



State of Connecticut
Department of Developmental Services

Ned Lamont
Governor

Jordan A. Scheff
Commissioner

Peter Mason
Deputy Commissioner

Operations Memo 2020-16

TO: DDS Qualified Providers

FROM: David David, Director of Service Development and Support, Operations Center

CC: Jordan Scheff, Commissioner, Peter Mason, Deputy Commissioner, Katie Rock-Burns, Chief of Staff, Scott McWilliams, Chief of Fiscal/Administrative Services, Ken Cabral, Director of Family Services, Amber Burke, Director of Employment and Day Services, Regional Directors, Assistant Regional Directors, Resource Administrators, The Alliance, The Arc CT,

DATE: January 28, 2020

SUBJECT: Cost Settlement and the Innovation Incentive Program Pilot

The purpose of this memo is for the Department of Developmental Services (DDS) to communicate information related to cost settlement and the Innovation Incentive Program Pilot.

Cost Settlement

As background, prior to fiscal year (FY) 2020 all DDS qualified providers with Purchase of Service (POS) contracts were subject to 100% cost settlement, codified in Part I, Section C.15 of the DDS contract language. This means DDS contracted providers, subject to cost settlement, were required to reimburse the department 100% of the difference between the provider's contracted allotment and the actual allowable expenses, as reported.

In the 2019 legislative session, Governor Lamont proposed, and the Connecticut General Assembly passed a provision allowing providers under contract with DDS to retain 20% of the difference between actual expenses incurred and the amount the provider received from DDS. This provision is contained in Section 26 of [Public Act 19-117](#), AN ACT CONCERNING THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2021, AND MAKING APPROPRIATIONS THEREFOR, AND PROVISIONS RELATED TO REVENUE AND OTHER ITEMS TO IMPLEMENT THE STATE BUDGET.

Specifically, this provision requires DDS providers, subject to cost settlement, to reimburse the department at 80% of the difference between the provider's contracted allotment and the actual allowable expenses, as reported for FYs 2020 and 2021. This means contracted providers in

compliance with contract performance requirements will retain 20% of the savings they achieve for FYs 2020 and 2021.

DDS will provide additional detail regarding the process for the adjusted cost settlement in a separate communication.

Innovation Incentive Program Pilot

In 2019, the Connecticut General Assembly also passed [Public Act 19-127](#), AN ACT CONCERNING THE INNOVATION INCENTIVE PROGRAM FOR NONPROFIT PROVIDERS OF HUMAN SERVICES.

This legislation requires the Secretary of the Office of Policy and Management (OPM) to establish a pilot incentive program for non-profit providers of human services. In partnership with OPM, the department is relaying the following information regarding this program:

- A pilot incentive program will be available to DDS qualified providers with DDS contracts subject to cost settlement beginning FY 2021.
- The program will allow eight providers, that meet the criteria outlined in the legislation, to retain 60% of the savings they achieve for FY 2021.
- Providers will receive notification of the program implementation process prior to the start of FY 2021.

DDS will provide additional detail regarding the Innovation Incentive Program in a separate communication.

Please contact David David (David.david@ct.gov) with any questions.