Operations Memo 2026-22

TO: Purchase of Services Contracted Private Providers

FROM: Sean Bannon, Director, Operations Center

CC: Jordan Scheff, Commissioner, Elisa Velardo, Deputy Commissioner, Katie Rock-Burns, Chief of Staff, Nicholas Jerard, CFO, Regional Directors, Private ARDs, Resource Administrators, The Alliance, The ARC CT

DATE: March 2, 2026

SUBJECT: FY2026 Eight Month Expense Report

As a requirement of the Purchase of Service (POS) contract with the Department of Developmental Services (DDS), each POS contracted provider is required to submit an Eight Month Expense Report (July 1 – February 28) to DDS each year.

The due date for submission of the FY2026 Eight Month Expense Report is March 31, 2026.

Each Eight Month Report is unique to the provider and will be emailed to the provider by the provider's assigned DDS Provider Specialist by March 5, 2026. If a provider has not received their Eight Month Report, please reach out to your Provider Specialist. Blank Eight Month Reports will not be made available. If data from the Base Operational Plan needs to be changed, an amended Operational Plan must be sent to the provider's assigned Provider Specialist. See the process listed below for submitting amended Operational Plans.

Extension Requests: Any provider that is unable to submit the Eight Month Report by the deadline must submit an extension request **prior** to the date the report is due.

- Any extension request must be sent via email to your assigned Provider Specialist prior to the submission deadline.
- Your request must include the reason precipitating your extension request and the submission date being requested.
- Any report not submitted by the original submission date, or the approved extension date will be considered late.

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Specific changes for the 2026 8 Month Report:

Since providers were required to submit their FY 2026 Operational Plan prior to the new rates for FY 26 being released, DDS instructed providers to project their costs using the then current rates. DDS has included a "Rate Factor" for most Day and Residential services and for Behavioral Support and Healthcare Coordination. This factor is noted at the top right of your 8 Month Report and is automatically applied to the Op plan figures on the 8 Month Report.
If a provider submitted their plan and does not need the Rate Factors applied, they can simply change the applicable Rate Factor(s) to "0" on the 8 Month Report.

As stated in previous fiscal years:

1. Providers should correct any errors or missing data prior to submitting the 8 Month Report to DDS by reviewing the Error Check Tab. DDS will not be able to complete the review process for any Eight Month Reports with "NO" answers on questions 1-9 of the 8 Month Review Tab unless an acceptable explanation is included in the applicable comment section. **Please ensure that any "NO" answers on the Error Check tab are corrected or an explanation is entered in the comment section under <u>each</u> applicable section prior to submission.** See the 8 Month Report Instructions for more information. *Please note that American Rescue Plan Act (ARPA) expenses are not recorded on the Eight Month Report, as there is separate reporting for ARPA funding.*

2. Since the submission of the FY2016 Annual Report, the Operations Center staff started requesting a copy of the Cost Allocation Plan (CAP) for any provider with an administrative & general rate of 18% or greater. This applies to the FY26 Eight Month Report. If the A&G is 18% or greater, the provider should include the reason why and the agency's plan to reduce A&G to below 18% in the future in the comment section of the 8 Month Error Check tab and include a valid copy of the agency's Cost Allocation Plan as an attachment to the Eight Month Report submission email.

3. Please be aware that the Contractor (provider) is allowed to make line category expense changes within major cost categories (salaries, employee benefits, non-salary, administrative and general) of less than 20% without prior DDS approval. Any budget variance that exceeds twenty percent (20%) of the major cost categories but

does not increase or decrease the maximum financial commitment, must be approved by DDS through a revised Operational Plan. Failure to receive prior approval from DDS may result in the disallowance of any expense exceeding the 20% variance.

The FY2026 Eight Month Report uses the same format of comparing the budgeted amount with actual costs for the time period of July - February along with reporting the estimated End of Fiscal Year budget amount based on the actual costs to date plus the projected budget from March 1 – June 30. If the provider does not add a new program with annualized funding of more than $100,000 between the submission of the Eight Month Report and the end of the fiscal year ending June 30, 2026, the estimated End of Fiscal Year Budget Amount will take the place of the Final Operational Report usually due in July. Providers that add a new program with annualized funding of more than $100,000 between the submission of the Eight Month Report and the end of the fiscal year ending June 30, 2026, will be required to submit a Final Operational Plan by July 15, 2026.

If additional cost centers or program types with annualized funding of more than $100,000 were added between July 1, 2025, and February 28, 2026, an amended Operational Plan will need to be submitted. Please notify your Provider Specialist that you will be submitting an amended Operational Plan for that reason prior to the Eight Month Report deadline. When submitting your amended Operational Plan, the Eight Month Report should also be completed unless directed to do otherwise by your Provider Specialist.

If the provider needs to submit an amended Operational Plan for reasons not listed above, the provider must send a request via email to their Provider Specialist prior to the Eight Month Report deadline. Please include the reason(s) that the Operational Plan needs to be amended. Amended Operational Plans will not be accepted by DDS without an explanation for the changes and approval by your Provider Specialist. When submitting your amended Operational Plan, the Eight Month Report should also be completed unless directed to do otherwise by your Provider Specialist.

The FY26 Eight Month Report must be electronically submitted to your assigned DDS Operations Center Provider Specialist by March 31, 2026.

If you have any technical questions regarding the report, please contact your assigned Provider Specialist.