

Memorandum

Date: June 27, 2012

To: Private Residential Providers of Community Living Arrangements

From: Christopher A. LaVigne, Acting Director, CON & Rate Setting, DSS
Peter Mason, Director of Operations Center, DDS

Re: **1. Lawn Care Provided by Provider Day Programs**
2. Reporting of Maintenance Salary & Benefits
3. DDS will NOT Reimburse Room & Board Expenses
4. Changes Effective for Cost Year 2011 Going Forward

Clarification, guidance, and direction is being provided at this time to ensure consistent and proper reporting concerning issues related to the repair, maintenance, and upkeep of our Community Living Arrangements throughout the State.

1. Lawn Care Provided by Provider Day Programs

In response to questions regarding the allowability of costs for CLA's when lawn care is provided by the agency as part of their day program. This arrangement would constitute a related party transaction and expenses reported in the Room & Board of the home would need to be based on the "actual" cost of the services. The reasonable costs would include day program service recipients' wages, transportation, supplies, and equipment depreciation allocated appropriately based on the extent of work provided at a particular group home. Day program staff wages, benefits, program supplies and administrative costs are not allowable as part of the cost calculation because they are funded through the DDS day program funding. The agency should have available an allocation methodology that shows how costs were fairly distributed between all of the purchasers of the lawn care services. Additionally, costs should not exceed typical fees for similar work in a similar geographic area. Attached is more detail relating to allowable costs, unallowable costs, and reporting of these expenses.

2. Reporting of Maintenance Salary & Benefits

Only maintenance salary and benefits approved by the DSS are allowable and should be reported on the appropriate line of the Annual Report of Residential and Day Services (Line 15-g – Maintenance Salaries & Benefits). Enter maintenance costs associated with salary and benefits agreement previously approved by DSS. Note: Improvements completed by the maintenance staff are subjected to the same guidelines used for improvements completed by a third party. Three bids and a Capital Improvement Agreement must be obtained when necessary. It was never the intention for these approved expenses to replace or circumvent the capital improvement process. If maintenance staff salaries are included in an approved capital improvement request, these expenses must be removed from the reporting of maintenance salary and benefits line as duplicative reporting would occur.

3. DDS will NOT Reimburse Room & Board Expenses

Maintenance salary and benefits or any other costs related to the maintenance of the facility will not be reimbursed through the DDS. All related and allowable costs must be reported in the Room and Board section of the Annual Report of Residential and Day Services. All expenses found on the DDS side will be disallowed.

4. Changes Effective for Cost Year 2011 Going Forward

Historically, maintenance costs have been found to be included in the DDS reimbursement sections of the Annual Report of Residential and Day Services. Starting with Cost Year 2012, all maintenance costs found to be included in the DDS portion of the report, will be disallowed and NOT included in your DDS cost settlement. In order for these expenses to be reviewed for allowability and included in your Room and Board rate, Providers must file amended pages for these costs for the 2011 Cost Year. Recognizing the the purpose of the amended pages is to allow DSS to calculate future rates, DDS will not adjust the 2011 Cost settlement based on these amended pages.

If you have any questions concerning any of the above clarifications, please contact Paula Pfistner at DSS 860-424-5666 or Peter Mason at DDS 860-418-6077.

Guidelines for the Use and cost reporting of Agency Vocational programs for lawn care at CLAs and CRSs

Applicability

1. Applies to any CLA or CRS, that utilizes their own or a related party's lawn care employment program.

Allowable Costs for Lawn Care provided by a work crew operated by the Agency's Vocational programs. (or related party)

1. Participant Wages
Paid for time on the job and fairly allocated share of transportation time between jobs for which the participant receives wages.
Proper DOL documentation must be available to substantiate wage level.
2. Participant benefit costs
Allocated based on percentage of wages
3. Supplies associated with the work.
Since supplies may be used for multiple jobs there needs to be a fair allocation methodology to the job.
4. Equipment lease or depreciation cost for equipment used on the job.
Since equipment would be used for multiple jobs there needs to be a fair allocation methodology to the job.
5. Transportation costs for getting to and moving between jobs.
Since transportation is used for multiple jobs there needs to be a fair allocation methodology to the job.

Unallowed Costs

1. All other areas not listed as allowed costs including but not limited to:
Wages and benefits associated with Job Coach or other staff support to the participant workers that enables them to complete the work.
Administrative Costs
Program supplies
2. Any amount otherwise allowable that is found to be beyond a reasonable cost for the service if provided by an outside vendor.

Reporting

1. The transaction is reported as a related party on the annual report between Residential and Vocational Programs in the agency.
2. For CLAs the allowable costs are reported on the Room and Board schedule.
3. The amount paid is included in Sales Revenue for the Vocational Cost Center.
4. Expenses are reported under the appropriate expense line for the vocational cost center.
5. For CRSs the cost allocation should be available for review by DDS and any charges that impact rent subsidy or residents' funds must comply with these requirements