

26K4

Joint Committee on Finance, September 26, 1996

12.

XII. Department of Health and Family Services -- Joe Leean, Secretary

As required by 1995 Wisconsin Act 27, the Department of Health and Family Services requests the approval of the model contract for counties to use when purchasing services in Community Based Residential Facilities under the Community Options Program.

Governor's Recommendation

Approve the model contract submitted by DHFS.



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 261-3700

Staff Recommendation:

Alternative # 2

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health and Family Services -- Section 13.10 Request for Approval of Model Contract for Purchase of Services in Community-Based Residential Facilities under COP -- Agenda Item XII

The Department of Health and Family Services (DHFS) requests that the Committee approve the model contract developed by the Department for the purchase by counties of services in community-based residential facilities (CBRFs) under the community options program (COP).

### BACKGROUND

The 1995-97 biennial budget act requires the Department to develop, by January 1, 1997, a model contract for use by counties for purchases of long-term care services in CBRFs under the COP program. The budget act also requires the Department, prior to implementation, to obtain approval from both the Committee and the Governor for the model contract. Beginning January 1, 1997, counties are required to use this model contract or a contract that includes all of the provisions of the approved model contract, for any services provided by a CBRF that are funded under COP.

One of the major goals of a model contract is to promote cost control for COP expenditures. In the recent past, the use of CBRFs by COP participants and the average cost for CBRF services have increased significantly. In addition to controlling costs, a model contract would ensure availability of a contract and would provide uniformity for organizations that operate CBRFs in more than one county.

Under current law, county human or social service departments are required to utilize a written contract, meeting specified standards, when purchasing services. The statutes authorize

DHFS to waive these requirements for a written contract if the purchase is for \$10,000 or less.

County contracts must comply with the following statutory requirements:

*Specifying Caseload and Payment Rates.* The contract must specify the total dollar amount to be purchased, the number of clients to be served and the unit rate per client service;

*Payment Method.* Payments must be made either on the basis of actual allowable costs or on the basis of a unit rate per client service multiplied by the actual client units furnished each month;

*Reimbursement Limited to Actual Costs.* Payments made to the provider in excess of actual allowable costs must be refunded to the county except that nonprofit, nonstock corporations organized under ch. 181 may retain surplus payments up to 5% of the contract amount to cover deficits incurred in any preceding or future contract period;

*Advance Payment Limit.* The contract may allow advance payments of up to one-twelfth of an annual contract and requires a surety bond for advance payments in excess of \$10,000;

*Audit Requirement.* Unless waived by the Department, an audit is required every two years (annually if required by federal law) if the services purchased exceed \$25,000;

*Required Accounting System And Cooperation.* The provider must maintain a uniform double entry accounting system and a management information system compatible with systems prescribed by the Department (family-operated group homes may use a simplified system designed by the Department) and must cooperate with the county in establishing costs for reimbursement purposes;

*Prior Approval for Client Care Changes.* The provider must obtain approval from the county before transferring a client from one category of care to another; and

*Required Fee Collection.* Unless waived by the county with the approval of DHFS, the provider must charge a uniform schedule of fees, as established by the Department and apply these revenues to offset the amount paid under the contract.

State law permits the Department to either promulgate rules or establish procedures regarding contracts for the purchase of services. The Department has established a general model contract for the purchase of services that includes: (a) the requirements described above; (b) other state and federal requirements; and (c) standard contract provisions. These standards are described in the Department's *Financial Management Manual for Counties, Tribes and 51 Boards*, and in some cases, are different or add to the statutory requirements. For example, it is the Department's policy to require annual audits for contracts over \$25,000 unless waived by the Department. Also, the Department has established maximum dollar limits on the amount of

surplus revenues (revenues in excess of allowable costs) that can be retained by a nonprofit corporation.

## ANALYSIS

The CBRF model contract was derived from the general model contract. Although there are several differences, the CBRF model contract follows the general model except that the provisions are modified to be specific to purchasing services from a CBRF. As with the general model contract, the CBRF model contract incorporates all of the statutory contract standards. Also, as does the general model contract, the CBRF model contract contains a number of additional provisions, many of which are taken from the general model contract. The more significant items are highlighted below.

*Cost Reporting and Payment Provisions.* The model contract would require that: (a) a maximum contract amount be specified; (b) the county retain the right to decrease the units of service to meet actual needs; (c) the rate per unit cannot exceed total allowable costs divided by the total anticipated units of services to all clients; and (d) the CBRF fill out a cost worksheet that details the CBRF's costs for establishing the rate charged to the county.

*Audit Requirement.* Unless waived by the Department, an annual audit is required, rather than a biennial audit, for programs that do not require an annual audit under federal law.

Note: Although the contract language does not refer to the \$25,000 threshold for requiring an audit, it is the Department's policy, as stated in the *Financial Management Manual* and required by statute, that an audit would not be required for contracts under \$25,000, although counties have the option of requiring an audit for these smaller contract amounts.

*County Rights.* The model contract reserves a number of rights to the county, including the right to: (a) determine the CBRF's compliance with all applicable statutes and regulations; (b) authorize payment only for services rendered in compliance with applicable statutes and regulations and consistent with the degree to which the terms of the purchaser's care plan for the residents have been fulfilled; (c) be notified by the CBRF within one business day of any significant change in the condition of the resident; and (d) undertake quality assurance efforts.

*Civil Rights Compliance.* The CBRF must agree to comply with the county's civil rights compliance policies and procedures and must file a civil rights compliance action plan.

Note: This language reflects the requirements established for subrecipients of federal funds to comply with federal and state laws and regulations. As permitted by federal and state laws and regulations, the Department's policy, as stated in the *Financial Management Manual*, is that if a provider has less than 10 employees and/or receives a county agency contract of less than \$10,000, the county can replace "action plan" in the contract language with "assurances."

*Indemnity and Insurance.* The CBRF must indemnify the county against any loss, damages and costs arising from injuries or other events during the individual's stay at the CBRF, unless caused by the county. Also, the CBRF must maintain a liability insurance policy (a required amount may be specified in the contract but is not mandatory).

*Compliance with State Laws, Rules and Policies.* The model contract requires that services provided under the contract comply with state laws and administrative rules for CBRFs, applicable policies and procedures of DHFS, and the conditions set forth in the state/county contract covering the administration of income maintenance and other programs.

Some of these items, such as the requirement for liability insurance, represent standard contract clauses. Other items, such as the civil rights provisions and requirement to comply with state laws and regulations, simply reaffirm laws or regulations that would apply to the CBRF, whether or not the provision was contained in the contract. There is a more frequent audit requirement when federal funds are not involved but that would serve to strengthen the county's review of the CBRF's costs and reflect the Department's current policy for county contracts in general. Likewise, some of the other provisions, such as the provision that limits the rate charged the county to the average allowable cost for all residents, may also serve to control costs. Finally, the remaining provisions, such as the right to conduct quality assurances activities, would serve to provide the county the ability to better ensure that clients receive quality care. The contract language in the CBRF model contract is identical to that in the general model contract for the following items: (a) audit requirements; (b) civil rights compliance; (c) indemnity and insurance; and (d) compliance with state laws, rules and policies.

When the Department submitted the Model CBRF contract to the Committee there was no indication that many of the Department's current policies, as stated in the *Financial Management Manual*, would govern the application of the CBRF model contract. In some sections of the CBRF model contract there are references to the *Financial Management Manual*; however, other sections of the CBRF contract, do not refer to the Department's policy manual, although it is the Department's intention that the Department's general contract policies would apply. For example, the language in the CBRF model contract states that an annual audit is required, but does not make any reference to the Department's policy manual nor does the contract language contain any indication that the county would not have to require an audit nor have to obtain a Department waiver from the audit requirement if the contract amount is for less than \$25,000.

In order to clarify this, it may be useful to include in the CBRF contract a statement that the Department's general contract policies, as detailed in the *Financial Management Manual*, would pertain to the use of the CBRF model contract. This would clarify, for example, that a county could exclude the audit requirement without a Department waiver if the contract amount was for less than \$25,000, or that a county would only have to require a statement assuring compliance with civil rights requirements (rather than an action plan) if the CBRF has 10 or fewer employees.

Since the submission of the contract to the Committee, DHFS has identified some minor technical changes that should be made. The attachment to this memorandum details the specific changes. A brief summary of these technical corrections is provided below:

1. *Time Allowed for Reviewing Records (pg. 3)*. This provision would specify that the county's right to review the CBRF's records would be limited to normal business hours, rather than at any time.
2. *Evaluation of Residents' Satisfaction (pg. 4)*. The model contract requires an annual evaluation of the residents' satisfaction with the facility. However, the model contract does not relate this requirement to the current administrative rule [HSS 83.32(2)(c)1] for an evaluation of the resident's satisfaction. The technical correction would incorporate and refer to the administrative rule for this evaluation.
3. *Receipts for Resident Payments (pg. 8)*. This provision would specify that the CBRF must issue a receipt for payments made by anyone on behalf of the resident rather than only for payments made by the resident or the resident's spouse. Also, this provision would require that the CBRF send a copy of the receipt to the county.
4. *OCI Reference (pg. 8)*. This section corrects the reference to the Office of the Commissioner of Insurance.
5. *Affirmative Action Title Reference (pg. 9)*. This section deletes the reference to affirmative action in the title of the section on Civil Rights Compliance.
6. *Correct Statutory Reference for Closing Facility (pg. 10)*. This provision corrects the reference to the statutory provisions for closing a facility.

## ALTERNATIVES

1. Approve the model contract, as modified by the technical corrections listed in the appendix.
2. Approve the model contract, as modified by the technical corrections listed in the appendix, and specify that the Department of Health and Family Service's general contract

policies, as detailed in the Department's *Financial Management Manual for Counties, Tribes and 51 Boards*, would apply to the use of the CBRF model contract.

Prepared by: Richard Megna  
Attachments

MO# Att. 2

BURKE	Y	N	A
ANDREA	Y	N	A
GEORGE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
WEEDEN	Y	N	A
COWLES	Y	N	A
BRANCEL	Y	N	A
FOTI	Y	N	A
SCHNEIDERS	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
PORTER	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 14 NO 0 ABS 2

## ATTACHMENT

### *Time Allowed for Reviewing Records (page 3)*

- (4) To review the records of any purchaser-supported CBRF resident ~~at any time~~ during normal business hours and to monitor the performance of services provided to purchaser-supported CBRF residents. The CBRF will cooperate with the purchaser in these efforts, and will comply with the requirements of monitoring plans specified as attachments to this contract, if any.

### *Evaluation of Residents' Satisfaction (page 4)*

- b. The CBRF will develop and implement a method to annually evaluate the satisfaction of residents and their families ~~(and guardians, if applicable) with the management, residential environment, staffing, interpersonal relationships, and program and services of the CBRF~~ in accordance with the requirements of HSS 83.32(2)(c)1. The CBRF shall make ~~the results of the evaluation available to the purchaser~~ copies of the evaluations provided by purchaser-supported residents, and any summary of the evaluations of all residents, available to the purchaser. ~~The evaluation shall be either:~~

- ~~• A form developed by the facility and approved by the Department of Health and Family Services.~~
- ~~• A Department of Health and Family Services form~~

### *Receipts for Residents Payments (page 8)*

- G. ~~Provider shall receipt all client or spouse payments~~ issue a receipt for any and all payments made by, or on the behalf of, a purchaser-supported resident that are made directly to the provider for services provided under this agreement — whether or not Provider has billing responsibility. A copy of each receipt shall be sent to the purchaser.

### *OCI Reference (page 8).*

- B. Provider agrees that, in order to protect itself as well as Purchaser under the indemnity provision set forth in the above paragraph, Provider will at all times during the terms of this Contract keep in force a liability insurance policy issued by a company authorized to do business in the State of Wisconsin and licensed by the Wisconsin Office of the Commissioner of Insurance Department. Upon the

execution of this Contract, Provider will furnish Purchaser with a certificate from the insurer of the existence of such insurance. In the event of any action, suit, or proceedings against Purchaser upon any matter herein indemnified against, Purchaser shall, within five working days, cause notice in writing thereof to be given to Provider by certified mail, addressed to its post office address.

*Affirmative Action Title Reference (page 9).*

VI. ~~Affirmative Action~~/Civil Rights Compliance

*Correct Statutory Reference for Closing Facility (page 10).*

- F. Both parties understand that if the cancellation of the contract by either party results in the closing of a CBRF, both parties have certain statutory obligations. Chapter 50.03(14)(4), Stats., governs the closing of a Community Based Residential Facility (CBRF). It states that, upon DHFS approval of the facility's plan to relocate its residents (or the imposition of such a plan by the DHFS), the facility must establish a closing date not earlier than 90 days from the date of DHFS approval or imposition of the relocation plan when 5 to 50 residents will be relocated. This same statute also requires a minimum 120 day period when more than 50 residents will be relocated. In addition, s. 50.03(14)(b), Stats., mandates that county agencies of the county in which the facility is located shall participate in the development and implementation of individual relocation plans. It also requires that agencies of other counties which have responsibility for facility residents shall participate in the development and implementation of individual relocation plans for those residents. Therefore, county agencies clearly have a responsibility to be actively involved in resident relocation when a CBRF is closing.

**CORRESPONDENCE MEMORANDUM**STATE OF WISCONSIN  
Department of Administration**Date:** September 19, 1996**To:** Members, Joint Committee on Finance**From:** James R. Klauser, Secretary  
Department of Administration**Subject:** Section 13.10 Request from the Department of Health and Family Services for a Model Contract for Purchased Services in Community Based Residential Facilities**Request**

The Department of Health and Family Services (DHFS) requests approval of a model contract developed by the department for counties to use when purchasing services from Community Based Residential Facilities (CBRF) under the Community Options Program (COP).

**Background**

Wisconsin 1995 Act 27 required DHFS to develop a model contract for counties to use in contracting for services from CBRF's and further required that the contract be approved by the Governor and the Joint Committee on Finance. Requiring counties to use a contract developed by the department was one of several provisions in Act 27 designed to moderate the escalating cost increases in COP.

**Analysis**

Other than the allowable cost policies, the department currently has no mechanism for ensuring efficient use of public funds under COP. The proposed contract requires the listing of rates, type of unit, estimated number of units and persons served, with an option for listing the funding source (Community Aids, COP or COP waiver). This data, which is currently not available in a uniform form, will allow the department and counties to better address cost effectiveness and allowable costs.

In developing the model contract, the department amended its base model contract related to purchases of services and sought input from counties and provider associations such as the Wisconsin Association of Homes and Services for the Aging.

**Recommendation**

Approve the model contract submitted by DHFS.

Prepared by: Gretchen A. Fossum  
266-2288



State of Wisconsin  
**Department of Health and Family Services**

Tommy G. Thompson, Governor  
Joe Leean, Secretary

Item XII  
Cha DHFS  
Community Based  
Residential Facilities

August 1, 1996

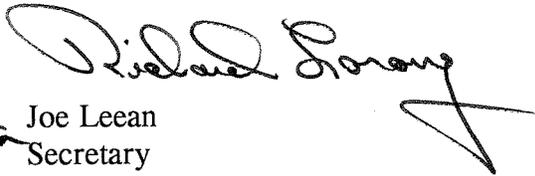
The Honorable Brian Burke  
Co-Chair, Joint Committee on Finance  
100 North Hamilton  
Room 302  
Madison, WI 53702

Dear Senator Burke:

1995 Wisconsin Act 27 (the 1995-97 biennial budget) requires the Department of Health and Family Services to develop a model contract for counties to use when purchasing services in Community-Based Residential Facilities under the Community Options Program. Under s. 46.27 (2)(j), the Act requires that the model contract be approved by the Governor and the Joint Committee on Finance before it is implemented.

The proposed model contract is attached for your review and approval.

Sincerely,

  
Joe Leean  
Secretary

Attachment

cc: Governor Thompson  
Representative Ben Brancel



State of Wisconsin  
**Department of Health and Family Services**

---

Tommy G. Thompson, Governor  
Joe Leean, Secretary

August 1, 1996

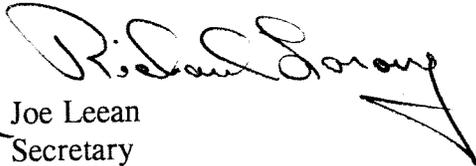
The Honorable Tommy G. Thompson  
Governor, State of Wisconsin  
Room 115 East, State Capitol  
Madison, WI 53702

Dear Governor Thompson:

1995 Wisconsin Act 27 (the 1995-97 biennial budget) requires the Department of Health and Family Services to develop a model contract for counties to use when purchasing services in Community-Based Residential Facilities under the Community Options Program. Under s. 46.27 (2)(j), the Act requires that the model contract be approved by the Governor and the Joint Committee on Finance before it is implemented.

The proposed model contract is attached for your review and approval.

Sincerely,

  
Joe Leean  
Secretary

Attachment

cc: Senator Brian Burke  
Representative Ben Brancel



State of Wisconsin  
**Department of Health and Family Services**

---

Tommy G. Thompson, Governor  
Joe Leean, Secretary

August 1, 1996

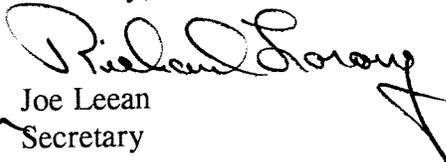
The Honorable Ben Brancel  
Co-Chair, Joint Committee on Finance  
119 Martin Luther King Jr. Blvd., LL2  
Madison, WI 53702

Dear Representative Brancel:

1995 Wisconsin Act 27 (the 1995-97 biennial budget) requires the Department of Health and Family Services to develop a model contract for counties to use when purchasing services in Community-Based Residential Facilities under the Community Options Program. Under s. 46.27 (2)(j), the Act requires that the model contract be approved by the Governor and the Joint Committee on Finance before it is implemented.

The proposed model contract is attached for your review and approval.

Sincerely,



Joe Leean  
Secretary

Attachment

cc: Governor Thompson  
Senator Brian Burke

# CBRF MODEL CONTRACT

*Note: This contract is amended from the DHFS Base Model Contract related to Purchase of Services*

## I. Parties, Contract Period, and Contract Administrators

### A. Parties

#### Purchaser

This contract is between \_\_\_\_\_  
whose business address and phone number are \_\_\_\_\_  
\_\_\_\_\_,  
hereinafter referred to as "Purchaser," and

#### Provider

\_\_\_\_\_  
*(business name of entity which owns the CBRF if different from CBRF)*  
whose business address and phone number are \_\_\_\_\_  
\_\_\_\_\_,  
hereinafter referred to as "Provider."

### B. Contract Period

This contract is to be effective for the period from \_\_\_\_\_  
through \_\_\_\_\_.

### C. Contract Administrators

The Purchaser employee responsible for day-to-day administration of this contract will be

\_\_\_\_\_  
*(enter name and phone number)*  
whose business address is \_\_\_\_\_.

In the event that this purchaser employee is unable to administer this contract, the Purchaser will contact the Provider and designate another purchaser employee to do so.

The Provider employee responsible for day-to-day administration of this contract will be

\_\_\_\_\_  
*(enter name and phone number)*  
whose business address is \_\_\_\_\_.

In the event that this provider employee is unable to administer this contract, the Provider will contact the Purchaser and designate another provider employee to do so.

## II. Services to be Provided to Eligible Individuals

### A. General terms and conditions

This contract is subject to the terms and conditions set forth in the State/County Contract Covering the Administration of Income Maintenance Programs, Social and Mental Hygiene Services Programs, Community Youth and Family Aids Programs, Child and Spousal Support, Establishment of Paternity Program, and Medical Support Liability. Services provided under the terms of this contract shall be provided in compliance with all applicable requirements of Chapter HSS 83 of the Wisconsin Administrative Code, Chapter 50, Stats., and applicable policies and procedures of the Department of Health and Family Services.

### B. Eligibility Standards for Recipients of Services

Provider and Purchaser understand and agree that the eligibility of individuals to receive the services purchased under this Agreement from Provider will be determined by Purchaser. An individual is entitled to an administrative hearing concerning eligibility and the Purchaser shall inform individuals of this right.

### C. Services

#### 1. Relationship Between the CBRF and the Purchaser

The purchaser reserves the following rights:

- a. To determine for the purposes of the contract the CBRF's compliance with all applicable statutes and regulations.
- b. To authorize payment only for services rendered in compliance with applicable statutes and regulations, and to authorize or withhold authorization of payment consistent with the degree to which the terms of the purchaser's care plan for the resident have been fulfilled.
- c. To designate the case manager of each purchaser-supported CBRF resident as the agent for the purchaser in all matters regarding the care of that resident. The authority of the case manager as agent include but is not limited to the following:
  - (1) To participate in the development of and approve or disapprove the individual care plan of each purchaser-supported CBRF resident.

- (2) To approve or disapprove the care provided for each purchaser-supported CBRF resident.
- (3) To visit the CBRF and to contact any purchaser-supported CBRF resident at any time.
- (4) To review the records of any purchaser-supported CBRF resident at any time and to monitor the performance of services provided to purchaser-supported CBRF residents. The CBRF will cooperate with the purchaser in these efforts, and will comply with the requirements of monitoring plans specified as attachments to this contract, if any.
- (5) To be notified by the CBRF within one business day of any significant change in the condition of any purchaser-supported resident. Significant change includes but is not limited to :
  - (a) Hospital admission
  - (b) New illness, condition, or trauma requiring physician or hospital visit, or requiring attention at the CBRF of a physician or emergency personnel
  - (c) Any emergency visit to hospital or physician
  - (d) Loss of ability to perform an activity of daily living
  - (e) Allegation of physical, sexual, or mental abuse of any purchaser-supported resident
  - (f) Death of any provider-supported resident

d. To undertake such quality assurance efforts relating to the care of purchaser-supported CBRF residents as the purchaser deems appropriate. The CBRF will cooperate with the purchaser in these efforts.

## 2. Services to be Provided to Residents

The CBRF shall make available to each purchaser-supported resident all services that are identified in the purchaser's care plans for that resident. Such services shall include all those specified in applicable regulations and statutes, including those services the CBRF is required to make available to all residents and those required to be available for any specific client group to which the purchaser-supported resident belongs. Services the CBRF is required to make available to any purchaser-supported resident are listed in Attachments 1 and 2.

## 3. Residents' Rights and Satisfaction

- a. The CBRF agrees to comply with all applicable statutes and regulations that define the rights of CBRF residents (see Attachment 3). In addition, the purchaser requires the CBRF to honor the additional

resident rights defined in Attachment 3 (~~strike this sentence if no additional rights are listed~~). The CBRF will actively foster these rights by incorporating them into facility management, philosophy, programming, training, and personal interactions.

b. The CBRF will develop and implement a method to annually evaluate the satisfaction of residents and their families (and guardians, if applicable) with the management, residential environment, staffing, interpersonal relationships, and program and services of the CBRF. The CBRF shall make the results of the evaluation available to the purchaser. The evaluation shall be either:

- A form developed by the facility and approved by the Department of Health and Family Services
- A Department of Health and Family Services form

4. CBRF Staffing

a. The CBRF shall provide staff of a sufficient number and at the times necessary to insure that CBRF residents receive services of a sufficient quality and amount to properly execute the terms of this contract and meet the requirements in s. HSS 83.15 and the purchaser's care plan for the resident.

b. The CBRF shall insure that its staff is sufficiently trained to meet the requirements in s. HSS 83.14 and to provide care specified by this contract and the purchaser's care plan for each purchaser-supported resident. The CBRF will make documentation of this training available to the purchaser upon request. The purchaser shall determine the CBRF's compliance with this requirement.

c. The purchaser shall specify the requirements necessary to meet the terms of sections a. and b. above.

III. Payment for Services

Purchaser and Provider agree:

A. Maximum Contract Amount

The total amount to be paid to Provider by Purchaser for services provided in accordance with this contract may be less, but shall not exceed the contracted dollar amount of \$\_\_\_\_\_.

**B. Rates and Units of Service**

1. Facility Rate. The rate, type of unit, estimated number of units and estimated number of persons served are shown in the table below entitled "Facility Rate Based on Days or Months of Care"

Purchaser reserves the right to decrease the units of service to meet actual needs.

An increase in the units of service to be provided may be negotiated.

**Facility Rate Based on Days or Months of Care**

Funding Source [Optional (1)]	SPC # Code	Description	Rate in dollars	Type of Unit ( per day, per month)(2)	Estimated Number of <u>units</u> to be purchased (3)	Total Estimated Cost of Service (4)	Estimate of persons served
	506	CBRF facility rate		per month			
				per day			

Notes from table headings:

- (1) Community Aids, COP, MA Waiver. This information will be provided by purchaser.
- (2) Rates may be expressed as per day, per month or both.
- (3) The Number of units shown is an estimate.
- (4) This number should not exceed Maximum Contract Amount. If all services are included in the Facility rate, this amount should equal the Maximum Contract Amount.

**Breakout of Facility Rate.**

Purchaser may delete this item. (Note: MA Waivers require breakout)

Room and Board	Service	Total

**Percent Occupancy Estimate Included in Rate.**

Purchaser may delete either or both of these items.

What is the licensed capacity of the facility?	Beds
The rate structure for this contract is based on the following percent of full occupancy	%

2. Services not included in facility rate. The rate(s), unit types and estimates of the number of units to be purchased are shown in the table below entitled "Rates for Services not included in Facility Rate."

Purchaser reserves the right to decrease the units of service to meet actual needs.

An increase in the units of service to be provided may be negotiated.

**Rates for Services not Included in Facility Rate.**

Funding Source Optional (1)	SPC # Code Optional	Description	Rate in dollars	Unit type (2)	Estimated Number of units to be purchased (3)	Estimated Total Cost of the service(4)

Notes from table headings.

- (1) Community Aids, COP, MA Waiver. This information will be provided by purchaser.
- (2) Specify Unit. (per day, month, hour, mile, etc.)
- (3) The Number of Units shown is an estimate.
- (4) If this table is used, all amounts in this columns plus the total estimated costs related to the Facility Rate should not exceed the Maximum Contract Amount.

- C. Purchaser and Provider agree that the rate shall include only items and amounts permitted by the Department of Health and Family Services' *Allowable Costs Policy Manual* and rate-setting worksheets provided by the Purchaser. The rate shall not exceed total allowable costs for the facility divided by the total anticipated units of service to be provided to all clients including all clients not covered by this contract. The worksheets showing rate computations are attached to this contract as Attachment 4.

Except as permitted by s. 46.036(5m), Provider shall return to Purchaser funds paid in excess of the allowable cost of services provided. If the Provider fails to return funds paid in excess of the allowable cost of standard programs categories/clusters provided, Purchaser shall recover from Provider any money paid in excess of the allowable costs from subsequent payments made to the Provider, however the recovery of excess payments need not be limited to recovery from any future payments.

The allowable cost of standard programs shall be determined pursuant to the Department of Health and Family Services' *Allowable Costs Policy Manual*.

- D. **(This section may be struck if not applicable.)** In the event that a purchaser-supported resident is absent from the provider's facility, the purchaser agrees to pay a daily rate to reserve space for the resident. This daily rate will be \_\_\_% of the normal daily rate. The purchaser will pay this rate for a period not to exceed 14 consecutive days or 14 days in a calendar month, unless extended by the purchaser in writing. The purchaser may terminate this payment at any time if the purchaser determines that the resident will no longer need the space.
- E. If the Provider requests an advance payment in excess of \$10,000, the Provider agrees to supply a Surety Bond per s. 46.036(3)(f), Stats. The Surety Bond must be for an amount equal to the amount of the advance payment applied for. The advance payment may be up to one-twelfth (1/12) of an annual contract. If the contract period is for less than twelve months, the contract amount may be adjusted in amounts no greater than the amount determined by dividing the contract amount by the number of months in the contract period.

#### IV. Billing and Collection Procedures

- A. Residents placed and funded under this agreement and the spouses of residents may be liable to pay for services under this agreement according to provisions of Chapter HSS 1 of the Wisconsin Administrative Code and forms and procedures developed under these rules which include but are not limited to the *Community Options Program Cost Sharing Guidelines* and the *Medicaid Waiver Guidelines*. Provider shall make no billing or request for funds from the resident or any relative of the resident except as required by ch. HSS 1 and approved by Purchaser.
- B. The amounts to be paid by the resident and/or spouse shall be determined by (cross off one of the following):
- Purchaser**
- Provider according to instructions and forms from the Purchaser.  
Purchaser shall train or arrange for the training of Provider staff and review and approve the amounts determined by the Provider.**
- C. Billing to residents and spouses shall be performed by (delete one of the following):
- Purchaser      Provider.**
- D. If Provider has billing responsibility under this agreement and also has control of the resident's funds, the Provider shall assure that there is informed consent to apply the resident's funds to pay the bill. Such consent should be obtained from the resident if competent, the resident's guardian of the estate, or person with power of attorney to handle the resident's financial matters. The Provider shall inform the Purchaser if in the opinion of the Provider the resident is not competent to make financial decisions and does not have a guardian of the estate or a person assigned with durable power of

attorney to handle financial matters. (Cross off this paragraph if Provider does not have billing responsibility.)

- E. If Provider has billing responsibility under this agreement, Provider shall inform Purchaser whenever a resident or spouse is more than 30 days late in making a required payment. (Cross off this paragraph if Provider does not have billing responsibility.)
- F. ~~Purchaser~~ Provider (Delete Purchaser or Provider) shall assume collection activity for past due payments according to s. HSS 1.05 of the Wisconsin Administrative Code.
- G. Provider shall receipt all client or spouse payments made directly to the provider for services provided under this agreement – whether or not Provider has billing responsibility.
- H. Monies collected on behalf of a resident from any source for services under this agreement will be treated as an adjustment to the costs and will be deducted from the amount paid under this contract.

**V. Indemnity and Insurance**

- A. Provider agrees that it will at all times during the existence of this Contract indemnify Purchaser against any and all loss, damages, and costs or expenses which Purchaser may sustain, incur, or be required to pay by reason of any eligible client's suffering, personal injury, death or property loss resulting from participating in or receiving the care and services to be furnished by the Provider under this Agreement; however, the provisions of this paragraph shall not apply to liabilities, losses, charges, costs, or expenses caused by Purchaser.
- B. Provider agrees that, in order to protect itself as well as Purchaser under the indemnity provision set forth in the above paragraph, Provider will at all times during the terms of this Contract keep in force a liability insurance policy issued by a company authorized to do business in the State of Wisconsin and licensed by the Wisconsin Insurance Department. Upon the execution of this Contract, Provider will furnish Purchaser with a certificate from the insurer of the existence of such insurance. In the event of any action, suit, or proceedings against Purchaser upon any matter herein indemnified against, Purchaser shall, within five working days, cause notice in writing thereof to be given to Provider by certified mail, addressed to its post office address.
- C. The Purchaser may require insurance limits for the Provider as follows:

---

---

---

---

**VI. Affirmative Action/Civil Rights Compliance**

- A. The Provider agrees to submit to the Purchaser a current copy of the Subrecipient Civil Rights Compliance Action plan for Meeting Equal Opportunity Requirements under Titles VI and VII of the Civil Rights Act of 1964, Sections 503 and 504 of the Rehabilitation Act of 1973, Title VI and XVI of the Public Health Act, the Age Discrimination Act of 1975, the Age Discrimination in Employment Act of 1967, the Omnibus Budget Reconciliation Act of 1981, the Americans with Disabilities Act (ADA) of 1990 and the Wisconsin Fair Employment Act. The Provider shall attach its individual CRC Action Plan as part of this contract. If an approved plan has been received during the previous calendar year, a plan update is acceptable. The plan may cover a two-year period.
- B. The Provider agrees to the following provisions:
1. No otherwise qualified person shall be excluded from participation in, be denied the benefits of, or otherwise be subject to discrimination in any manner on the basis of race, color, national origin, religion, sex, disability or age. This policy covers eligibility for and access to service delivery, and treatment in all programs and activities.
  2. No otherwise qualified person shall be excluded from employment, be denied the benefits of employment or otherwise be subject to discrimination in employment in any manner or term of employment on the basis of age, race, religion, color, sex, national origin, or ancestry, disability as defined in Section 504 and the Americans with Disabilities Act (ADA), physical condition, developmental disability [as defined in s. 51.05(5)], arrest or conviction record [consistent with s. 111.32, s. HSS 83.12(3), and s. HSS 83.13(6)], sexual orientation, political affiliation, marital status, or military participation. All employees are expected to support goals and programmatic activities relating to non-discrimination in employment.
  3. The Provider shall post the Equal Opportunity Policy, the name of the Equal Opportunity Coordinator and the discrimination complaint process in conspicuous places available to applicants and clients of services, and applicants for employment and employees. The complaint process will be according to Purchaser's policies and procedures and made available in languages and formats understandable to applicants, clients and employees.
  4. The Provider agrees to comply with the Purchaser's civil rights compliance policies and procedures.
  5. The Provider agrees that through its normal selection of staff, it will employ staff with special translation or sign language skills or find persons who are available within a reasonable time and who can communicate with non-English speaking or hearing impaired clients; train staff in human relations techniques, sensitivity to persons with disabilities and sensitivity to cultural characteristics;

and make programs and facilities accessible, as appropriate, through outstations, authorized representatives, adjusted work hours, ramps, doorways, elevators, or ground floor rooms, and braille, large print or taped information for the visually impaired. Informational materials will be posted and/or available in languages and formats appropriate to the needs of the client population.

- C. The Purchaser will take constructive steps to ensure compliance of the Provider with the provisions of this subsection. The Provider agrees to comply with Civil Rights monitoring reviews performed by the Purchaser, including the examination of records and relevant files maintained by the Provider. The Provider further agrees to cooperate with the Purchaser in developing, implementing, and monitoring corrective actions plans that result from any reviews.

#### **VII. Renegotiation**

This contract or any part thereof may be renegotiated in the case of 1) increased or decreased volume of services; 2) changes required by federal or state laws or regulations or court action; or, 3) monies available affecting the substance of this Agreement.

#### **VIII. Contract Revisions and/or Terminations**

- A. Failure to comply with any part of this contract may be considered cause for revision, suspension, or termination.
- B. Revisions of this contract must be agreed to by Purchaser and Provider by an addendum signed by the authorized representatives of both parties.
- C. Provider shall notify Purchaser whenever it is unable to provide the required quality or quantity of services. Upon such notification, Purchaser and Provider shall determine whether such inability will require a revision or cancellation of this contract.
- D. If Purchaser finds it necessary to terminate the contract prior to the contract expiration date for reasons other than non-performance by the Provider, actual costs incurred by the Provider may be reimbursed for an amount determined by mutual agreement of both parties.
- E. This contract can be terminated by a 30-day written notice by either party.
- F. Both parties understand that if the cancellation of the contract by either party results in the closing of a CBRF, both parties have certain statutory obligations. Chapter 50.03(14)(l), Stats., governs the closing of a Community Based Residential Facility (CBRF). It states that, upon DHFS approval of the facility's plan to relocate its residents (or the imposition of such a plan by the DHFS), the facility must establish a closing date not earlier than 90 days from the date of DHFS approval or imposition of the relocation plan when 5 to 50 residents will be relocated. This same statute also requires a minimum 120 day period when more than 50 residents will be relocated.

In addition, s. 50.03(14)(b), Stats., mandates that county agencies of the county in which the facility is located shall participate in the development and implementation of individual relocation plans. It also requires that agencies of other counties which have responsibility for facility residents shall participate in the development and implementation of individual relocation plans for those residents. Therefore, county agencies clearly have a responsibility to be actively involved in resident relocation when a CBRF is closing.

**IX. Resolution of Disputes**

The Provider may appeal decisions of the Purchaser in accordance with the terms and conditions of the contract and Chapter 68, Stats.

**X. Records**

- A. Provider shall maintain such records and financial statements as required by state and federal laws, rules, and regulations. These records shall include the Statements of Non-Compliance from the previous two year period issued by the Department of Health and Family Services (DHFS), Plans of Correction submitted by the Provider, the results of any complaint investigation, and any notices of enforcement action initiated by the DHFS over the previous two year period.
- B. Provider will allow inspection of records and programs, insofar as it is permitted by state and federal laws, by representatives of the Purchaser, the Department of Health and Family Services and its authorized agents, and Federal agencies, in order to confirm Provider's compliance with the specifications of this contract.
- C. The use or disclosure by any party of any information concerning eligible clients who receive services from Provider for any purpose not connected with the administration of Provider's or Purchaser's responsibilities under this contract is prohibited except with the informed, written consent of the eligible client or the client's legal guardian. The registration and treatment records of residents receiving Alcohol and other Drug Abuse Services are subject to a Qualified Service Organization Agreement executed between the Purchaser and Provider and included in this agreement as Attachment 5.
- D. Provider shall cooperate with the Purchaser and Department of Health and Family Services in program compliance monitoring and quality assurance reviews.

**XI. Reporting**

Provider shall comply with the reporting requirements of Purchaser and the Department of Health and Family Services. These reports include but are not limited to:

- A. Provider shall report contracted CBRF services and related costs to the purchaser by the \_\_\_ day of each month following provision of services. When reporting service for the Human Services Reporting System, the Provider will use codes as provided by the Purchaser or the Department of Health and Family Services.

- B. Notifications of resident deaths as required by Wisconsin Statute and instructional memos and procedures issued by the Department of Health and Family Services.
- C. Liabilities and Other Assurances

The Provider shall notify the Purchaser, in writing, within 30 days of the date payment was due of any past due liabilities to the federal government, state government or their agents for income tax withholding, FICA, Worker's Compensation, Unemployment Compensation, garnishments or other employee related liabilities, sales tax, income tax of the Provider, or other monies owed. The written notice shall include the amount(s) owed, the reason the monies are owed, the due date, the amount of any penalties or interest, known or estimated, the unit of government to which the monies are owed, the expected payment date and other related information.

The Provider shall notify the Purchaser, in writing, within 30 days of the date payment was due of any past due liabilities to public or private creditors in excess of \$500, or when total past due liabilities exceed \$1,000, related to the operation of this contract for which the Purchaser has or will reimburse the Provider. The written notice shall include the amount(s) owed, the reason the monies are owed, the due date, the amount of any penalties or interest, known or estimated, the vendor to which the monies are owed, the expected payment date and other related information. If the liability is in dispute, the written notice shall contain a discussion of facts related to the dispute and information on steps being taken by the Provider to resolve the dispute.

The Purchaser may require written assurance, quarterly, that the Provider has reconciled costs, receipts and refunds reported to the Purchaser, for reimbursement or as match, to the expenses and revenues recorded in the Provider's accounting records and that all necessary adjustments have been reported to the Purchaser or recorded in the accounting records, as appropriate. Upon request from the Purchaser, written documentation of reconciliations may be required.

## **XII. Provider Responsibilities**

Provider agrees to meet state and federal service standards and applicable state licensure and certification requirements as expressed by state and federal rules and regulations applicable to the services covered by this contractual agreement. In addition, Provider shall:

- A. Cooperate with the Purchaser in establishing costs for reimbursement purposes.
- B. Adhere to the following audit requirements:

Under s.46.036, each vendor agency must provide an annual audit to the county agency, unless the audit requirement is waived by the Department. The standards for the vendor agency annual audits vary by type of agency as shown below.

1. Non-Profit Agencies and Institutions: audits must be completed pursuant to OMB Circular A-133 and the *Provider Agency Audit Guide*.

2. For Profit Agencies: audits must be completed pursuant to the purchase contract language, the Department's *Provider Agency Audit Guide*, and current DHFS allowable cost policies.
- C. Maintain a uniform double entry accounting system and a management information system compatible with cost accounting and control systems.
- D. Transfer a client from one level of care or service to another only with the approval of the Purchaser.
- E. If the Provider obtains services for any part of this Agreement from another vendor, the Provider is responsible for fulfillment of the terms of the contract and shall give prior written notification of such to the Purchaser for approval.

### XIII. Conditions of the Parties' Obligations

- A. This contract is contingent upon authorization of Wisconsin and United States laws and any material amendment or repeal of the same affecting relevant funding or authority of the Department of Health and Family Services shall serve to terminate this Agreement, except as further agreed to by the parties hereto.
- B. Nothing contained in this contract shall be construed to supersede the lawful powers or duties of either party.
- C. Provider shall submit to purchaser evidence of licensure for the contract period. This evidence shall include a copy of the current License Certificate and Transmittal Letter from the Department of Health and Family Services.
- D. Except for those matters incorporated herein by reference and individual services plans, it is understood and agreed that the entire contract between the parties is contained herein and that this Agreement supersedes all oral agreements and negotiations between the parties relating to the subject matter thereof.
- E. Purchaser shall be notified in writing of all complaints filed in writing against the provider. Purchaser shall inform the Provider in writing of their understanding of the resolution of the complaint.

**XIV. Signatures**

A. This contract is agreed upon and approved by the authorized representatives of \_\_\_\_\_  
\_\_\_\_\_ and \_\_\_\_\_ as  
indicated below.

B. This contract becomes null and void if the time between the purchaser's authorized  
representative signature and the provider's authorized representative signature on this  
contract exceeds sixty days.

For Purchaser: \_\_\_\_\_  
[Typed Name] Date  
[Title]

\_\_\_\_\_  
[Typed Name] Date  
[Title]

For Provider: \_\_\_\_\_  
[Typed Name] Date  
[Title]

\_\_\_\_\_  
[Typed Name] Date  
[Title]

**Attachment 1.**

**Specification of Services required by statute and administrative rule (to be provided at a level and frequency needed by each resident)**

<p><b>Program services listed in s. HSS 83.33 &amp; s. HSS 83.35</b></p>	<p><b>The service will include these activities (except where struck by the purchaser):</b></p>
<p><b>Supervision [as defined in s. HSS 83.04(64)]</b></p>	<ul style="list-style-type: none"> <li>• Supervision during day-time hours</li> <li>• Supervision will include overnight staff who may sleep when not needed to monitor or tend to resident needs</li> <li>• Supervision will include overnight awake staff</li> <li>• Purchaser requirement for staffing:</li> </ul>
<p><b>Information and referral</b></p>	<ul style="list-style-type: none"> <li>• Information about community activities</li> <li>• Information and referral for appropriate health and social services</li> </ul>
<p><b>Leisure time activities</b></p>	<p>The CBRF will promote resident participation in a program of daily activities designed to provide needed stimulation and variety consistent with the interests of the resident. Specific activities include:</p> <ul style="list-style-type: none"> <li>• Choice of an array of individual activities (e.g. books &amp; magazines, cards, sewing, crafts)</li> <li>• Choice of an array of social activities (e.g. conversation, group projects, games, cards, crafts)</li> <li>• Choice of outdoor activities (e.g. sitting, walking, social events)</li> <li>• Participation in planning and taking outings</li> <li>• Opportunities for indoor and outdoor exercise</li> <li>• Activities to accommodate needs and disabilities of residents (e.g. large print books, books on tape, phone adapters, adaptive utensils, and other equipment, etc.)</li> </ul>
<p><b>Community activities</b></p>	<ul style="list-style-type: none"> <li>• Inform residents about community activities consistent with their personal interests; allow choice (e.g. clubs, sports, religious events, entertainment)</li> <li>• Arrange/provide for participation</li> <li>• Involve community in CBRF; host social events</li> <li>• Allow use of phone for planning/arranging events</li> </ul>
<p><b>Family Contacts</b></p>	<ul style="list-style-type: none"> <li>• Assist family contacts through resident phone calls, letter writing, visits, and special occasion events</li> <li>• Arrange contacts (in or out of facility)</li> <li>• Provide family with information about the resident (as authorized by resident)</li> </ul>

<p><b>Health Monitoring &amp; Medical Services</b></p>	<p>Monitor health and make arrangements for health care appointments as needed or support resident to make own arrangements (includes physical health, mental health, and dental care)</p>	
<p><b>Medications</b></p>	<ul style="list-style-type: none"> <li>• The CBRF medication program for all medications controlled by the CBRF is supervised by an RN or an RPh as described in HSS 83.33(3)(e)3</li> <li>• The CBRF has all medications controlled by the CBRF prepackaged by an RPh as described in s. HSS 83.33(3)(e)4</li> </ul> <hr/> <ul style="list-style-type: none"> <li>• Resident controls and self-administers medications</li> <li>• Resident controls and CBRF provides supervision of medications; resident self-administers medications</li> <li>• CBRF manages and resident self-administers medication</li> <li>• CBRF provides supervision and assistance</li> <li>• CBRF manages and administers medications</li> <li>• CBRF provides medication administration instruction to residents</li> <li>• CBRF supervises/administers controlled substances/psychotropic medications</li> <li>• CBRF coordinates medication orders with prescribing physician and pharmacy</li> <li>• CBRF orders refills of medications from pharmacy when refills are authorized</li> <li>• CBRF picks up medications from pharmacy for resident</li> </ul>	
<p><b>Meals</b></p>	<p>CBRF provides:</p> <ul style="list-style-type: none"> <li>• 3 meals a day</li> <li>• 2 meals a day</li> <li>• Accommodation for special diets</li> <li>• Nutritious snacks - morning - afternoon - evening</li> <li>• Opportunities for resident food selection / menu planning</li> </ul>	
<p><b>Transportation to/for</b></p>	<p><u>Arranged by provider:</u></p> <ul style="list-style-type: none"> <li>• Medical appointments</li> <li>• Work/day program</li> <li>• Education or training</li> <li>• Religious services</li> <li>• Community activities <ul style="list-style-type: none"> <li>- Shopping</li> <li>- Banking</li> <li>- Hair care</li> <li>- Religious activities</li> <li>- Government meetings</li> <li>- Voting</li> <li>- Social/recreational events</li> <li>- Visits to family/friends</li> </ul> </li> </ul>	<p><u>Provided directly by provider:</u></p> <ul style="list-style-type: none"> <li>• Medical appointments</li> <li>• Work/day program</li> <li>• Education or training</li> <li>• Religious services</li> <li>• Community activities <ul style="list-style-type: none"> <li>- Shopping</li> <li>- Banking</li> <li>- Hair care</li> <li>- Religious activities</li> <li>- Government meetings</li> <li>- Voting</li> <li>- Social/recreational events</li> <li>- Visits to family/friends</li> </ul> </li> </ul>

**Attachment 2.**

**Other services required by purchaser (Purchaser may strike, amend, or add to the language below as needed)**

Specific Services	Optional detail about included activities:
<b>Personal care</b>	Provide training, prompts, or transitional services for, or assistance with: <ul style="list-style-type: none"> <li>• Eating</li> <li>• Toileting</li> <li>• Personal hygiene</li> <li>• Dressing</li> <li>• Grooming</li> <li>• Bathing</li> <li>• Transferring</li> <li>• Mobility</li> </ul>
<b>Independent living skills</b>	<ul style="list-style-type: none"> <li>• Arrange for assistive devices to foster independence</li> <li>• Teach or support maintaining skills related to:               <ul style="list-style-type: none"> <li>- Education</li> <li>- Money management</li> <li>- Food preparation</li> <li>- Shopping</li> <li>- Use of public transportation</li> <li>- Vocational activities</li> <li>- Seeking and retaining employment</li> <li>- Laundry care</li> <li>- Cleaning the resident's living area</li> </ul> </li> <li>• Provide assistance with self-direction</li> </ul>
<b>Communication skills</b>	<ul style="list-style-type: none"> <li>• Speech therapy</li> <li>• Interpreter services</li> <li>• TDD</li> </ul>
<b>Socialization</b>	<ul style="list-style-type: none"> <li>• Dealing with anger</li> <li>• Conflict resolution</li> <li>• Strengthening personal relationships</li> </ul>
<b>Activity programming for persons with irreversible dementia (in addition to activities listed in Attachment 1)</b>	<ul style="list-style-type: none"> <li>• Participation in household tasks</li> <li>• Activities for sensory stimulation</li> <li>• Activities to stimulate memory and retrieve information from the past</li> <li>• Activities based on earlier life experiences</li> </ul>
<b>Nursing care</b>	<ul style="list-style-type: none"> <li>• Provided by the facility</li> <li>• Arranged by the facility</li> <li>• Hospice care provided under s. HSS 83.34</li> </ul>

<b>Monitoring symptom status</b>	<ul style="list-style-type: none"><li>• Keep the following persons informed of changes in symptom status in areas specified by the following persons:<ul style="list-style-type: none"><li>- Case manager</li><li>- Physical therapist</li><li>- Occupational therapist</li><li>- Mental health therapist</li></ul></li></ul>
<b>Telephone access</b>	<ul style="list-style-type: none"><li>• Local</li><li>• Long-distance</li></ul>

**Attachment 3 (Resident rights)**

The text of s. HSS 83.21, Wisconsin Administrative Code, should be attached here. In addition to the attached residents' rights from s. HSS 83.21, additional resident rights may be listed if the purchaser so chooses. Examples of additional rights are listed below:

1. The right to have choices about daily routines (e.g. bedtimes, frequency and time of day for personal care, food selection, and snacks)
2. The right to have choices about daily activities and recreational pursuits
3. The right to contact the case manager at times agreed to by the case manager
4. The right to have staff respect cultural and ethnic differences
5. The right to expect staff to be supportive, caring, concerned, responsive and respectful in their attitude, communications and interactions
6. The right to house rules that are responsive to the residents as a group, not just for the convenience of the operator or staff
7. The right to freedom of movement in and out of the facility unless restricted by the resident's guardian, a court order, or the purchaser's plan of care for the resident

Attachment 4.

Page 1: Computation of Facility Rate

Cost Item	(1a)	(1b)	(2)	(3)		(4)
	Total Facility Costs from most recent audited year	Total Facility Costs for Coming year	Costs Allocated to Facility Rate	Break out for funding by MA Waiver Program		
				Room & Board		Program
<b>1 Salaries:</b>	<u>Owner(s) Total annual hours=</u>					
	<u>Employee Salaries for maintenance*</u>		*			
	<u>Other Employee Salaries</u>					
<b>2 Fringe Benefits</b>						
<b>3 Travel reimbursement to staff</b>						
<b>4 Client transportation</b>						
<b>5 Recruitment</b>						
<b>6 Staff development, education</b>						
<b>7 Supplies</b>	<u>Household supplies &amp; Linens*</u>		*			
	<u>All other supplies</u>					
<b>8 Food*</b>			*			
<b>9 Advertising</b>						
<b>10 Telephone for facility</b>						
<b>11 Telephone for residents*</b>			*			
<b>12 Printing</b>						
<b>13 Insurance</b>	<u>on property*</u>		*			
	<u>All other insurance</u>					
<b>14 Utilities*</b>			*			
<b>15 Maintenance and Repairs</b>	<u>Building maintenance &amp; repairs*</u>		*			
	<u>Equipment repairs for residents*</u>		*			
	<u>Other equipment repairs &amp; maint.</u>					
	<u>Vehicle repairs and maintenance</u>					
<b>16 Rentals</b>	<u>Building housing CBRF*</u>		*			
	<u>Equipment related to room &amp; bd.*</u>		*			
	<u>Other equipment</u>					
<b>17 Depreciation</b>	<u>Land Improvements*</u>		*			
	<u>Building*</u>		*			
	<u>Equipment related to room &amp; board*</u>		*			
	<u>Other equipment</u>					
	<u>Vehicles</u>					
	<u>Leasehold improvements*</u>		*			
<b>18 Interest</b>	<u>Mortgage interest*</u>		*			
	<u>Equipment for room and board*</u>		*			
	<u>Other equipment and property</u>					
	<u>Other</u>					
<b>19 Purchases of smaller items</b>	<u>Items related to room and board*</u>		*			
	<u>Other items</u>					
<b>20 Professional Fees</b>						
<b>21 Licenses</b>			*			
<b>22 Taxes</b>			*			
	<u>Other Taxes (not corporate)</u>					
<b>23 Other Allowable Costs</b>						
<b>24 Net Allowable Operating cost = Total of lines 1 - 23.</b>						
<b>25 Allowable Profit/Excess Earnings (see instructions)</b>						
<b>26 Total Allowable Costs (Line 24+25)</b>						
<b>27 Budgetted beds in facility</b>						
<b>28 Annual cost per bed (line 26 / line 27)</b>						
<b>29 Monthly Rate=Annual cost divided by 12 (line 28 / 12)</b>						
<b>30 Daily Rate=Annual cost divided by 365 (line 28 / 365)</b>						

\*Allocate all costs in this category from Column (1b) to Column (2).

**Attachment 4.**

**Page 2: Computation of Service Rates not included In Facility Rate**

Cost Item	Use this page only if the facility will use rates for some services that are not included in the facility rate.	(5)	(6)			
		Costs Allocated to separate rates	Break out costs for service rate(s). Services			
			a.	b.	c.	d.
<b>1 Salaries:</b>	Owner(s) (non-maintenance)					
	Employee Salaries for maintenance					
	Other Employee Salaries					
<b>2 Fringe Benefits</b>						
<b>3 Travel reimbursement to staff</b>						
<b>4 Client transportation</b>						
<b>5 Recruitment</b>						
<b>6 Staff development, education</b>						
<b>7 Supplies</b>	Household supplies & Linens					
	All other supplies					
<b>8 Food</b>						
<b>9 Advertising</b>						
<b>10 Telephone for facility</b>						
<b>11 Telephone for residents</b>						
<b>12 Printing</b>						
<b>13 Insurance</b>	on property					
	All other insurance					
<b>14 Utilities</b>						
<b>15 Maintenance and Repairs</b>	Building maintenance & repairs					
	Equipment repairs for residents					
	Other equipment repairs & maint.					
	Vehicle repairs and maintenance					
<b>16 Rentals</b>	Building housing CBRF					
	Equipment related to room & bd.					
	Other equipment					
<b>17 Depreciation</b>	Land Improvements					
	Building					
	Equipment related to room & board					
	Other equipment					
	Vehicles					
	Leasehold improvements					
<b>18 Interest</b>	Mortgage interest					
	Equipment for room and board					
	Other equipment and property					
	Other					
<b>19 Purchases of smaller items</b>	Items related to room and board					
	Other items					
<b>20 Professional Fees</b>						
<b>21 Licenses</b>						
<b>22 Taxes</b>	Real Estate					
	Other Taxes (not corporate)					
<b>23 Other Allowable Costs</b>						
<b>24 Net Allowable Operating cost = Total of lines 1 - 23.</b>						
<b>25 Allowable Profit/Excess Earnings</b>						
<b>26 Total Allowable Costs (Line 24+25)</b>						
<b>27 Type of Unit</b>						
<b>28 Anticipated Units of service for the year</b>						
<b>29 Service Unit Rate (Line 26 / line 28)</b>						

#### Instructions for Attachment 4. Computation of CBRF Rates

##### A. Rate Related Forms and Instructions

These instructions correspond to the set of model worksheets for calculating cost-based rates for CBRF's. When counties develop their own forms for rate setting, they should use the following minimal guidelines:

1. The forms and instructions should make it clear that only costs actually related to the CBRF should be included. (For instance, if the family lives in the facility, family related costs should not be included.)
2. The form should permit the entry of all allowable costs.
3. The forms must show projections of costs for the coming contract year. Counties may also require that the forms show audited costs from the most recent year.
4. For facilities likely to have Medical Assistance Waiver clients, Room and Board costs must be segregated from service and administrative costs (See Appendix O from Waiver Manual).
5. Where the facility wishes to have more than one standard rate for the entire facility, there should be a segregation of costs between different services that the facility plans to make available.
6. Units of service from the most recent audited year or current year should be included as well as units of service projected for each service type for the coming contract year. The units should reflect the kind of service being billed (typically days or months).

##### B. Model Worksheet Form.

The attached worksheet was developed to meet the guidelines listed above. The form requires an identification and allocation of allowable costs, an estimate of the service units to be provided, and the calculation of rates by dividing costs by estimated service units.

Column (1a) and (1b) Total Facility Costs. Enter all allowable costs associated with the facility, its operation, and services. If persons other residents live in the facility, the costs associated with their living space and living expenses should not be included in the Total Facility Costs. Column (1a) should show costs from the most recent audited year (if available). Column (1b) should show anticipated costs for the coming year for which rates are being calculated.

Column (2) Costs Allocated to Facility Rate. In most situations the amounts in Column (2) will be identical to Column (1a). This column will show facility costs for room; board; administration; and, at a minimum, the services required by administrative rules.

#### Instructions for Attachment 4. Computation of CBRF Rates

There are two kinds of cases where Column (1a) will not equal Column (2):

a) When the facility charges for some services that are not a part of the all inclusive facility rate. In this situation, the Total Facility Costs in Column (1a) will be distributed between column (2) and column (5), which contains those costs that will be allocated to service rates other than the Total Facility Rate.

b) When the facility provides more than one level of care with clearly different costs associated with each level of care. When there is more level of care, each with its own associated all inclusive rate, it is recommended that there be a separate page 1 completed for each level of care. The Total Facility costs would be entered once in column (1a) and that amount would be allocated to Column (2) on separate page 1 worksheets. Please note that the amounts in Column (2) when totaled, should equal the amounts in Column (1a) .

For CBRF's with one level of care and which allocate all of their total costs to column (2) and do not qualify for Medical Assistance Waiver Funding, there should be no further allocation of costs beyond column (2) before calculating the single all inclusive facility rate.

When a CBRF serves persons who are funded by a Medical Assistance Waiver (COP-Waiver or CIP), there should be an allocation of the amounts in Column (2) to Column (3), Room and Board and Column (4), Program.

Column (3) Room and Board Costs. These costs may not be funded by Medical Assistance Waivers. While the recommended worksheet shows allocation between columns (3) and (4), counties and CBRF managers should consult the most recent MA Waivers Manual to assure that they have current guidelines on the separation of room and board costs.

Column (4) Program Costs. These costs may be funded by the Medical Assistance Waivers.

Column (5) Costs Allocated to Separate Rates. When it can be anticipated that some facility residents will require services provided by the facility with clearly different, identifiable costs, the facility may propose and the county may approve service rates in addition to the Facility Rate. The costs for these services must be included in the Total Facility Costs as identified in Column (1b).

Please note that the costs in column (5) and column (2) should add up to the costs in column (1b).

Column (6) Break out of Costs for Service Rates. If there is to be more than one service in addition to the services funded by the Facility Rate, the costs for these additional services should be broken out in the sub columns of (6) – Columns (a) - (d). Please note that the total costs of columns (6)(a) - (6)(d) should equal the amounts in column (5).

#### Instructions for Attachment 4. Computation of CBRF Rates

##### C. Allowable Costs to Include in Rates

Wisconsin Statutes require that Purchase of Service rates be based on actual allowable costs. These costs have been identified in the *Allowable Cost Policy Manual* distributed by the Department of Health and Family Services.

While Wisconsin Statutes permit allowances for profit for proprietary agencies and retention of excess revenues by not-for-profit agencies, there should be no allowance for profit or excess revenue added to the following cost categories except where expressly permitted in item 25, Allowable Profit.

The following list of descriptions of allowable cost items is recommended as consistent with the *Allowable Cost Policy Manual* distributed by the Department on February 28, 1995. Purchaser and Provider agencies are responsible to assure that they use the most current allowable cost policies.

##### 1. SALARIES

###### a. Owner Salaries:

Salaries paid to individuals with more than a 50 percent interest in the organization. Interests of related parties will be combined. Related parties are defined as entities with common ownership or control as well as immediate family relationships.

Enter the total actual salary of owner(s). Also indicate approximate total hours worked during the year by owners.

Note: Where there must be a allocation between Room and Board and Program, allocate the proportion of owner's salary for property maintenance to Room and Board.

###### b. Employee Salaries:

Salaries earned by an agency's regular and temporary employees. Salaries earned are defined as for current services and include gross compensation paid in the form of cash, products, or services.

##### 2. FRINGE BENEFITS

Fringe benefits are allowances and services provided to employees in addition to regular salaries and wages.

Fringe benefits will be budgeted as a percent of salaries based on prior year actual with necessary adjustments. If fringe benefits rate is more than 30 percent, a detailed schedule must be included:

#### Instructions for Attachment 4. Computation of CBRF Rates

The employer's share of fringe benefits may include, but are not limited to, the following:

- Health and Medical Insurance Plans
- Life Insurance
- Professional Liability Premiums
- Retirement plans if paid pursuant to an IRS approved plan.
- Social Security Tax
- Unemployment Compensation Taxes or benefits paid if under a self-insured plan
- Other benefits paid by agencies pursuant to negotiated Union contracts

Worker's Compensation Insurance costs may be incurred as an insurance premium, a premium paid to a funded self-insured plan, or as a direct payment of benefits when awarded if self-insured.

#### 3. TRAVEL REIMBURSEMENT TO STAFF

Employee reimbursement for actual, reasonable and necessary expenses incurred. This would include personal car mileage, not to exceed the federal/IRS rate, public transit, lodging, and meals while traveling.

#### 4. CLIENT TRANSPORTATION

Costs incurred in transporting clients such as contract services, public transit, mileage payments to staff or volunteers, not to exceed federal/IRS rate and emergency transportation.

#### 5. RECRUITMENT

Expenses related to advertising for candidates for vacant positions.

#### 6. TRAINING/STAFF DEVELOPMENT

Training costs including conference registrations, travel, lodging, and costs for in-house training for staff development which directly benefits the program.

#### 7. SUPPLIES

- a. Office: This account reflects supplies and expenses related to operation of the administrative offices. It includes such things as general office supplies, postage, forms, and stationery. Receipts and refunds for these items will be credited directly to this account.
- b. Medical: Items such as first aid supplies are charged here.

**Instructions for Attachment 4. Computation of CBRF Rates**

- c. **Household:** This account should include brooms, brushes, cleaning compounds, disinfectants, drinking cups, insecticides, mops, polish, scrub buckets, toilet paper, drapes, curtains, shades and other housekeeping supplies. It should also include the cost of laundry soaps, detergents, powders, ammonia, blueing, starch, pressing cloths, etc.
- d. **Linens:** Such things as towels, washcloths, and bedding will be charged to this account.
- e. **Programs:** Various items needed for carrying out activities for/with clients such as recreational supplies.
- f. **Other:** Supplies not included in other categories.

**8. FOOD**

The cost of food provided to clients. Meals provided to staff who have no meal period and must remain on duty are also allowable. Meals provided to other staff must be for a charge. These fees should be credited to this account.

**9. ADVERTISING**

The cost of advertising through the various media for program-related purposes.

**10. TELEPHONE FOR FACILITY**

This includes regular billing, installation, and removal of telephones, and long-distance calls, as well as answering services for additional telephone services as needed to enable personnel to be contacted on an emergency basis.

**11. TELEPHONE FOR RESIDENTS**

If there are identifiable costs related to resident use of telephone enter those costs.

**12. PRINTING**

Cost of printing and reproduction services necessary for agency administration and client programs.

**13. INSURANCE**

Premiums for fire, liability, boiler, surety bonds, and other forms of insurance, exclusive of payroll-related insurance will be charged to this account. If the provider coverage is included with other groups in a single policy, an equitable distribution of the premium should be recorded on the provider records.

#### Instructions for Attachment 4. Computation of CBRF Rates

#### 14. UTILITIES

Water, electricity, gas, and other fuels will be charged to this account. This account also includes costs related to cable or satellite television systems used by residents.

#### 15. REPAIRS AND MAINTENANCE

- a. Building: Improvements which result in an increase in useful life over current useful life shall be capitalized (see DEPRECIATION). Expenditures which do not extend useful life but merely keep the facility in ordinary efficient operating condition are classified as repairs and maintenance.

All materials and parts used in repairing and maintaining the building will be included in this account.

Charges to this account include such things as lubricants, light bulbs, fuses, ash cans, fire extinguishers and other supplies used in providing heat, light, power, air conditioning, ventilation and water softening.

- b. Equipment: Cost of service and parts to repair and maintain equipment.
- c. Vehicle: This account will include vehicle operating expenses, such as gas, oil, grease, tires, batteries, and licenses. Repair parts purchased and repairs made by outside concerns to such equipment will also be included in this account.

#### 16. RENTAL OF PROPERTY AND EQUIPMENT

Rent for property or equipment will be paid with the following requirements:

- a. For major items, a copy of the lease must be included. The purchaser may request a listing of limited partnership investors.
- b. Where applicable, proper capital lease accounting must be used.
- c. Rental rates may not exceed fair market value for similar property, equipment.

#### 17. DEPRECIATION

Depreciation is an allowable expense under the following conditions:

The depreciation must be:

- Identifiable and recorded in the agency's accounting records;

**Instructions for Attachment 4. Computation of CBRF Rates**

- Based on the historical cost of the asset or fair market value at the time of donation in the case of donated assets, assets must have a cost or value of \$5,000 or more and a useful life of more than one (1) year; and
- Prorated over the estimated useful life of the asset using the straight-line methods.

**18. INTEREST**

Interest associated with liability in excess of agency net assets will not be allowed.

Interest on newly constructed buildings should be capitalized according to Generally Accepted Accounting principles.

**A NOTE ABOUT MORTGAGE, PRINCIPAL PAYMENTS**

Mortgage (principal) payments are not allowable costs. These payments represent acquisition cost and are reimbursed through the depreciation expense.

**19. PURCHASES OF FURNISHINGS AND EQUIPMENT UNDER \$5,000**

Furnishings and equipment with a cost of less than \$5,000 should be expensed in one year and charged to this account.

**20. PROFESSIONAL FEES**

All professional fees incurred in the normal course of providing service to clients or complying with the terms of the County contract should be charged here. This would include legal, accounting, auditing, data processing, and consulting costs.

**21. LICENSES**

Licenses necessary to operate the agency.

**22. TAXES**

- a. Real Estate Taxes: Real Estate Taxes or payments in lieu of taxes which the agency is legally required to pay.
- b. Corporate Income Taxes: The tax liability of incorporated vendors.

**23. OTHER ALLOWABLE EXPENSES**

Expenses not included in above categories, attach detail.

**Instructions for Attachment 4. Computation of CBRF Rates**

24. **SUBTOTAL OF COSTS or NET ALLOWABLE OPERATING COSTS**

Agencies should find the total of the categories shown above. This amount is used to compute ALLOWABLE PROFIT where permitted.

25. **ALLOWABLE PROFIT.**

Not-for-profit agencies should enter ZERO in this line. Not-for-profit agencies are permitted to retain excess revenues generated by rates according to guidelines in the Wisconsin Statutes.

For-profit agencies may add an allowance for profit. The allowance is subject to these general guidelines:

- No provision for profit should be included in any other line item.
- Once the budget is approved, the Provider is not to request budget adjustments from the Purchaser except for major, unanticipated situations.

Allowable profit is computed in Column (1b) at follows:

- a. Determine the Net Allowable OPERATING Costs. (This is the amount in line 24 in the recommended worksheet.)
- b. Multiply the Net Allowable OPERATING Costs by 0.1 (10%).
- c. Multiply the Net Allowable OPERATING Costs by 0.075 (7.5%).
- d. Find Net Equity as it relates to the facility.

*"Net Equity" is defined as the cost of equipment, cost of buildings, cost of land and cost of fixed equipment less accumulated depreciation and long term liabilities. The average net equity for the year shall be used. (Allowable Cost Manual).*

- e. Multiply Net Equity by 0.15 (15%).
- f. Add the result of step c. to the result of step e.
- g. Allowable Profit is the lesser of the result of step or b. step f.

Agencies which do not compute Net Equity in step d, may use the amount in step c as the Allowable Profit amount.

**Instructions for Attachment 4. Computation of CBRF Rates**

- h. Allocate Allowable Profit to the remaining columns used in the worksheet in proportion to the totals in line 24 of each column. For example, what if –
- the amount in Column (1b), line 24 is \$100,000 and the amount in Column (3) line 24 is \$25,000?
- We would divide \$25,000 by \$100,000 and find that the amount in column (3) is 25% of the amount in Column (1b).
- The amount we should enter in line 25 of line Column (3) would be 25% of the amount in line 25 of Column (1b).

**26 TOTAL ALLOWABLE COSTS.**

Add NET ALLOWABLE OPERATING COSTS to ALLOWABLE PROFIT  
(In each column, line 24 + line 25).

**D. Estimate Units of Service and Rate Computation**

The Facility Rate in Column (2), the Room and Board Rate in Column (3) and the Program Rate in Column (4) are found by dividing the TOTAL ALLOWABLE COSTS in each column by the number of resident days anticipated for the coming year. The model worksheet assists with the math by using the following steps:

- Enter the Budgeted beds for the facility in line 26 (that is the average occupancy anticipated for the year). If you anticipate 100% occupancy at all times, enter the licensed capacity.
- Divide the TOTAL ALLOWABLE COSTS by budgeted beds, to find the annual cost per budgeted bed. (Line 26 divided by line 27).
- Divide the annual cost per budgeted bed by 12 to find the monthly cost per bed. (Line 27 divided by 12. Enter result in line 29). This is the Monthly Rate for the facility.
- To find a daily rate, divide the Annual cost per bed by 365 or the number of days in the budget year.

If the Purchaser agrees that the CBRF may use service rates in Column 6 in addition to the Facility Rate, the service rates are found by dividing the TOTAL ALLOWABLE COSTS in each sub column under Column (6) by the number of estimated service units anticipated for the coming year. The model worksheet uses the following steps:

- Identify the unit type (s) in line 27. The Purchaser shall specify the service unit types that may be used for each of the services used under column (6). The Purchaser may need to specify unit types that are compatible with service and cost reporting systems used by the Department of Health and Family Services.

**Instructions for Attachment 4. Computation of CBRF Rates**

- Enter the anticipated number of service units for the coming year in line 28.
- Divide TOTAL ALLOWABLE COSTS for each service by the number of anticipated units for the coming year. (Line 26 / Line 28 = Unit rate to enter in line 29)

Attachment 5

**QUALIFIED SERVICE ORGANIZATION AGREEMENT**

The Purchaser and the Provider (called the Program in this Qualified Service Organization agreement) hereby enter into a qualified service organization agreement, whereby the Program agrees to provide care and services in the Community Based Residential Facility named

\_\_\_\_\_

Furthermore, the Purchaser:

- (1) acknowledges that in receiving, storing, processing, or otherwise dealing with any information from the Program about the patients in the Program, it is fully bound by the provisions of the federal regulations governing Confidentiality of Alcohol and Drug Abuse Patient Records, 42 C.F.R. Part 2; and
- (2) if necessary, will resist in judicial proceedings any effort to obtain access to patient records except as permitted by the federal confidentiality regulations, 42 C.F.R. Part 2.

\_\_\_\_\_  
Contract Administrator for the  
Provider

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Contract Administrator for the  
Purchaser

\_\_\_\_\_  
Date Signed