must adhere to program requirements to ensure screening is completed and Nutrition Education and Counseling are provided. When monthly billing is submitted and no billing for screening, Education or Counseling is received, the provider will be asked to provide evidence that these programmatic requirements are adhered to.

      iii. **For Sub-Title 3D**, services must provide in accordance with its contract. If the provider identifies the need to adjust service units between services, a written request must be submitted to the Alliance 3D Program Coordinator. Included in the request should be a rational of why the request is being made, the services and units of the services requested to be modified, as well as any potential adverse actions identified.

2. **LSP -** As LSP funding is sponsored and provided directly by the Florida Legislature, all services provided must adherer to the intended use of the funding. A provider may submit a written request to the contract manager for a modification to service units within the existing contracted services and with clear reflection that the requested modification follows, and does not deviate from, the intent of the appropriation.

3. **ADI & CCE**- A provider has full modified spending for services included in their contract for these programs. Surpluses identified in these programs will be addressed in accordance to Section A.2 of this policy.

4. **HCE**- A provider does not have modified spending between Case Management, Basic Subsidy and Special Subsidy. Providers may, however, provide HCE services listed on Appendix A of the DOEA Programs & Services Handbook as part of Special Subsidy to address client. For all HCE clients, services must not be available through Medicare, Medicaid, Veterans Administration, or other insurance. Additionally, special subsidies for HCE clients (enrolled after March 1, 2010) shall not be authorized for services provided and available under other funding sources, specifically SMMC LTC. Services authorized through Special Subsidy must directly relate to the client’s health conditions. Surpluses identified in this program will be addressed in accordance to Section A.2 of this policy.