

**STATE OF CONNECTICUT
DEPARTMENT OF MENTAL RETARDATION**

Procedure No. I.C.2.PR.008

Subject: Individual Support Agreement Fiscal Management

Section: Service Delivery, Individual Supports

Issue Date: January 11, 2002

Effective Date: Upon release

Revised: July 7, 2003

A. Purpose

To ensure a standardized process for fiscal management of Individual Support Agreements (ISAs).

B. Applicability

This procedure shall apply to DMR staff with fiscal management responsibility for ISAs, agencies contracted to provide fiscal intermediary services and all individuals and sponsoring persons who have Individual Support Agreements (ISAs) with the department.

C. Definitions

(see section definitions)

D. Implementation

There are seven processes involved in the various stages of ISA Management:

- Monthly fiscal reviews
- Quarterly fiscal reviews
- Adjustment to existing ISAs
- Amendments to existing ISAs
- Suspension of funding
- Termination
- Cost settlement

1. Monthly Fiscal Reviews:

Each region will establish a regional contact person to whom the fiscal intermediaries will send the required monthly cash reconciliation report. Each region will establish an internal system for distribution and administrative review of monthly reports. Unless otherwise requested, these reports will also be sent to the individual or sponsoring family member by the FI. The reports are due the 15th day of each month. Individuals who do not use FIs must also meet these requirements.

2. Quarterly Fiscal Reviews:

Each region will establish a contact person to whom the fiscal intermediaries in each region will send the required quarterly cash reconciliation reports. These reports are the 15th day of the start of the new quarter. Individuals who do not use FIs must also meet these requirements. Each region will establish an internal system for distribution and administrative review of quarterly reports. Each region will send to the Central Office Operations Center, a copy of all quarterly reviews within two weeks of receiving the reports from the fiscal intermediary. The purpose of the quarterly fiscal review is to identify under or over expenditures that warrant further review and possible revisions to an existing ISA. The FI will also send a quarterly report to the individual or sponsoring family member.

3. Amendments to existing ISAs (Increase or decrease in the funding amount)

At any time during the contract period the individual/family and support broker may discuss the need for a change in the type of or the cost associated with a particular support or service. If this change results in an increase or decrease in the total amount of the originally approved agreement, it will require an Amendment to the automated budget, and the Plan Summary. Amendments must be approved prior to implementation.

The case manager or support broker will follow the regional process for requesting an Amendment to existing ISAs and will complete a revised Plan Summary to reflect the change(s) required. The case manager, support broker or regional designee will submit a signed and approved automated budget and Plan Summary, and Individual Support Agreement (ISA) Amendment Adjustment sheet to the regional self determination director for review. The self determination director will review the amendment's adherence to the ISA Cost Standards and will make recommendations for approval. The Amendment and all its components should be forwarded to the Regional Director for approval. The Regional Director will review and sign the Amendment indicating approval.

After the Regional Director approves the Amendment, the changes to the DMR Automated Budget should be entered in the Region's Spending Plan. The ISA Amendment Adjustment sheet should indicate the budget change(s), the new annualized amount, and where the additional funds will come from, if necessary. After the budget and plan have been approved, signed and returned to the case manager, support broker or regional designee, he or she will send hard copies to the central office Operations Center, the individual or family and the FI. The FI must have a copy of the new budget and amendment before any payment changes can be processed.

4. Adjustment to existing ISAs (No change in the funding amount)

At any time during the contract period the individual/family and support broker may discuss the need for a change in the type of or cost associated with a particular support or service. The change in type of support or cost of the support must not change the original amount of the budget to qualify as an adjustment. The change may result in the creation of a new line item but must not result in a change in the overall budget total.

The support broker will document the need for change, the action to be taken and effective date on an ISA Amendment Adjustment sheet. The form will be sent to the regional self determination director or designee for approval prior to implementation. Hard copies of the ISA Amendment Adjustment sheet must be sent to the individual or family, and fiscal intermediary as soon as possible. The FI must have a copy of the ISA Amendment Adjustment sheet before any payment changes can be processed. A copy of the ISA Amendment Adjustment sheet is sent with the Quarterly report to notify the central office Operations Center of the change(s). For one time adjustments of under one hundred dollars, the regional self determination director or designee may verbally notify the FI and the FI may make the adjustment. These one time adjustments will be documented by the FI on the next quarterly report. For adjustments that add or delete a line item, a new automated budget must be prepared and sent to all parties identified above.

5. Suspension of Funding

As a result of the required quarterly fiscal review of the ISA, the broker and or regional designee may discover that the individual/family is underspending in one or more line items of their budget. Underspending will result in a cash surplus. The broker or regional designee will discuss the surplus with the individual/family and their circle to ascertain the reasons for this. If the reason is temporary and the surplus will be used within the next two fiscal quarters, there may be no need for action. However, if the situation is expected to be long term and the surplus has grown to at least one month's funding beyond the amount held for the cash advance, the broker or regional designee will initiate a suspension of funding.

The broker or regional designee will draft a memo informing the individual/family of the situation, the amount of the surplus and the actions to be taken. This memo should indicate a timeframe for the suspension. A copy of the memo will be sent to the FI to suspend payments.

6. Termination of ISAs

At any time during the duration of an ISA, an individual/family may decide to terminate the agreement and chose an alternative support arrangement, i.e., traditional service through a master contract. The broker or regional designee will discuss with the individual/family all the available options and resources available and begin the process of referral to those options. Once the new option has been identified and secured, the broker or regional designee will draft a memo indicating the changes to occur, the rationale and the effective date. The memo will also include the cash amount left in the fiscal year, the funding account(s), and the amount to be annualized. The memo must be sent ASAP but with in 10 business days to the CO Operations Center, the FI, the individual/family and other appropriate regional staff.

7. Cost Settlement of ISAs

The region will recoup all unspent funds through a cost settlement process. As Individual Support Agreements can overlap fiscal years, this will be an ongoing process. At the end of each quarter the FI will prepare cost settlement reports for those agreements that ended in that quarter. The FI will have 90 days from the end of the agreement period to prepare and submit these cost settlement reports to the regional contact. These reports will list the names of all individuals/families served and the cash accumulated for the contract period. All surpluses, less any expenses unsettled prior to the completed contract period, will be treated as funds to be cost settled. Notwithstanding the duration of an ISA, all ISAs will be cost settled at least once every 12 months within 120 days of the anniversary of its effective date.

The broker or regional designee will analyze the end of year reports to identify all unspent funds held. The analysis will include a review of each individual's support needs and budget for the new fiscal year. The broker or regional designee will show how the cash being held by the FI will be reduced to meet the new fiscal year's budgeted amount for the individual/family.

At no time will the region take steps to reduce a particular budget simply because of unspent funds, unless there is documented reduction in support needs. The region will

“cost settle” with the FI, by withholding or reducing the amount of the quarterly payments for a particular individual/family until the surplus is zero.

E. References:

- Individual Support Agreement Procedure
- Individual Support Agreement (ISA) Amendment Adjustment sheet
- Individual Budget Procedure
- ISA Cost Standards
- Spend Plan Procedure