

**IOWA PURCHASE OF SOCIAL**  
**SERVICES AGENCY CONTRACT**

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACT

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IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACT

This chapter describes the policies and procedures for purchase of services contracts with service provider agencies. The primary legal basis for these policies is 441 Iowa Administrative Code 150.3(234).

INITIATION OF CONTRACT PROPOSAL**Policy**

All potential provider agencies have a right to request a contract.

**Comment**

Give all qualified providers of human services equal opportunity to sell the service they provide to the Department. Any potential provider agency may request a purchase of service contract.

**Legal reference:** 441 IAC 150.3(1)"a"

Initial Contact**Policy**

The initial contact should be between the potential provider and the regional administrator for the region in which the provider's headquarters is located. In the case of out-of-state providers, this contact can be with the regional administrator for either the closest region or the region initiating the contact.

**Comment**

The day-to-day contact with providers and decisions to purchase service for a specific client are made by the regions. The initial contact with the Department should be with the regional office that will be administering the contract, if one is to be negotiated.

Contracts with out-of-state providers may be administered by either the region nearest the provider agency or the region wanting to purchase the agency's service. Therefore, either region may have the initial contact. The region having contact should notify the other region for their information, however.

**Legal reference:** 441 IAC 150.3(1)"b"

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTINITIATION OF CONTRACT PROPOSAL (Cont.)Initial Contract (Cont.)**Procedure**

Give the **PURCHASE OF SERVICE PROVIDER HANDBOOK** to the provider agency at the beginning of the process of developing a contract. See XV-A-Appendix, **PURCHASE OF SERVICE PROVIDER HANDBOOK**.

Contract Proposal Development**Policy**

Each region has project managers who are responsible for working with contractors and potential contractors in developing the contract documents. When the regional administrator decides to begin contract negotiations with a potential contractor, a project manager is assigned.

The project manager assists the contractor in completing the contract proposal and fiscal information applicable to the contract. This information must include documentation that the conditions of participation are met.

**Comment**

**Legal reference:** 441 IAC 150.3(1)"c"

**Procedure**

Provide technical assistance and advice in developing the contract proposal and fiscal report necessary for the contract being developed. Do not do the work for the contractor or potential contractor, but provide advice regarding requirements, appropriate format, etc.

Complete the following forms for a proposed contract:

- ◆ *Iowa Purchase of Social Services Agency Contract*, 470-0628.
- ◆ *Financial and Statistical Report for Purchase of Service Contracts*, 470-0664.
- ◆ *Iowa Purchase of Social Services Agency Contract Face Sheet*, 470-0663.

See CONDITIONS OF PARTICIPATION for other necessary information.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTINITIATION OF CONTRACT PROPOSAL (Cont.)Contract Proposal Approval or Rejection**Policy**

Before a contract can be effective, it shall be signed by the following persons within the time frames provided:

- ◆ The authorized representative of the provider agency.
- ◆ The human services area administrator, within one week from receipt.
- ◆ The regional administrator, within one week from receipt.
- ◆ The chief of the Bureau of Purchased Services, within 30 days from receipt.

Give the provider a notice and explanation in writing of delays in the process or of rejection of the proposal.

**Comment**

**Legal reference:** 441 IAC 150.3(1)"d"

**Procedure**

In order to assist the agency appropriately, you need to be involved in each step of the contract development and administration process. Keep the area administrator and regional administrator informed of the progress of the contract as it is being developed, so their review and approval can occur in a timely manner.

After development of the proposed contract and signature by the authorized representative of the provider agency, the contract shall be delivered to the project manager. When a potential provider submits a proposal to you, or an existing provider submits an amendment, forward the proposed contract to the human service area administrator.

If approved at the county office level, the proposed contract is sent to the regional administrator. If approved at the region level, the proposed contract is sent to the chief of the Bureau of Purchased Services. Monitor the movement of the proposed contract to help ensure that required time frames are satisfied.

Any time a proposal is rejected, the person rejecting it must return it to you with a written explanation of why it was rejected and the changes needed before approval will be given. You are responsible for returning the material to the agency.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTINITIATION OF CONTRACT PROPOSAL (Cont.)Criteria for Rejection**Policy**

The following criteria may cause a proposed contract to be rejected:

1. Departmental clients do not need the service.
2. The service is not in the Social Services Block Grant Plan for the regions or counties to be served by the program.
3. No funds are available for the service being proposed.
4. The proposed contract does not meet applicable rules, regulations, or guidelines, including service definitions.

**Comment**

Not all services that agencies want the Department to purchase are needed by the Department's clients. The Department may not be able to purchase the service because of funding. A specific service may not be in the Social Services Block Grant plan for the specific area. Under these circumstances, the Department is under no obligation to enter into a contract.

**Legal reference:** 441 IAC 150.3(1)"e"

Contract Effective Date**Policy**

When the agreed-upon contract conditions have been met, the effective date of the contract is the first day of an agreed-upon month following signature by the chief of the Bureau of Purchased Services.

**Comment**

Contracts must always be effective on the first day of a month. Normally this is the first month after signature by the chief of the Bureau of Purchased Services. However, when all parties desire a later effective date, or when all contract conditions (e.g. required licensure) have not yet been met, the contract may be effective on the first day of a later month.

**Legal reference:** 441 IAC 150.3(1)"f"

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACT

**CONTRACT ADMINISTRATION**

**Policy**

During the contract period, the assigned project manager is the contract liaison between the Department and the provider. The project manager shall:

- ◆ Be contacted on all interpretations and problems relating to the contract.
- ◆ Follow the issues through to their resolution.
- ◆ Monitor performance under the contract.
- ◆ Provide or arrange for technical assistance to improve the provider's performance, if needed.

**Comment**

In order to monitor contract performance effectively and assist providers, you must be involved in all phases of contract administration. This includes interpretations or clarifications of the contract terms and problems which arise with the contract or services provided under the contract.

"Technical assistance" consists of specific guidance and expertise provided by project managers or other personnel to key provider staff in various functional areas.

Technical assistance may be required by service providers in these areas:

- ◆ Development and comprehension of contracts and contract provisions;
- ◆ Implementation of an effective, client-case-plan-driven service system;
- ◆ Establishment and implementation of management systems to enable providers to fulfill reporting and operation requirements;
- ◆ Development of comprehensive and operational plans for service delivery;
- ◆ Maintenance of service standards;
- ◆ Assistance with administrative procedures to control and manage service delivery.

**Legal reference:** 441 IAC 150.3(2)"a"

**Procedure**

Monitoring activities are a required component of contract management. Obtain input from the provider and from Department workers and area administrators when applicable.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTCONTRACT ADMINISTRATION (Cont.)**Procedure** (Cont.)

Sometime during the contract year, you need to monitor the following activities:

- ◆ Invoice procedures (proper completion and timely payment).
- ◆ Client referral and authorization.
- ◆ Provider client records including case plan development and implementation.
- ◆ Conditions of participation.
- ◆ Maintenance of service standards.
- ◆ Cost review, based on the financial and statistical report, form 470-0664.

You must always complete Form 470-2571, *Monitoring and Evaluation Review Guide*, before renewal of the contract. You don't have to complete this form annually if the term of the contract is for more than one year. Incorporate the findings of any on-site visits or other monitoring activity into the information reported on the *Monitoring and Evaluation Review Guide*.

**Annual On-Site Visits****Policy**

Conduct annual on-site visits to providers with a POSS contract for adoption, independent living, family planning, or shelter care services. The on-site visit must occur during the contract year.

**Comment**

The "contract year" refers to each 12-month period between the effective date and termination date of the contract. For POSS contracts, the length of time between the effective date and the termination date (the "term" of the contract) can be up to three years. Example:

When the term of the contract is June 1, 1996, through May 31, 1999, there are three contract years, beginning June 1 and ending May 31. On-site visits must occur as follows:

- ◆ Year 1: At least one visit some time between June 1, 1996, and May 31, 1997.
- ◆ Year 2: At least one visit some time between June 1, 1997, and May 31, 1998.
- ◆ Year 3: At least one visit some time between June 1, 1998, and May 31, 1999.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACT

CONTRACT ADMINISTRATION (Cont.)

Annual On-Site Visits (Cont.)

Comment (Cont.)

The primary factor that determines whether an on-site visit is required is responsibility for payment for services provided under the contract. On-site visits are required when the provider delivers services to clients for whom the Department has payment responsibility.

If necessary, make the final determination of whether an audit will be required during the tenth month of the contract year. Project manager supervisors are responsible for ensuring that the required on-site visits are conducted.

Procedure

On-site visits should not interfere with the normal routine of the provider's service delivery. When you expect the provider to produce reports, documents, and records for your review, notify the provider of the time of the on-site visit in advance.

Inform the provider of the purpose of the visit. When conducting unannounced on-site visits, inform the appropriate staff person in charge of your presence.

Inform the agency director of the impressions and recommendations that result from your on-site visits. Whenever possible, conduct an exit interview with the executive director or designee upon completion of the on-site visit to review your preliminary findings.

You may use Report of On-Site Visit, form 470-0670, to report performance under the contract and delineate further responsibilities of either party.

Use the Excel spreadsheet at Hoovr3S1/POS.771/POSALL to track completion of annual on-site visits. Complete the information on the spreadsheet for each on-site visit you conduct. Enter all information within five working days of completing your final report of the on-site visit. The information on the spreadsheet is as follows:

Provider Name	Contract Number	Project Manager	Region	Date On-Site Visit Completed	Items/Areas Audited

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTCONTRACT ADMINISTRATION (Cont.)Annual On-Site Visits (Cont.)**Procedure** (Cont.)

Use the following codes for region:

CB	Council Bluffs
CR	Cedar Rapids
DM	Des Moines
SC	Sioux City
W	Waterloo

Enter the following codes for items/areas audited, as applicable:

- 1 Client referral form.
- 2 Documentation supporting units of service billed.
- 3 DHS case plan and provider treatment plan.

The following sections further explain the procedures for conducting an on-site visit:

- ◆ Selection of cases to be reviewed
- ◆ Information to be reviewed
- ◆ On-site visit report
- ◆ Corrective action plan

**Selection of Records**

For each visit, select the month to be audited from a recent 12-month period (which may be different from the contract year). This period should be as recent as possible, but it should not include any of the three most recent months, you know that action has been taken on all of the claims submitted for that month.

If a provider is under contract for more than one service, review cases from each service, using the first two digits of the service code to identify a "service." Example:

Provider A has a contract for two adoption service codes, 01-01 and 01-02, and 26-01, an independent living service. Cases must be reviewed from the 26-01 service **and** from either the 01-01 **or** the 01-02 service.

Identify the clients for whom the Department has made payment during the selected month, and randomly select the sample of cases to be reviewed from that list of clients.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTCONTRACT ADMINISTRATION (Cont.)Annual On-Site Visits (Cont.)Selection of Records (Cont.)

For independent living, adoptions, and family planning, the sample size shall be within:

- ◆ A minimum of 10% or 5 cases of the clients receiving each service code during the months under review (whichever is greater).
- ◆ A maximum of 100% or 40 clients per service code (whichever is less).

For shelter care, base the size of the sample of cases to be reviewed on the licensed capacity of the facility. If there are several sites which bill using the same four-digit service code and rate, add the capacities of these sites together to determine the minimum number of cases to be reviewed.

Facility Size (Licensed Capacity)	Minimum Number of Cases to Be Reviewed
6 or fewer	3
7 to 9	4
10 to 13	5
14 to 16	6
17 to 19	7
20 to 24	8
25 to 29	10
30 to 34	11
35 to 39	12
40 to 44	13
45 to 49	14
50 to 59	15
60 to 69	16
70 to 79	17
80 to 89	18
90 to 99	19
100 to 149	20
150 to 199	22
200 to 299	25
300 or more	30

If there are fewer clients than the number required for the sample size, add another month from the period being audited until you have the minimum required number of cases for review. If the provider served fewer clients than the number required for the sample, the sample size is 100% of the clients served during the period.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTCONTRACT ADMINISTRATION (Cont.)Annual On-Site Visits (Cont.)Information to Be Reviewed

During the required on-site audit, review the records of services to clients for whom the Department is responsible for payment. Review the following information annually at the time of an on-site visit:

- ◆ Verification that the provider is authorized to provide and submit claims to the Department for services under the POSS contract.

For independent living, this will be form 470-0719, *Placement Agreement - Child Placing or Child Caring Agency (Provider)*.

For adoption services, this will be form 470-0622, *Referral of Client for Purchase of Social Services*.

For shelter care, this will be:

- A court order if the placement exceeds 48 hours, or
- Form 470-0715, *Voluntary Foster Care Placement Agreement*, or
- Form 470-0719, *Placement Agreement - Child Placing or Child Caring Agency (Provider)*.

For family planning, this will be documentation by the provider of eligibility determination in accordance with income guidelines established by the Department.

- ◆ Documentation of the services provided that supports the units of service for which the provider was reimbursed. The documentation must be sufficient to determine if the service provided was the service for which the provider was reimbursed.

Each unit of service for which payment from the Department is sought must be the subject of a written progress note. The documentation must list:

- The date the service was provided,
- The type of contact (telephone, face-to-face), and
- A brief explanation of the focus of each contact.

Require the provider to reimburse the Department for any payments of units of service for which the required documentation is not available.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTCONTRACT ADMINISTRATION (Cont.)Annual On-Site Visits (Cont.)Information to Be Reviewed (Cont.)

- ◆ Verification that the provider treatment plan (also referred to as service plan or individual program plan) is in the client's case record. **Note:** Provider treatment plans are not required for family planning services, adoption home studies, or shelter care placements that are for less than 30 days.

On-Site Visit Report

Document the findings regarding services for which the Department is responsible for payment using form 470-0670, *Report of On-Site Visit*. Include at least the following information:

- ◆ Notation indicating if this is the preliminary or final report.
- ◆ The date of the report (the date when the report is mailed to the provider).
- ◆ The provider name and contract number.
- ◆ The dates of on-site visit.
- ◆ The name and title of persons conducting the on-site visit.
- ◆ Identification of the months from which the sample was selected.
- ◆ The number of cases reviewed.
- ◆ The case numbers of the cases reviewed. (Do **not** include client identifying information.)
- ◆ A summary of the information reviewed and the specific findings of the review.
- ◆ If technical assistance or training were provided, the topic of the assistance or training, the persons receiving it, and a brief summary of the information provided.
- ◆ If the findings include services for which the provider was reimbursed but the documentation does not meet the requirements, the number of units and the amount which the provider must repay.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTCONTRACT ADMINISTRATION (Cont.)Annual On-Site Visits (Cont.)On-Site Visit Report (Cont.)

Complete a preliminary report and submit it to the provider within 30 calendar days of completion of the on-site visit. Use form 470-0670, *Report of On-Site Visit*, clearly marked PRELIMINARY, for the draft report.

**Exception:** If only isolated noncompliance is found, and the noncompliance does not result in an overpayment, no preliminary report is required. You may write only a final report.

If you determine that there is inadequate documentation to support units of service for which the provider was reimbursed, complete a sheet that identifies:

- ◆ The client.
- ◆ The number of units for which payment was made during the period being audited.
- ◆ The number of units for which documentation met the requirements.
- ◆ The number of units for which documentation did not meet the requirements and repayment is required.
- ◆ The specific findings resulting in the conclusion that the documentation did not meet the requirements.

Give a copy of this to the provider and keep the original. Do not include this information on the *Report of On-Site Visit*.

The provider has 30 calendar days from the date of the preliminary report to inform you if there are any findings that the provider believes are in error. The provider must identify the information believed to be in error and submit documentation supporting the provider's position.

Review any information submitted by the provider and develop a final report within 60 calendar days of completion of the on-site visit, or, if applicable, within 30 calendar days of receipt of the response from the provider to the preliminary report. This must be clearly identified as the FINAL report.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTCONTRACT ADMINISTRATION (Cont.)Annual On-Site Visits (Cont.)On-Site Visit Report (Cont.)

If the final report includes a finding that the provider must repay the Department, the report must contain a notice of the provider's right to request review of the Department's decision, and it must be sent to the provider by certified mail. The notice of the right to request review shall state the following:

You have the right to request review of the finding that you must repay the Department the amount specified above. To request a review, submit a written request for review to your assigned project manager stating the Department's finding and why you believe the finding is in error.

For details on the procedures for requesting a review, refer to the section in your contract on Reviews of Departmental Actions.

The original report goes to the provider. Maintain one copy in the region's contract file for that provider and send one copy to the human services area administrator who signed the contract.

Corrective Action Plan

A provider who is found to be out of compliance with any of the terms and conditions of the POSS contract must develop a corrective action plan addressing each area for which non-compliance is found. (This may occur at the time of the on-site visit or as the result of any other monitoring activity.) The plan must state:

- ◆ What action will be taken to correct the noncompliance.
- ◆ The people responsible for ensuring that the action is carried out.
- ◆ The time frames for implementation of the corrective action. These time frames must be agreed upon by you and the provider.

Determine whether the corrective actions are implemented within the time frames specified in the plan. If the corrective actions are not implemented within those time frames, the contract may be terminated.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTCONTRACT ADMINISTRATION (Cont.)Contract Amendment**Policy**

The contract shall be amended only upon agreement of both parties. Amendments that affect the cost of services may include re-establishment of applicable rates.

**Comment**

When changes occur in the services or in the expectation of either party during the contract period, the contract must be amended. Amendments cannot be made to the contract unilaterally by either party, but must have mutual agreement.

**Legal reference:** 441 IAC 150.3(2)"b"

**Procedure**

Complete the following forms and information for contract amendments:

- ◆ *Amendment or Renewal of Iowa Purchase of Social Services Agency Contract*, form 470-0630.
- ◆ *Iowa Purchase of Social Services Agency Contract Face Sheet*, form 470-0663.
- ◆ Changes in conditions of participation, if any.

When changes are made which affect the cost of providing the services, rates must be revised accordingly. See FINANCIAL AND STATISTICAL REPORT.

Contract Renewal**Policy**

The Department and the provider must make a joint decision to pursue renewal of the contract at least 60 days before the expiration date. Evaluate each contract before renewal. Take the results of the evaluation into consideration in the decision on renewal.

This evaluation may involve use of the *Monitoring and Evaluation Review Guide*, form 470-2571, or other evaluation tools specified in the contract. The provider must complete the *Desk Audit for Civil Rights Contract Compliance*, form 470-2215.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTCONTRACT ADMINISTRATION (Cont.)Contract Renewal (Cont.)**Comment**

Make decisions on whether the contract will be renewed early enough to permit the renewal documents to be processed before the contract expires. Base decisions regarding renewal on the quality of service provided and how well the terms of the contract have been met. These decisions may be based on evaluation forms, procedures, and processes if they are specifically described in the contract.

**Legal reference:** 441 IAC 150.3(2)"c"

**Procedure**

Complete the following forms and information for a contract renewal:

- ◆ *Amendment or Renewal of Iowa Purchase of Social Services Agency Contract*, 470-0630.
- ◆ *Iowa Purchase of Social Services Agency Contract Face Sheet*, 470-0663.
- ◆ Changes in conditions of participation, if any.
- ◆ *Desk Audit for Civil Rights Contract Compliance*, 470-2215.

Guidelines for civil rights laws, Title VI, Section 504, and affirmative action are issued by the Diversity Programs Unit in the *Equal Opportunity Review*, form 470-0148. All providers requesting contract renewal must complete form 470-2215 and submit it to you. Forward it to the Diversity Programs Unit for review.

If the review shows that the provider is not in compliance with the requirements, the provider must develop a written work plan to come into compliance. The provider submits the work plan to you. Forward it to the Diversity Programs Unit for approval.

The Diversity Programs Unit provides you with the *Equal Opportunity Review Status Report*, form 470-2194. The report states whether the provider is in compliance and what action, if any, needs to be taken.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACT

CONTRACT ADMINISTRATION (Cont.)

Contract Termination

**Policy**

Causes for termination during the period of the contract are:

- ◆ Mutual agreement of the parties involved.
- ◆ Demonstration that sufficient funds are unavailable to continue the services involved.
- ◆ Failure to make required reporting.
- ◆ Failure to make financial and statistical records available for review.
- ◆ Failure to abide by the provisions of the contract.

**Comment**

Termination of the contract during the period of the contract can occur for any of the reasons listed. Failure of one of the parties to satisfy an obligation under the contract is the most common.

**Legal reference:** 441 IAC 150.3(2)"d"

**Procedure**

Either party to the contract may initiate the termination by giving written notice at least 30 days before the termination date and citing the specific causes for the action. If termination is for noncompliance, this step shall be preceded by attempts to correct the noncompliance problem. Documentation of attempts to correct the problem must be a part of the termination action notice.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACT

CONDITIONS OF PARTICIPATION

Licensure, Approval, or Accreditation

**Policy**

The provider shall have any license, approval, and accreditation required by law, regulation, administrative rules, or standards of operation required by the state or the federal government before the contract can be effective. Out-of-state providers shall meet Iowa licensing standards related to treatment, professional staff-to-client ratio, and staff qualifications.

**Comment**

Before a purchase of service contract can be effective, the provider must meet any applicable licensure, approval, or accreditation requirements. For example, a provider of shelter care services must demonstrate that it satisfies the rules regarding licensure.

Documentation that an out-of-state provider meets any applicable licensure, approval, or accreditation requirements of the respective state must be included in the contract.

**Legal reference:** 441 IAC 150.3(3)"a"

Signed Contract

**Policy**

A contract can be effective only when signed by all parties required under Contract Proposal Approval or Rejection.

**Comment**

To be valid, a contract must be in writing and signed by the required parties. The contract becomes the basis for solving disagreements that arise over performance. The written contract supersedes all oral agreements and negotiations between the parties to the contract.

Payment cannot be made until the provider's authorized representative and the chief of the Bureau of Purchased Services both sign the contract. The signature of the chief of the Bureau of Purchased Services commits the Department to the contract.

**Legal reference:** 441 IAC 150.3(3)"b"

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTCONDITIONS OF PARTICIPATION (Cont.)Civil Rights Laws**Policy**

Providers shall be in compliance with all federal, state and local civil rights laws and regulations with respect to equal employment opportunity, or have a written work plan approved by the Diversity Programs Unit to come into compliance.

**Comment**

The contract is valid only when the provider is in compliance with civil rights requirements or has an approved work plan to come into compliance. The Diversity Programs Unit issued the requirements for compliance in the *Equal Opportunity Review*, form 470-0148.

**Legal reference:** 441 IAC 150.3(3)"c"

**Procedure**

All providers shall complete the *Equal Opportunity Review*:

- ◆ When applying for an initial contract, and
- ◆ When there are significant changes in the provider's facilities, as determined by the requirements provided by the Diversity Programs Unit.

The provider submits the *Equal Opportunity Review* to you. Forward it to the Diversity Programs Unit for review. The Diversity Programs Unit will provide you with form 470-2194, the *Equal Opportunity Review Status Report*. This report shall state whether the provider is in compliance and what action, if any, needs to be taken.

If the review shows that the provider is not in compliance with the requirements, the provider must develop a written work plan to come into compliance. The provider shall submit the work plan to you. Forward it to the Diversity Programs Unit for approval.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTCONDITIONS OF PARTICIPATION (Cont.)Title VI Compliance**Policy**

The provider shall be in compliance with Title VI of the 1964 Civil Rights Act, as amended, and all other federal, state, and local laws and regulations regarding the provision of services, or have a written work plan approved by the Diversity Programs Unit to come into compliance.

**Comment**

The contract is valid only when the provider is in compliance with Title VI requirements or has an approved work plan to come into compliance. The Diversity Programs Unit issued the requirements for compliance in the *Equal Opportunity Review*, form 470-0148.

**Legal reference:** 441 IAC 150.3(3)"d"

**Procedure**

Follow the procedures under Civil Rights Laws for the submission of form 470-0148.

Section 504 Compliance**Policy**

The provider shall be in compliance with section 504 of the Rehabilitation Act of 1973, as amended, and with all federal, state, and local section 504 laws and regulations, or have a written work plan approved by the Diversity Programs Unit to come into compliance.

**Comment**

Section 504 laws and regulations concern accessibility of the programs of the provider to people who are handicapped. The contract is valid only when the provider is in compliance with Section 504 or has an approved work plan to come into compliance.

The Diversity Programs Unit issued the requirements for compliance in the *Equal Opportunity Review*, form 470-0148, and the *Plan Review Accessibility Checklist*, form 470-0149.

**Legal reference:** 441 IAC 150.3(3)"e"

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTCONDITIONS OF PARTICIPATION (Cont.)Section 504 Compliance (Cont.)**Procedure**

Each provider shall complete forms 470-0148 and 470-0149 when applying for a contract. If the provider moves or opens a new facility after the contract becomes effective, the provider shall complete the *Plan Review Accessibility Checklist* to assess the new facility.

The provider submits forms 470-0148 and 470-0149 to you. Forward them to the Diversity Programs Unit for review. The Diversity Programs Unit will provide you with form 470-2194, the *Equal Opportunity Review Status Report*. This report shall state whether the provider is in compliance and what action, if any, needs to be taken.

If the review shows that the provider is not in compliance with the requirements, the provider shall develop a written work plan to come into compliance, using form 470-0150, *Section 504 Transition Plan: Structural Accessibility*. The provider shall submit the *Transition Plan* to you. Forward it to the Diversity Programs Unit for approval.

**Affirmative Action****Policy**

The provider shall be in compliance with all federal, state, and local laws and regulations regarding affirmative action, or have a written work plan approved by the Diversity Programs Unit to come into compliance.

**Comment**

The contract is valid only when the provider is in compliance with affirmative action requirements or has an approved work plan to come into compliance. The Diversity Programs Unit issued the requirements for compliance in the *Equal Opportunity Review*, form 470-0148.

**Legal reference:** 441 IAC 150.3(3)"f"

**Procedure**

Follow the procedures under Civil Rights Laws for the submission of form 470-0148.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACT

CONDITIONS OF PARTICIPATION (Cont.)

**Abuse Reporting**

**Policy**

The provider shall have an approved policy and procedure for reporting abuse or denial of critical care of children or dependent adults.

**Comment**

See 16-E, Definition of Terms, and 16-G, Definition of Terms, for definitions of child abuse and dependent adult abuse.

Iowa Code Section 232.69 defines a class of "mandatory" reporters who are required by law to report child abuse to the Department of Human Services within 24 hours. Mandatory reporters include:

- ◆ Health practitioners
- ◆ Social workers
- ◆ Psychologists
- ◆ School employees
- ◆ Day care operators
- ◆ Foster parents peace officers
- ◆ Mental health center staff

All other agency employees are "permissive" reporters under the statute.

**Legal reference:** 441 IAC 150.3(3)"g"

**Procedure**

The provider's written policy and procedure for reporting shall be approved by the region.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACT

CONDITIONS OF PARTICIPATION (Cont.)

Confidentiality

**Policy**

The provider shall comply with all applicable federal and state laws and regulations on confidentiality, including rules on confidentiality contained in I-C, **CONFIDENTIALITY AND RECORDS**.

**Comment**

For the protection of clients of the Department, providers are required to comply with the Department's confidentiality requirements as found in 441 Iowa Administrative Code Chapter 9 and with other applicable federal and state laws and regulations.

**Legal reference:** 441 IAC 150.3(3)"h"

Client Appeals and Grievances

**Policy**

Clients receiving service through a purchase of service contract have the right to appeal adverse decisions made by the Department or the provider. The provider shall have an approved policy and procedure for handling client appeals and grievances and shall provide information to clients about their rights to appeal.

**Comment**

Providers must inform clients about their rights to appeal. See 1-E, **APPEALS AND HEARINGS**, for procedures for appealing decisions made by the Department.

**Legal reference:** 441 IAC 150.3(3)"i"

**Procedure**

The provider's written policy and procedure for handling client grievances and appeals and notifying clients of their rights shall be approved by the region.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACT

CONDITIONS OF PARTICIPATION (Cont.)

Client Reports

Provider Service Plan or Individual Program Plan

**Policy**

Providers shall develop a written service plan or individual program plan for each client within 30 days of service initiation. The plan shall include:

- ◆ A concise description of the situation or area which will be the focus of the service.
- ◆ A statement of the goals to be achieved through the delivery of services.
- ◆ Time-limited and measurable objectives which will lead to the attainment of the goal to be achieved.
- ◆ Specific service components, frequency, and the assignment of responsibility for the provision of the components.
- ◆ The month and year when it is estimated the client will be able to achieve the current goals and objectives.

**Comment**

This plan details the provider's share of the responsibility for implementing the Department's overall case plan for the client. Consequently, its development should be carefully coordinated with the DHS worker and other treatment team members, if any, to ensure consistency of service efforts.

However, it is important to recognize that the provider agency is actually responsible to develop the plan for the services it will deliver.

**Legal reference:** 441 IAC 150.3(3)"j"(1)

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACT

CONDITIONS OF PARTICIPATION (Cont.)

Client Reports (Cont.)

Provider Service Plan or Individual Program Plan (Cont.)

**Procedure**

If the Department service worker responsible for the case believes that the provider's plan is inconsistent with the Department's case plan, a staffing should be held to resolve the conflict.

If a satisfactory resolution of the differences cannot be achieved, consideration should be given to withdrawing the referral, thereby terminating the provider's involvement in the case.

Supervisory involvement in serious conflicts is recommended, and supervisory approval is needed before withdrawing the referral. The supervisor or worker shall notify you of continuing problems.

Quarterly Progress Reports

**Policy**

Quarterly progress reports shall be sent to the Department service worker responsible for the client. The first report shall be submitted to the Department three months after service is initiated. Reports shall be submitted quarterly thereafter, unless provided for otherwise in rules for a specific service.

The progress report shall include:

- ◆ A description of the specific service components provided, their frequency, and who provided them;
- ◆ The client's progress with respect to the goals and service objectives; and
- ◆ Any recommended changes in the service plan or individual program plan.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACT

CONDITIONS OF PARTICIPATION (Cont.)

Client Reports (Cont.)

Quarterly Progress Reports (Cont.)

**Policy** (Cont.)

For all placement cases, the report shall include:

- ◆ Interpretation of the client's reaction to placement,
- ◆ A summary of medical or dental services that were provided,
- ◆ A summary of educational or vocational progress and participation,
- ◆ A summary of the involvement of the family with the client and the services.

Reports for the independent living service shall also include supporting documentation for service provision. The documentation shall list:

- ◆ Dates of client and collateral contacts,
- ◆ Type of contact,
- ◆ Persons contacted, and
- ◆ A brief explanation of the focus of each contact.

Each unit of service for which payment is sought should be the subject of a written progress note.

**Comment**

These reports are critical for monitoring purposes and are a primary source of documentation and communication of the provider's service activities and their impact on the client. The special documentation is intended to provide supporting information on service provision and the units of service provided.

The DHS service worker responsible for the case should use these reports in ongoing assessment and case management efforts.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACT

CONDITIONS OF PARTICIPATION (Cont.)

Client Reports (Cont.)

Quarterly Progress Reports (Cont.)

**Comment** (Cont.)

Although verbal reports, letters, phone calls, etc., can all be worthwhile methods of communication, quarterly progress reports are the direct follow-up to the provider service plan or individual program plan and must be viewed as the primary vehicle of communication "for the record."

In these reports, the connection between activities and results and the goals and objectives set in the service plan or individual program plan should be clearly stated.

**Legal reference:** 441 IAC 150.3(3)"j"(2)

**Procedure**

Quarterly progress reports are required unless the rules for a specific service provide otherwise. If the rules provide otherwise, the rules for the specific service are followed.

Termination of Service Summary

**Policy**

The provider shall send a termination of service summary to the Department service worker responsible for the client within two weeks of service termination. The summary shall include:

- ◆ The rationale for service termination.
- ◆ The impact of the service components on the client in relationship to the established goals and objectives.

**Comment**

This report is the provider's final summation on a case. It should wrap up any "loose ends" that haven't been covered in previous progress reports, but should also give the provider's overall view of the effect that the services had on the client.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACT

CONDITIONS OF PARTICIPATION (Cont.)

Client Reports (Cont.)

Termination of Service Summary (Cont.)

**Comment** (Cont.)

For case recording purposes, the termination summary should supply a clear ending to the provider's involvement, while relating back over the period services were provided, to the situation that existed at the time the services began. If well written, it can provide a concise overview of services from start to finish.

**Legal reference:** 441 IAC 50.3(3)"j"(3)

Financial and Statistical Records

**Policy**

Each provider of service must maintain sufficient financial and statistical records, including program and census data, to document the validity of the reports submitted to the Department. These records shall be retained for a period of five years after final payment.

The records shall be available for review at any time during normal business hours by Department personnel, the purchase of service fiscal consultant, or state or federal audit personnel.

**Comment**

The financial and statistical reports completed by the provider are the basis for establishing the payment rate. The purchase of service fiscal consultant conducts on-site reviews for a number of providers each year to verify the accuracy of the financial and statistical reports submitted by the provider.

Therefore, the records must be available for review at any time during the normal business hours of the provider, through the period of the contract and for a period of five years thereafter.

**Legal reference:** 441 IAC 150.3(3)"k"

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACT

CONDITIONS OF PARTICIPATION (Cont.)

**Reports on Financial and Statistical Records**

**Policy**

Providers shall submit reports on financial and statistical records required. Failure to do so within the required time limits is grounds for termination of the contract.

**Comment**

Development of appropriate rates in a timely manner is dependent on receiving the report from the provider within permitted time frames.

**Legal reference:** 441 IAC 150.3(3)"1"

**Procedure**

A decision to terminate a contract for failure to make timely reports will be made jointly by the chief of the Bureau of Purchased Services and the regional administrator of the region administering the contract.

**Maintenance of Client Records**

**Policy**

The provider must retain client records for a period of three years after service to the client terminates.

**Comment**

Because information about services provided to clients may be needed for a period of time after the provider gives service to the client, providers are required to retain client file for three years. The provider should retain information of a more general nature, such as clients served and dates of service, for a longer time.

Note: Department case record retention is established by XIII-A(1), **CASE RECORD DESTRUCTION**.

**Legal reference:** 441 IAC 150.3(3)"m"

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACT

CONDITIONS OF PARTICIPATION (Cont.)

**Provider Charges**

**Policy**

A provider shall not charge Department clients more than it receives for services to non-Department clients.

**Comment**

Purchase of service rates are based on the cost of providing the service and are limited to reasonable and necessary costs. Therefore, the rate for Department clients must be the same or lower than rates charged non-Department clients.

This guideline does not directly limit rates for non-Department clients, however, so rates for non-Department clients may exceed the rates for Department clients.

**Legal reference:** 441 IAC 150.3(3)"n"

**Procedure**

Monitor the provider's practices and rates charged clients. If non-Department clients are being charged less than Department clients, give the provider an opportunity to clarify or correct the situation.

If noncompliance continues, notify the chief of the Bureau of Purchased Services. The purchase of service rate shall be adjusted to that being charged non-Department clients.

**Special-Purpose Organizations**

**Policy**

A provider may establish a separate, special-purpose organization to conduct certain of the provider's client-related or nonclient-related activities. For example, a development foundation assumes the provider's fund-raising activity.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTCONDITIONS OF PARTICIPATION (Cont.)Special-Purpose Organizations (Cont.)**Policy** (Cont.)

Often, the provider does not own the special-purpose organization (e.g., a nonprofit, non-stock-issuing corporation) and has no common governing body membership. However, a special-purpose organization is considered to be related to a provider if:

1. The provider controls the organization through contracts or other legal documents that give the provider the authority to direct the organization's activities, management, and policies; or
2. The provider is, for all practical purposes, the primary beneficiary of the organization's activities. The provider should be considered the special-purpose organization's primary beneficiary if one or more of the following circumstances exist:
  - ◆ The organization has solicited funds on the provider's behalf with provider approval, and substantially all funds so solicited were contributed with intent of benefiting the provider;
  - ◆ The provider has transferred some of its resources to the organization, substantially all of whose resources are held for the benefit of the provider; or
  - ◆ The provider has assigned certain of its functions to a special-purpose organization that is operating primarily for the benefit of the provider.

**Comment**

This policy clarifies the application of the purchase of service rules when a "related-party" relationship exists between a provider and an organization. The rules apply if the relationship results in costs being charged to the Department.

This policy ensures that the costs charged to the Department for services, facilities, equipment, and supplies are actual costs. It allows for the allocation of actual allowable direct and indirect foundation costs for services or assets used by the provider agency to be reimbursed under the purchase of service contract.

All costs allowable for providers are also payable for foundations, unless the costs duplicate provider costs already subject to reimbursement.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACT

CONDITIONS OF PARTICIPATION (Cont.)

Special-Purpose Organizations (Cont.)

**Comment** (Cont.)

Organizations and foundations are required to disclose their financial and statistical records to determine whether a related-party relationship exists and to document the validity of costs.

The requirements for POS providers are consistent with the requirements in the Medicaid and State Supplementary Assistance programs. They treat all providers the same and permit payment of otherwise allowable costs incurred by foundations. The policy neither encourages nor discourages foundations.

**Legal reference:** 441 IAC 150.3(3)"o"

Certification by Public Transit Division

**Policy**

Each service provider shall provide documentation of compliance with or exemption from public transit coordination requirements as found in Iowa Code Chapter 601J and Department of Transportation rules 761--Chapter 910.

The provider shall submit current documentation to the applicable region office within 10 days of notification by the Iowa Department of Transportation, Public Transit Division.

Failure to cooperate in obtaining or providing the required documentation of compliance or exemption is grounds for denial or termination of the contract.

**Comment**

Iowa Code Section 601J.1 defines "transportation" as movement of people from one geographic point to another in motorized vehicles with four or more wheels that are designed to carry passengers.

This includes transportation by cars, vans, or buses. It does not include emergency or incidental transportation, and it does not include transportation by the Department at its institutions.

**Legal reference:** 441 IAC 150.3(3)"p"

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTCONDITIONS OF PARTICIPATION (Cont.)Certification by Public Transit Division (Cont.)**Procedure**

The Bureau of Purchased Services in central office notifies the Department of Transportation of all *Iowa Purchase of Social Services Agency Contracts* by e-mail or by sending a memo.

The Department of Transportation contacts providers and determines compliance for each provider.

The provider must send a copy of the Department of Transportation notification of the compliance decision to you within ten days of receipt.

FINANCIAL AND STATISTICAL REPORT**Policy**

Form 470-0664, *Financial and Statistical Report for Purchase of Service Contracts*, is the basis for establishing the rates to be paid to all providers except some out-of-state providers under an agency contract. All in-state providers must complete form 470-0664. These reports shall be based on the policies that follow.

**Comment**

To accurately determine actual cost of delivering services, the reporting and methods used in completing the financial and statistical reports must be uniform.

Instructions for form 470-0664 are found in the **PURCHASE OF SERVICE PROVIDER HANDBOOK**. This section provides guidelines for reporting, and in some cases limiting or eliminating, certain expenses in developing rates the Department will pay for services rendered by the provider.

**Legal reference:** 441 IAC 150.3(4)

Accounting Procedures**Policy**

Financial information must be based on the agency's financial records. When the records are not kept on an accrual basis of accounting, the provider must make the adjustments necessary to convert the information to

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTFINANCIAL AND STATISTICAL REPORT (Cont.)Accounting Procedures (Cont.)**Policy** (Cont.)

an accrual basis for reporting. Providers who are multiple program agencies shall submit a cost allocation schedule prepared in accordance with recognized methods and procedures.

**Comment**

Accrual accounting is a form of accounting which records revenues when they become owed to the agency, expenses when they become owed by the agency, and attempts to match expenses with any revenues they produce. This is regardless of the timing of the actual receipt of monies owed to the organization and the timing of the actual payment of monies owed by the organization to others.

Accrual accounting more accurately reflects the financial condition to the agency, identifies revenue and expenses with specific time periods, and is required by Generally Accepted Accounting Principles for a fair presentation of financial position and results of operation of an agency.

The financial and statistical reports submitted by the provider must be made on the basis of accrual accounting. If the provider does not use the accrual basis of accounting, the provider must make adjustments to the report, to convert the report to the accrual basis of accounting.

Providers who operate more than one service program must include with their cost reports a schedule showing the formula they have used to distribute costs among the different programs. They may use any recognized method which reasonably and fairly distributes the costs, but must be able to provide a rationale for the method selected and must be consistent from one reporting period to another.

**Legal reference:** 441 IAC 150.3(5)"a"

Direct Program Expenses**Policy**

Direct program expense shall include all direct client contact personnel involved in a program, including the time of a supervisor of a program, or the apportioned share of the supervisor's time when the supervisor supervises more than one program.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACT

FINANCIAL AND STATISTICAL REPORT (Cont.)

Accounting Procedures (Cont.)

Direct Program Expenses (Cont.)

**Comment**

Costs of all staff directly involved with clients in a program, including salaries and fringe benefits, shall be recorded as direct program expense. Direct program expense also includes the supervisor's salary and fringe benefits, even though the supervisor does not work directly with clients. If the supervisor is responsible for more than one program, these costs must be divided among the programs supervised.

**Legal reference:** 441 IAC 150.3(5)"a"(1)

Expenses Other Than Salary and Fringe Benefits

**Policy**

Expenses other than salary and fringe benefits shall be charged as direct program expenses when the expenses are identifiable to a program. They may also be charged as direct program expenses when a method of distribution acceptable to the Department is maintained on a consistent basis.

**Comment**

Whenever possible, expenses should be identified directly with operation of a specific program. Those costs not directly identified with a specific program should be distributed among the various service programs in a reasonable manner acceptable to the Department. The method used to allocate costs among programs should be applied consistently from one reporting period to another.

**Legal reference** 441 IAC 150.3(5)"a"(2)

Occupancy Expenses

**Policy**

Occupancy expenses shall be allocated to programs on a space utilization formula. The space utilization formula may be used for salaries and fringes of building maintenance and janitorial personnel.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACT

FINANCIAL AND STATISTICAL REPORT (Cont.)

Accounting Procedures (Cont.)

Occupancy Expenses (Cont.)

**Comment**

Costs of buildings and of maintaining buildings shall be distributed among the service programs on the basis of the space used by each of the programs. This formula may also be used as a basis for distribution of the costs of staff who maintain the buildings, such as maintenance and janitorial staff.

**Legal reference:** 441 IAC 150.3(5)"a"(3)

Joint Program Expenses

**Policy**

All expenses which relate jointly to two or more programs shall be allocated to program service costs, using a cost allocation method which fairly distributes costs to the related programs. Any expenses which relate directly to a particular program shall be reflected as such. All maintenance costs shall be charged directly or allocated proportionately to the related programs affected.

**Comment**

Service and maintenance costs directly associated with a service program must be reported as direct expense. Expenses associated with more than one program shall be distributed proportionately to those programs.

**Legal reference:** 441 IAC 150.3(5)"a"(4)

Indirect Costs

**Policy**

Indirect program service costs shall be distributed over all applicable services.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACT

FINANCIAL AND STATISTICAL REPORT (Cont.)

Accounting Procedures (Cont.)

Indirect Costs (Cont.)

**Comment**

Costs which cannot be assigned to a specific program or programs are indirect or support costs. Indirect costs shall be distributed over all applicable service programs according to the cost allocation procedures described previously.

**Legal reference:** 441 IAC 150.3(5)"a"(5)

Expenses for Supplies and Conferences

**Policy**

Expenses such as supplies, conferences, and similar expenses that cannot be directly related to a program shall be charged to indirect program service costs.

**Comment**

Expenses which are related to overall agency operation, rather than to specific service programs within the agency, are included on the cost report as indirect costs and distributed over all applicable services.

**Legal reference:** 441 IAC 150.3(5)"a"(6)

Indirect Costs in a Multiservice Agency

**Policy**

A multiservice agency shall establish a method acceptable to the Department of distributing indirect program service costs.

**Comment**

Agencies with more than one service program must establish and include with their cost report a schedule showing the formula they have used to distribute indirect costs among the different programs. They may use any recognized method which reasonably and fairly distributes the costs. But they must be able to provide a rationale for the method selected. The method shall be consistent from one reporting period to another.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTFINANCIAL AND STATISTICAL REPORT (Cont.)Accounting Procedures (Cont.)Indirect Costs in a Multiservice Agency (Cont.)**Comment** (Cont.)

**Legal reference:** 441 IAC 150.3(5)"a"(7)

Fund-Raising Income and Donations**Policy**

Beginning July 1, 1992, income received from fund-raising efforts or donations shall be reported as revenue on the financial and statistical report and used to offset fund-raising costs. Fund-raising costs remaining after the offset shall be an unallowable cost.

All contributions shall be accompanied by a schedule showing the contribution and anticipated designation by the agency. No private moneys contributed to the agency shall be included by the Department in its reimbursement rate determination, unless these moneys are contributed for services provided to specific individuals for whom the reimbursement rate is established by the Department.

If a shelter care provider's actual and allowable costs for a child's shelter care placement exceed the amount the Department is authorized to pay, and the provider is reimbursed by the child's county of legal settlement for the difference between actual and allowable costs and the amount reimbursed by the Department, the Department shall not include the amount paid by the county in its reimbursement rate determination.

**Comment**

When an agency conducts fund-raising drives or receives donations, both the funds received and costs, if any, shall be shown on the cost report. Fund-raising expenses may be paid from income generated by the fund-raising activity. Excess expense after deducting income cannot be charged as an allowable cost, however.

For cost reports submitted after July 1, 1992, the Department fiscal agent will not include private moneys contributed to an agency in its reimbursement rate determination unless these moneys are contributed for services provided to specific individuals for whom the reimbursement rate is established by the Department.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACT

FINANCIAL AND STATISTICAL REPORT (Cont.)

Accounting Procedures (Cont.)

Fund-Raising Income and Donations (Cont.)

**Comment** (Cont.)

**Legal reference:** 441 IAC 150.3(5)"a"(7)

Certified Audit Report

**Policy**

When an agency has a certified public accounting firm perform an audit of its financial statements, the resulting audit report shall follow one of the uniform audit report formats recommended by the American Institute of Certified Public Accountants. These formats are specified in the industry audit guide series, Audits of Voluntary Health and Welfare Organizations, prepared by the Committee on Voluntary Health and Welfare Organizations, American Institute of Certified Public Accountants, New York, 1974. A copy of the certified audit report shall be submitted to the Department within 60 days of receipt.

**Comment**

Although agencies are generally not required to have independent audits conducted by certified public accounting firms, they are encouraged to do so. An audit enables an independent auditor to express an opinion on the fairness of the financial statements, the agency's compliance with generally accepted accounting principles, and the consistency of the principles' application. The auditor may also provide professional advice on internal controls and administrative efficiency, and may suggest procedures to reduce the likelihood of errors.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTFINANCIAL AND STATISTICAL REPORT (Cont.)Accounting Procedures (Cont.)Certified Audit Report (Cont.)**Comment** (Cont.)

When an agency has a certified audit done, the agency must submit a copy to the Department, through the project manager, within 60 days of receiving the report.

**Legal reference:** 441 IAC 150.3(5)"a"(9)

Support for Reported Expenses**Policy**

All expenses reported on form 470-0664 must be supported by an agency's general ledger and documentation on file in the agency's office.

**Comment**

The agency must have documentation for all costs shown on the financial and statistical report. The purchase of service fiscal consultant conducts on-site reviews at a limited number of agencies to verify the accuracy of the reports.

The fiscal consultant develops criteria for selecting agencies to be reviewed and submits them to the Department for approval. The selection includes some on-site reviews done on a random-sample basis, as well as on-site reviews done as a result of problems noted on the financial and statistical report or at the request of a project manager.

**Legal reference:** 441 IAC 150.3(5)"a"(10)

Failure to Maintain Records**Policy**

Failure to maintain records adequate to support the *Financial and Statistical Report for Purchase of Service Contracts*, form 470-0664, may result in termination of the contract.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACT

**FINANCIAL AND STATISTICAL REPORT** (Cont.)

**Failure to Maintain Records** (Cont.)

**Policy** (Cont.)

These records include, but are not limited to:

- ◆ Reviewable, legible census reports.
- ◆ Payroll information.
- ◆ Capital asset schedules.
- ◆ All canceled checks, deposit slips, and invoices (paid and unpaid).
- ◆ Audit reports (if any).
- ◆ Board of directors' minutes.

**Comment**

One of the grounds for terminating the purchase of service contract is an agency's failure to maintain accurate documentation for the financial and statistical reports. This includes the items listed and may include others, if needed to support particular items on the financial and statistical report.

**Legal reference:** 441 IAC 150.3(5)"b"

**Submission of Reports**

**Policy**

The provider must submit form 470-0664 to the Department no later than three months after the close of the provider's established fiscal year.

Failure to submit the report in time without written approval from the chief of the Bureau of Purchased Services may reduce payment to 75 percent of the current rate. Failure to submit the report within six months of the end of the fiscal year is cause for terminating the contract.

**Comment**

**Legal reference:** 441 IAC 150.3(5)"c"

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTFINANCIAL AND STATISTICAL REPORT (Cont.)Submission of Reports (Cont.)**Procedure**

Providers shall submit financial and statistical reports on an annual basis, within three months of the close of their own accounting year.

When an agency has a valid reason for being unable to meet the reporting deadlines, it may submit a written request for an extension through the project manager to the chief of the Bureau of Purchased Services. The request shall give the reason for the delay and indicate when the report can be submitted. An example of a valid reason is an unplanned absence of staff preparing the report. If approved, the agency will not be penalized, unless it fails to meet the new deadline.

In any event, failure to submit a report within six months of the close of the accounting year is grounds for terminating the contract. Action to terminate the contract, if any, is initiated by the chief of the Bureau of Purchased Services.

**Rate Modification****Policy**

The Department will modify rates when required by changes in licensing requirements, changes in the law, or amendments to the contract. If a program change has a significant impact on the cost of the service, a request for a rate adjustment may be considered if the regional administrator of the region where services are provided approves the change. If there is a modification of the rate, the modified rate is still subject to any maximum established in any law or rule.

**Comment**

**Legal reference:** 441 IAC 150.3(5)"d"

**Procedure**

When the rate has been established for a service, it is generally effective until the next regular report is received and processed, unless changes are required in the program.

When significant program or service changes occur necessitating a contract amendment, complete *Amendment or Renewal of Iowa Purchase of Social Services Agency Contract*, 470-0630.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTFINANCIAL AND STATISTICAL REPORT (Cont.)Rate Modification (Cont.)Procedure (Cont.)

When program or service changes result in significant changes in costs but do not require a contract amendment, the provider should send a letter and accompanying financial information to the project manager. In the letter, the provider should explain the changes, the reasons for the changes, and the cost impact, and request that the rate be adjusted. Financial information may be presented on the applicable parts of 470-0664 or on a separate schedule.

Send this letter, along with a statement explaining the concurrence or objection of the regional administrator, to the chief of the Bureau of Purchased Services for action.

Rate adjustments are effective the first of a month following action by the purchase of service fiscal consultant. You may need to verify that the changes have actually been made.

When possible, across-the-board rate modifications required by changes in the law will be implemented by central office.

Payment of New RatePolicy

New rates are effective for services provided beginning the first day of the second calendar month after the Bureau of Purchased Services receives a report sufficient to establish rates. Or, by mutual agreement, new rates can be effective the first day of the month following completion of the fiscal review.

Failure to submit a report sufficient to establish a rate will result in the effective date being delayed. The provider must allow at least one week before the deadline in Submission of Reports for you to review the report and transmit it to central office.

Comment

The effective date for a new rate is established when a financial and statistical report sufficient to establish rates is received in the Bureau of Purchased Services. If the report is received early in a month and the

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTFINANCIAL AND STATISTICAL REPORT (Cont.)Payment of New Rate (Cont.)**Comment** (Cont.)

purchase of service fiscal consultant is able to complete the review of the report early, the rate may be effective one month earlier than this, if both the Department and provider are in agreement.

If the financial and statistical report is not accurate or complete enough to establish a rate, additional information may be requested from the provider or an on-site review may be conducted to obtain the needed information. The new rate is then effective the first day of the month following completion of the work by the fiscal consultant.

In order to be assured of the financial and statistical report reaching the Bureau of Purchased Services, the provider must have the completed report to the project manager at least one week prior to the deadline. When the report is received in central office, a receipt is sent to the project manager verifying receipt of the report and listing the anticipated effective date for the new rate. If there is any question, the project manager should contact the Bureau of Purchased Services.

**Legal reference:** 441 IAC 150.3(5)"e"

Exceptions to Costs**Policy**

Exceptions to costs identified by the Bureau of Purchased Services or its fiscal consultant shall be communicated to the provider in writing.

**Comment**

If the purchase of service fiscal consultant makes any adjustments in the way the costs are shown on the report, these are communicated in writing to the provider and project manager. Generally, this occurs when the new rate is issued. It may occur prior to issuing the rates when the exceptions result in serious questions about accuracy of the report or additional information is needed to establish accurate rates.

**Legal reference:** 441 IAC 150.3(5)"f"

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACT

FINANCIAL AND STATISTICAL REPORT (Cont.)

**Accrual Basis**

**Policy**

Providers not using the accrual basis of accounting shall adjust amounts to the accrual basis when the financial and statistical report is completed. Records of cash receipts and disbursements shall be adjusted to reflect accruals of income and expenses.

**Comment**

The financial and statistical reports submitted by the provider must be made on the basis of accrual accounting. See Accounting Procedures for a discussion of accrual accounting. If the provider does not use the accrual basis of accounting, the provider must make adjustments to the report, including cash receipts and disbursements, to convert the report to the accrual basis of accounting.

**Legal reference:** 441 IAC 150.3(5)"g"

**Census Data**

**Policy**

Documentation of units of service provided which identifies the individual client shall be available on a daily basis and summarized on a monthly report. The documentation and reports shall be retained by the provider for review at the time the expenditure report is prepared and shall be reviewed by the Department's fiscal consultant.

**Comment**

In order to determine an appropriate rate, the number of units of service provided in each service program must be available. Therefore, the provider must maintain documentation of all units of service delivered for each program. This documentation must identify individual clients served on a daily basis. It must be summarized monthly to enable the purchase of service fiscal consultant or project manager to verify the number of units when developing the rate or conducting an on-site review.

**Legal reference:** 441 IAC 150.3(5)"h"

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTFINANCIAL AND STATISTICAL REPORT (Cont.)Opinion of Accountant**Policy**

The Department may require that an opinion of a certified public accountant or public accountant accompany the report when adjustments made to prior reports indicate noncompliance with reporting instructions.

**Comment**

Although agencies are encouraged to have independent audits conducted by certified public accounting firms, they are generally not required to do so. One exception to this is when serious questions are raised about the accuracy of the financial and statistical reports and the agency doesn't correct the problems. When this situation occurs, the Department may require an agency to obtain an audit by a certified public accountant or public accountant.

**Legal reference:** 441 IAC 150.3(5)"i"

**Procedure**

When the experience of the purchase of service fiscal consultant in reviewing two or more financial and statistical reports indicates that an agency is not complying with required reporting, the consultant will discuss these concerns with you and the provider agency. The chief of the Bureau of Purchased Services will send a letter notifying the agency of the decision to request an audit.

Revenues**Policy**

When the financial and statistical report is completed, revenues shall be reported as recorded in the general books and records, adjusted for accruals. Expense recoveries shall be reflected as revenues.

**Comment**

All information given on the financial and statistical report must be supported by the agency's books. Revenue must be reported as in the agency's books, with adjustments made to meet requirements of accrual basis reporting. Expense recoveries must be identified as such and recorded as revenue.

**Legal reference:** 441 IAC 150.3(5)"j"

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTFINANCIAL AND STATISTICAL REPORT (Cont.)Capital Asset Use Allowance (Depreciation Schedule)**Policy**

The Capital Asset Use Allowance Schedule shall be prepared using the guidelines for provider reimbursement in the Medicare and Medicaid Guide, December 1981.

**Comment**

Capital assets, such as buildings and equipment, represent a cost to any service program. Although they may not be associated with a cash expenditure during any given accounting period, some costs may be included in the rate to reflect their expense to the provider. The allowable procedure is to reflect the cost of the asset over its anticipated useful life (straight line depreciation). In calculating reasonable useful life, the Medicare and Medicaid Guide of December 1981 shall be used as a guide.

**Legal reference:** 441 IAC 150.3(5)"k"

Nonallowable Expenses**Policy**

The following expenses shall not be allowed:

1. Fees paid directors and nonworking officers' salaries.
2. Bad debts.
3. Entertainment expenses.
4. Memberships in recreational clubs, paid for by an agency (country clubs, dinner clubs, health clubs, or similar places) which are primarily for the benefit of the employees of the agency.
5. Legal assistance on behalf of clients.
6. Costs eligible for reimbursement through the medical assistance program.
7. Food and lodging expense for personnel incurred in the city or immediate area surrounding the personnel's residence or office of employment, except when the specific expense is required by the agency and

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTFINANCIAL AND STATISTICAL REPORT (Cont.)Nonallowable Expenses (Cont.)**Policy** (Cont.)

documentation is maintained for audit purposes. Food and lodging expenses incurred as part of programmed activities on behalf of clients, their parents, guardians, or consultants are allowable expenses when documentation is available for audit purposes.

8. Business conferences and conventions. Meeting costs of an agency which are not required in licensure.
9. Awards and grants to recognize board members and community citizens for achievement. Awards and grants to clients as part of treatment program are reimbursable.
10. Survey costs when required certification is not attained.
11. Federal and state income taxes.

**Comment**

Not all costs an agency may incur are necessary for the operation of a service program. Therefore, those expenses not felt to contribute directly to the provision of services shall not be included in the cost of the service and reflected in rates paid by the Department. Agencies may choose to provide the benefits or incur the costs listed above, but may not include them as service costs in which the Department participates. If it incurs such costs, the agency must pay them from other funds.

**Legal reference:** 441 IAC 150.3(5)"1"

**Related Party Costs****Policy**

Direct and indirect costs applicable to services, facilities, equipment, and supplies furnished to the provider by organizations related to the provider are includable in the allowable cost of the provider at the cost to the related organization. All costs allowable at the provider level are also allowable at the related organization level, unless these related organization costs are duplicative of provider costs already subject to reimbursement.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTFINANCIAL AND STATISTICAL REPORT (Cont.)Related Party Costs (Cont.)**Policy** (Cont.)

Allowable costs shall be all actual direct and indirect costs applying to any service or item interchanged between related parties, such as capital use allowance (depreciation), interest on borrowed money, insurance, taxes, and maintenance costs.

When the related party's costs are used as the basis for allowable rental or supply costs, the related party shall supply documentation of these costs to the provider. The provider shall complete a schedule displaying amount paid to related parties, related party cost, and total amount allowable. The resulting costs shall be allocated according to policies under Accounting Procedures.

Financial and statistical records shall be maintained by the related party under the provisions in Financial and Statistical Records.

Tests for relatedness shall be those specified in definitions of "common ownership," "control," "related to provider," and "relatives," in XV-A, DEFINITIONS and under Special-Purpose Organizations. The Department or the purchase of service fiscal consultant shall have access to the records of the provider and landlord or supplier to determine if relatedness exists. Applicable records may include financial and accounting records, board minutes, articles of incorporation, and list of board members.

**Comment**

Costs charged to the provider by a related organization may be included in the provider's rate on the basis of the actual cost to the related organization. If the costs are included in the provider's rate, the related organization is required to provide documentation of the actual costs.

**Legal reference:** 441 IAC 150.3(5)"q"

**Procedure**

Basic responsibility for determining if a transaction falls under the related party policy rests with the provider agency. Provider agencies must include with their financial and statistical report a schedule from the related organization which documents actual costs. If a question arises about the transactions between an agency and a particular organization, the purchase of service fiscal consultant applies these tests to determine if the relationship comes within the guidelines. If so, the

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTFINANCIAL AND STATISTICAL REPORT (Cont.)Related Party Costs (Cont.)Procedure (Cont.)

fiscal consultant determines whether the representations made by the provider are factual (meaning that the transactions involving the services, facilities, equipment, or supplies are at cost).

Interest as an Allowable CostPolicy

Necessary and proper interest on both current and capital indebtedness is an allowable cost.

"Interest" is the cost incurred for the use of borrowed funds. Interest on current indebtedness is the cost incurred for funds borrowed for a relatively short term. Interest on capital indebtedness is the cost incurred for funds borrowed for capital purposes.

"Necessary" requires that the interest:

- ◆ Be incurred on a loan made to satisfy a financial need of the provider,
- ◆ Be incurred on a loan made for a purpose reasonably required to operate a program, and
- ◆ Be reduced by investment income, except where the income is from gifts and grants (restricted or unrestricted), which are held separate and not commingled with other funds.

"Proper" requires that interest:

- ◆ Be incurred at a rate not in excess of what a prudent borrower would have had to pay in the money market on the date the loan was made.
- ◆ Be paid to a lender not related through control or ownership to the borrowing organization.

Comment

Providers may show all necessary and proper interest paid on both current and capital indebtedness on form 470-0664 as an allowable expense for computing the reimbursement rate without receiving prior approval. The absence of time frames means the date of indebtedness is not applicable.

**Legal reference:** 441 IAC 150.3(5)"t"

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTFINANCIAL AND STATISTICAL REPORT (Cont.)Expenses Limited for Services Without a Ceiling**Policy**

The following expenses are limited for services without a ceiling established by administrative rule or law for that service:

1. Moving and recruitment are allowed as a reimbursable cost only to the extent allowed for state employees. Expenses incurred for placing advertising for purposes of locating qualified individuals for staff positions are allowed for reimbursement purposes.
2. Costs for participation in educational conferences are limited to 3 percent of the agency's actual salary costs, less excluded or limited salary costs as recorded on the financial and statistical report.
3. Costs of reference publications and subscriptions for program-related materials are limited to \$500 per year.
4. Memberships in professional service organizations are allowed, to the extent they do not exceed one-half of one percent of the total salary costs less excluded salary costs.
5. In-state travel costs for mileage and per diem expenses are allowable, to the extent they do not exceed the maximum mileage and per diem rates for state employees for travel in the state.
6. Reimbursement for air travel shall not exceed the lesser of the minimum commercial rate or the rate allowed for mileage in paragraph 5 above.
7. The maximum reimbursable salary for the agency administrator or executive director charged to purchase of service is \$40,000 annually.
8. Annual meeting costs of an agency that are required for licensure are allowed to the extent required by licensure.

**Comment**

Services without a rate ceiling include all services except shelter care. Some costs may be included in the rate charged the Department, but not necessarily to the full extent incurred by the agency. See also Expenses Limited for Services With a Ceiling.

**Legal reference:** 441 IAC 150.3(5)"m"

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACT

FINANCIAL AND STATISTICAL REPORT (Cont.)

Expenses Limited for Services With a Ceiling

**Policy**

The following expenses are limited for services with a ceiling established by administrative rule or law for that service:

1. The maximum reimbursable compensation for the agency administrator or executive director charged to purchase of service annually is \$40,000.
2. Annual meeting costs of an agency that are required for licensure are allowed to the extent required by licensure.

**Comment**

Shelter care has a ceiling. For shelter care services, cost limits apply only to these two items.

**Legal reference:** 441 IAC 150.3(5)"n"

Rate Formula

**Policy**

When rates are determined based on cost of providing the service involved, they are calculated according to the following mathematical formula:

$$\frac{\text{Net allowable expenditures}}{\text{Effective utilization level}} \times \text{Reimbursement factor} = \text{Base rate}$$

"Net allowable expenditures" are those expenditures attributable to service to clients which are allowable as defined in this chapter.

The "effective utilization level" is 80 percent or actual (whichever is greater) of the program's licensed or staff capacity (whichever is less).

The inflation factor is the percentage that is applied to develop payment rates consistent with current policy and funding of the Department. The inflation factor is intended to overcome the time lag between the period for which costs were reported and the period during which the rates will be in effect.

The inflation factor is the amount by which the consumer price index for all urban consumers increased during the preceding calendar year ending December 31.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTFINANCIAL AND STATISTICAL REPORT (Cont.)Rate Formula (Cont.)Policy (Cont.)

"Base rate" is the rate that is developed independent of any limits in effect. Actual rates paid are subject to limits or maximums.

Comment

When a ceiling exists, the reimbursement rate is established by determining on a per-unit basis the allowable cost plus the current cost adjustment, subject to the maximum allowable cost ceiling.

The inflation factor is the amount by which the Consumer Price Index for all urban consumers increased during the preceding calendar year (ending December 31). The Bureau of Purchased Services sends written notification of the inflation factor to providers and project managers each year.

**Legal reference:** 441 IAC 150.3(5)"u"

Rate LimitsPolicy

For the fiscal year beginning July 1, 2001, the maximum reimbursement rates for social service providers is the same as the rates in effect on June 30, 2001. ("Social services" include adoption, family planning, independent living, and shelter care.) **Exceptions:**

- ◆ For the fiscal year beginning July 1, 2001, the combined service and maintenance reimbursement rate paid to a shelter care provider shall be based on the financial and statistical report submitted to the Department, unless otherwise provided for in XIII-J(1), SHELTER CARE. The maximum reimbursement rate shall be \$83.69 per day, based on a 365-day year.

If the Department reimburses the provider at less than the maximum rate, but the provider's cost report justifies a rate of at least \$83.69, the Department shall readjust the provider's reimbursement rate to the actual and allowable cost plus the inflation factor or \$83.69, whichever is less.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTFINANCIAL AND STATISTICAL REPORT (Cont.)Rate Limits (Cont.)Policy (Cont.)

- ◆ If a new service is added after June 30, 2001, the initial reimbursement rate for the service is based upon actual and allowable costs. A new service does not include a new building or location or other changes in method of service delivery for a service currently provided under the contract.
  - For **adoption**, the only time a provider is considered to be offering a new service is if the provider adds the adoptive home study, the adoptive home study update, placement services, or postplacement services for the first time. Preparation of the child, preparation of the family, and preplacement visits are components of these services.
  - For **shelter care**, if the provider is currently offering shelter care under a social services contract, the only time the provider is considered to be offering a new service is if the provider adds a service other than shelter care.
  - For **family planning**, the only time the provider is considered to be offering a new service is when the Department adds a new unit of service by administrative rule.
  - For **independent living**, the only time a provider is considered to be offering a new service is when the agency adds a cluster site or a scattered site for the first time. If, for example, the agency has an independent living cluster site, the addition of a new site does not constitute a new service.
  - If the Department defines a new service in administrative rule as a social service that may be purchased, this constitutes a new service for purposes of establishment of a rate. Once the rate for the new service is established, the rate is subject to any limits established by administrative rule or law.
- ◆ If a provider loses a source of income used to determine the reimbursement rate, the provider's reimbursement rate may be adjusted to reflect the loss of income, provided that the lost income was used to support actual and allowable costs of a service purchased under a purchase of service contract.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACT

FINANCIAL AND STATISTICAL REPORT (Cont.)

Rate Limits (Cont.)

**Comment**

Interruptions in service programs do not affect the rate. If a provider assumes the delivery of service from another provider, the rate remains the same as for the former provider.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTFINANCIAL AND STATISTICAL REPORT (Cont.)Rate Limits (Cont.)Comment (Cont.)

Regular submission of cost reports is required. The cost reports shall also be used to establish the base maximum rate for services not included in a contract on June 30, 1999. The maximum rate a provider may charge the Department cannot exceed:

- ◆ The maximum rate calculated under the cost-based system, or
- ◆ The maximum rate established by the legislature.

Procedures for applying the limits for transfer of service programs from one provider to another have been continued. Procedures for new services will be applied when the region submitting the contract or amendment identifies them as such and new service program codes are assigned.

**Legal reference:** 441 IAC 150.3(5)“p”

Review of Financial RecordsPolicy

Authorized representatives of the Department or state or federal audit personnel have the right to review the general financial records of a provider. The purpose of review is to determine if expenses reported to the Department have been handled as required under FINANCIAL AND STATISTICAL REPORT.

Representatives must provide proper identification and use generally accepted audit principles. The reviews may include an on-site visit to the provider, the provider's central accounting office, the offices of the provider's agents, or a combination of these or, by mutual decision, to other locations.

Comment

To verify the accuracy of the reports submitted to the Department, on-site reviews are conducted to examine an agency's documentation, including the agency's books, records, board minutes, census records or other records. These reviews are conducted where the records and materials are maintained or where mutually convenient for the Department and the agency.

**Legal reference:** 441 IAC 150.3(10)

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTCLIENT ELIGIBILITY AND REFERRAL**Policy**

To receive services through the purchase of service system, clients shall be determined eligible and be formally referred by the Department. The Department shall not make payment for services provided before the client's application, eligibility determination, and referral.

**Exception:** When a court orders foster care and the Department has no responsibility for supervision or placement of the client, the Department will pay the rate established by these rules for maintenance and service provided by the facility.

The Department uses the following forms to authorize services:

- ◆ Form 470-0622(SS-1701-0), *Referral of Client for Purchase of Social Services*.
- ◆ Form 470-0719 (SS-2611-0), Placement Agreement: Child-Placing or Child-Caring Agency (Provider).

**Comment**

When a court orders foster care placement but puts the child in the custody of another person or agency, foster care involves only payment responsibility by the Department. The rates paid for care, however, are established by regular purchase of service rate-setting procedures.

Before the Department can pay for services to a client, an application for services must be approved. This includes having the client complete an application, be determined eligible, and have a referral authorizing services. See XIII-A, ELIGIBILITY, and 18-A, Child Welfare Eligibility Factors, for more information.

Instructions for form 470-0622 are found in XIII-A-Appendix. Instructions for form 470-0719 are found in 18-Appendix.

**Legal reference:** 441 IAC 150.3(6)

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTCLIENT FEES**Policy**

The provider shall agree not to require any fee for service from Departmental clients unless a fee is required by the Department and is consistent with federal regulation and state policy.

**Comment**

Policies governing client fees are found in XIII-A, FEES. See also XVI-B, FEE SCHEDULE, for guidelines and instructions for child day care fees.

**Legal reference:** 441 IAC 150.3(7) and 130.4(1)

**Procedure**

The provider shall collect fees due from clients. The provider shall maintain records of fees collected, and such records shall be available for audit by the Department or its representative. When a client does not pay the fee, the provider shall demonstrate that a reasonable effort has been made to collect the fee. Reasonable effort to collect means an original billing and two follow-up notices of nonpayment. When the second notice of nonpayment is sent, the provider shall send a copy of the notice to the Department worker.

BILLING PROCEDURES**Policy**

At the end of each month, the provider agency shall prepare form AA-2241-0, *Purchase of Service Provider Invoice*, for contractual services provided by the agency during the month.

Separate invoices shall be prepared for each county from which clients were referred, each service, and each funding source involved in payment. Complete invoices shall be sent to the Department county office responsible for the client for approval and forwarding for payment.

More frequent billings may be permitted on an exception basis with the written approval of the region and the chief of the Bureau of Purchased Services.

The time limit for submission of original vouchers, invoices, or claims shall be three months from the date of service.

Valid claims which were originally submitted within the time limit specified but were rejected because of an error shall be resubmitted without regard to time frames.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTBILLING PROCEDURES (Cont.)**Comment**

Providers are permitted to bill for services only after the service has been rendered. Invoices shall be submitted monthly if the service is ongoing, or after the service has been completed.

Billings must be submitted within 90 days of the provision of service, as provided for in Iowa Code Section 421.38. If a claim originally submitted within the 90-day limit is rejected because of an error and must be resubmitted, the resubmittal may occur at any time.

When there is a compelling reason (e.g. severe cash flow problems), more frequent billings may be permitted for short periods of time. This requires the approval of both the regional administrator and the chief of the Bureau of Purchased Services. Since this procedure is intended to be used very infrequently, no formal procedures have been established. Requests may be made by letter, outlining the reason more frequent billings are being requested and the period for which the provider needs the exception.

**Legal reference:** 441 IAC 150.3(8)

**Procedure**

The provider shall complete form AA-2241-0, Purchase of Service Provider Invoice, according to instructions found in XV-A-Appendix.

**Interest on Unpaid Invoices****Policy**

Any invoice that remains unpaid after 60 days following the receipt of a valid claim is subject to the payment of interest. The rate of interest is 1 percent per month beyond the 60-day period, on a simple interest basis. A separate claim for the interest is to be generated by the agency. If the original claim was paid with both federal and state funds, only that portion of the original claim paid with state funds will be subject to interest charges.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTBILLING PROCEDURES (Cont.)Interest on Unpaid Invoices (Cont.)**Comment**

The provider may file a claim for interest on unpaid invoices when the following criteria are met:

1. The original claim was valid.
2. The invoice remained unpaid after 60 days following the receipt of the valid claim in the central office. (The date the invoice is received counts as one of the 60 days.)
3. A separate claim for the interest is generated.
4. The rate of interest allowed is 1 percent per month beyond the 60-day period, on a simple interest basis.
5. The interest is claimed for the days before the date of payment of the original claim.
6. The interest is claimed on only that portion of the original claim paid with state funds. (Interest is not paid on any portion of the original claim paid with either county or federal funds.)

**Legal reference:** 441 IAC 150.3(5)"s"

**Procedure**

Make form 07-350, *Purchase Order/Payment Voucher*, available to the provider upon request.

The provider shall enter the claim information on the *Purchase Order/Payment Voucher*, complete the claimant's certification, and submit the form with documentation to the regional office.

The regional administrator shall complete the "Agency Certification" section on the form and submit the form and documentation to the Bureau of Payments and Receipts.

IOWA PURCHASE OF SOCIAL SERVICES AGENCY CONTRACTREVIEWS OF DEPARTMENT ACTIONS**Policy**

A provider who is adversely affected by a Department decision may request a review. A review request may cause the action to be stopped pending the outcome of the review, except in cases where it can be documented that to do so would be detrimental to the health and welfare of clients. The procedure for review is:

- A. The provider shall send a written request for review to the project manager responsible for the contract within 10 days of receipt of the decision in question. This request shall document the specific area in question and the remedy desired. Provide a written response within 10 days.
- B. When dissatisfied with your response, the provider shall submit the response received and any additional information desired to the regional administrator within 10 days the original request.

The regional administrator shall study the concerns and the action taken, and render a decision in writing within 14 days. A meeting may be held with the provider to clarify the situation.

- C. If still dissatisfied, the provider may request a review by the chief of the Bureau of Purchased Services. The request for review shall be submitted within 10 days of the regional administrator's response, and should include copies of material from paragraphs A and B above.

The chief of the Bureau of Purchased Services shall review the issues and positions of the parties involved and provide a written decision within 14 days. A meeting may be held with the provider, the project manager, and the regional administrator or designee.

- D. The provider may appeal this decision within 10 days to the director of the Department, who shall issue the final Department decision within 14 days.

**Comment**

This section provides the specific steps and timetables to be followed when the provider appeals a Department action.

**Legal reference:** 441 IAC 150.3(9)



November 3, 1998

**GENERAL LETTER NO. 15-A(1)-11**

ISSUED BY: Bureau of Purchased Services, Division of Policy Coordination

SUBJECT: Employees' Manual, Title XV, Chapter A(1), *Iowa Purchase of Social Services Agency Contract*, pages 46, 46b, 47, and 48, revised.

**Summary**

This revision reflects rules adopted to implement Sections 25 and 49 of Senate File 2442, 1996 Iowa Acts, define "new service" and set a rate increase for providers of adult residential services with a purchase of service contract.

**Effective Date**

July 1, 1998

**Material Superseded**

Remove the following pages from Employees' Manual, Title 15, Chapter A(1), and replace with the attached revised pages.

<u>Page</u>	<u>Date</u>
46, 46b	June 25, 1996
47	June 22, 1993
48	July 5, 1988

**Additional Information**

If you have any questions, please contact your regional office.



THOMAS J. VILSACK, GOVERNOR  
SALLY J. PEDERSON, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES  
JESSIE K. RASMUSSEN, DIRECTOR

June 15, 1999

## GENERAL LETTER NO. 15-A(1)-12

ISSUED BY: Bureau of Purchased Services

SUBJECT: Employees' Manual, Title XV, Chapter A(1), *Iowa Purchase of Social Services Agency Contract*, Contents (page 1), revised; Contents (page 3), new; pages 1, 2, 6, 6a, 6b, 7, 8, 23 through 26, 33 through 36, 43, 46, 46a, 46b, and 47, revised; and pages 53 through 70, new.

### Summary

This letter transmits:

- ◆ Rules adopted to implement House File 760, 1999 Iowa Acts, raising the maximum reimbursement rate for shelter care from \$78.14 to \$79.70.
- ◆ Changes concerning local purchase services for adults with mental illness, mental retardation, and developmental disabilities.
- ◆ The change from the Office of Equal Opportunity to the Diversity Programs Unit.
- ◆ Changes to the newer (470-XXXX) form numbers.
- ◆ Updated references to regional offices.

### Effective Date

July 1, 1999

### Material Superseded

Remove the following pages from Employees' Manual, Title XV, Chapter A(1), and destroy them:

<u>Page</u>	<u>Date</u>
Manual Letter No. XV-A(1)-3	November 12, 1997
Contents (page 1)	June 23, 1992
1	June 30, 1987
2, 6, 6a, 6b, 7, 8	May 3, 1988
23-26	June 23, 1992
33-36	May 3, 1988

43	July 5, 1988
46	November 3, 1998
46a	July 25, 1996
46b, 47	November 3, 1998

**Additional Information**

Refer questions about this general letter to your regional office.



THOMAS J. VILSACK, GOVERNOR  
SALLY J. PEDERSON, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES  
JESSIE K. RASMUSSEN, DIRECTOR

June 20, 2000

**GENERAL LETTER NO. 15-A(1)-13**

ISSUED BY: Bureau of Purchased Services,  
Division of Fiscal Management

SUBJECT: Employees' Manual, Title 15, Chapter A(1), ***IOWA PURCHASE OF SERVICES AGENCY CONTRACT***, pages 46, 46a, and 48, revised.

**Summary**

This letter transmits changes to:

- ◆ Implement rules adopted to implement House file 2555 increasing the maximum reimbursement rate for shelter care providers from \$79.70 to \$83.69.
- ◆ Implement rules adopted to implement House File 2555 raising the reimbursement rate for adoption and independent living services.
- ◆ Update form numbers to the newer (470-xxxx) form numbers.
- ◆ Update references to dates.

**Effective Date**

July 1, 2000

**Material Superseded**

Remove the following pages from Employees' Manual, Title 15, Chapter A(1), and destroy them:

<u>Page</u>	<u>Date</u>
46, 46a	June 15, 1999
48	November 3, 1998

**Additional Information**

Refer questions about this general letter to the Bureau of Purchased Services.



June 19, 2001

GENERAL LETTER NO. 15-A(1)-14

ISSUED BY: Bureau of Purchased Services, Division of Fiscal Management

SUBJECT: Employees' Manual, Title 15, Chapter A, IOWA PURCHASE OF SERVICE AGENCY CONTRACT, Contents (pages 1 and 2), revised; and pages 3 through 6, 6a, 6b, 7 through 26, 37, 39, 44, 46, 46a, 46b, 48, 51, and 52, revised; and pages 6c through 6f, new.

Summary

This chapter is revised to:

- Remove references to control of funds for local purchase of social services for adults with mental illness, mental retardation, or developmental disabilities. Responsibility for contracting for these services has been transferred from the Department to the counties.
Incorporate the procedures for on-site visits and record audits into the section on contract administration.
Update form numbers and terminology.

Effective Date

July 1, 2001

Material Superseded

Remove the following from Employees' Manual, Title 15, Chapter A(1), and destroy them:

Table with 2 columns: Page and Date. Lists superseded manual letters and their effective dates.

14, 15	June 30, 1987
16-18	May 3, 1988
19, 20	June 30, 1987
21, 22	May 3, 1988
23-26	June 15, 1999
37, 39	May 3, 1988
44	July 5, 1988
46, 46a, 46b, 48	June 20, 2000
51, 52	July 5, 1988
53-70	June 15, 1999

**Additional Information**

Refer questions about this general letter to your regional service administrator.