



# SHEBOYGAN COUNTY

**Carol Bukovic - Manager**  
*Administrative and Support Services*  
*Health and Human Services Department*

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DATE: October 26, 2010

RE: Sheboygan County HHSD Purchase of Service Contracts

Dear Provider,

Sheboygan County Health and Human Services Department encourages and values its relationships with its contracted network of service providers. Through collaboration, information sharing and joint planning, it is our goal to partner in providing the most efficient, cost effective and beneficial services possible. To that end, and as part of a continuing development of upgraded business management software within the Department, we are asking our partners to assure that we have up to date information on file in preparation for the release of next year contracts.

For 2011, we are asking all providers to complete and return Provider Identification Form and program narrative information. Providers receiving or requesting greater than \$100,000 in annual payments are additionally asked to complete budget forms and supporting schedules for each category of service proposed. Please note that the department is facing a reduction in funding for the new year, but will make every effort to consider modest cost of living adjustments as able and as supported by information submitted.

Enclosed for your completion is a 2011 Contracted Provider Information and Budget Packet. You will note it to be divided into four sections:

- Section A: Information on Allowable Costs
- Section B: Instructions and Response Requirements for All Providers; and Provider Identification Form
- Section C: Instructions and Budget Forms for Non-Residential Services; and Supporting Schedule 1
- Section D: Instructions and Budget Forms for Residential Services; and Supporting Schedule 1 and 2

Please review all information and instructions, complete your packet in accordance with the services you are proposing to provide and return by November 15, 2010. It is our goal to issue contracts for signature during the month of November following adoption of the County budget on November 2<sup>nd</sup>. We will appreciate your cooperation in returning signed contracts at your earliest opportunity after that and in all cases by early December so that we may enter necessary information in our data base accordingly.

To assist you in this process and to get to know you a little bit better, the Department will offer a provider informational meeting at Health & Human Services main building, Room 218, November 3, 4:00 pm at which time questions will be answered. Please RSVP by contacting Julie Schaefer at [schaejas@co.sheboygan.wi.us](mailto:schaejas@co.sheboygan.wi.us). Also, electronic versions of these documents are located on the County of Sheboygan Health & Human Services web site. In lieu of meeting attendance, we'll also be happy to respond to any written questions submitted.

We look forward to the submittal of your 2011 contract information and to the new year.

Sincerely,

Carol Bukovic

cc: Thomas D. Eggebrecht, Director

## Section A Information on Allowable Costs

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 Services.

The Statutes permit allowances for profit for proprietary agencies and retention of excess revenue for non-profit agencies for specific cost categories. The amount allowable on an annual basis is determined by applying a percent equal to a maximum of net allowable operating costs; all other profit/retention of earnings is unallowable. For Sheboygan County Health and Human Services, those limits have been set at 5 percent for proprietary agencies and 2 percent for non-profit agencies. Please see the *Allowable Cost Policy Manual* for more information on retention of excess revenues.

The following list of descriptions of allowable cost items is recommended as being consistent with the *Allowable Cost Policy Manual*. Provider agencies are responsible to assure that they are familiar with and use the most current allowable cost policies.

### 1. SALARIES

#### a. Owner Salaries:

Salaries paid to individuals with a 50 percent or more 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 the approximate FTE allocated to the requested program(s) during the year by owner(s).

#### b. Employee Salaries:

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

#### c. Bonus Policy:

If your agency provides bonuses to employees, please attach your bonus policy to Supporting Schedule #1; i.e., how are bonuses distributed, where do you budget the bonuses (e.g., salaries) and what categories of employees (e.g., direct-care staff, owner, director, etc.) receive the bonuses.

### 2. FRINGE BENEFITS

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

Fringe benefits will be budgeted as a percent of wages based on prior year actual with necessary adjustments.

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

## Section A Information on Allowable Costs

- Staff Food-Meals provided to staff who have no meal period and must remain on duty are allowable. Meals provided to other staff must be for a charge. Food costs associated with staff who receive a break are not allowable and should not be included as a cost in the budget.

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

Cost incurred in transporting clients such as contract services, public transit, and 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. Household & Linens: 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 and cleaning supplies, etc. Linens would include towels, washcloths, and bedding.
- b. All Other Supplies: This account reflects supplies and expenses related to operation of the administrative offices which includes such things as general office supplies, postage, forms, and stationery. Receipts and refunds for these items will be credited directly to this account. Medical supplies such as first aid supplies, etc. Program supplies would include various items needed for carrying out activities for/with clients such as recreational supplies.

### 8. FOOD

The cost of food provided to clients which include the cost of a bag lunch for residential clients who attend outside day programming.

### 9. 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.

### 10. TELEPHONE FOR RESIDENTS

If there are identifiable costs related to resident use of telephone in residential programs, enter those costs.

## Section A Information on Allowable Costs

### 11. CABLE TELEVISION

Cable television for common areas in residential programs is charged to this account. The cost of cable for private rooms is a client expense and cannot be included in the budget.

### 12. 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.

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.

### 13. UTILITIES

Water, electricity, gas and other fuels will be charged to this account.

### 14. REPAIRS AND MAINTENANCE

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.

Equipment: Cost of service and parts to repair and maintain equipment.

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.

### 15. 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 may be required. 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.

## Section A Information on Allowable Costs

### 16. DEPRECIATION

Depreciation is an allowable expense under the following conditions:

The depreciation must be:

Identifiable and recorded in the agency's accounting records;

The cost of equipment and other capital expenditures with an acquisition cost exceeding \$5,000 can be recovered through the use of depreciation or use allowance. However, under certain circumstances and only with a written waiver from DHS obtained prior to making the purchase, equipment and other capital expenditures with an acquisition cost exceeding \$5,000 can be expensed at the time of purchase.

Building/property (**less land value**) must be depreciated using the straight-line method over a minimum of 30 years.

Other assets must be prorated over the estimated useful life of the asset using the straight-line methods; **no accelerated depreciation is allowed.**

#### \*\*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.

### 17. 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.

### 18. PURCHASES OF SMALLER ITEMS

Furnishings and equipment with a cost of less than \$5,000 should be expensed in one year and reflected on the room and board line.

### 19. 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 and data processing.

### 20. LICENSES

Licenses necessary to operate the agency. Divide license cost by the number of years the license is valid.

### 21. 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.

## Section A Information on Allowable Costs

### 22. OTHER ALLOWABLE EXPENSES

Expenses not included in above categories (identify).

### 23. SUBTOTAL OF COSTS OR NET ALLOWABLE OPERATING COSTS

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

### 24. ALLOWABLE PROFIT

Not-for-profit agencies should enter ZERO in this line. Not-for-profit agencies are permitted to retain 2% in excess revenues generated by rates according to guidelines in the Sheboygan County contract, to be used to reduce the next years service rate.

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 as follows:

- a. Determine the Net Allowable OPERATING Costs. (This is the amount in line 23 in the recommended worksheet.)
- b. Multiply the Net Allowable OPERATING Costs by 0.05 (5%).

### 25. TOTAL ALLOWABLE COSTS

Add NET ALLOWABLE OPERATING COSTS to ALLOWABLE PROFIT (In each column, line 23 + line 24).

## Section B

### Instructions and Response Requirements for All Providers/Vendors

1. Complete a Provider Identification Form to be submitted with your request. Have the form signed by an authorized agent of your agency; that is, the board president, officer or equivalent.

2. Provide a brief narrative using the headings that follow and addressing the information requested:

a. Organizational Overview

Detail your organization/ business mission, history, scope of operations, record of accomplishment and any additional information you may wish to share.

b. Governance

Detail your incorporation status, officers, and board of directors as may apply. Include organizational charts as applicable in appendices.

c. Services to be Provided

Identify the target population(s) to be served and the proposed services to be delivered. Include information on any limitations or special conditions that may apply.

d. Quality Assurance and Outcomes Measures

Describe any quality assurance, quality improvement and/or outcome measurement activities currently in use, to be developed, or applied. Include examples of any recent measurement results as may be available in appendices.

e. Budget Changes

Explain the reasons for any major line item changes from the current to the proposed year budget (for continuing contracts).

3. Complete a budget form and supporting schedules for each program or service proposed. Instructions and forms for non-residential services are contained in Section C. Instructions and forms for residential services are contained in Section D.

4. Include the following in Appendices

**Appendix A: Audit Report**

Please submit the most recent audit your agency has received unless one is already on file. In the event an audit has not been completed, please provide your most recent year-end Balance Sheet, Profit & Loss Statement and Cash Flow Statement.

**Appendix B: Indemnity and Insurance**

Provide evidence of the following minimum insurance coverage or ability or intent to obtain coverage prior to contract award..

Workers' Comp (Statutory Limits Apply)	\$100,000 General
	\$500,000 Construction
General Liability	\$1,000,000 Each Occurrence
	\$1,000,000 Personal Injury
	\$1,000,000 Aggregate
Auto Liability (Business Automobile Liability)	\$1,000,000 Each Occurrence
Professional Liability or Umbrella (when applicable)	\$1,000,000 Each Occurrence

**Appendix C: Organizational Chart**

Please submit an organizational chart for the entire organization/business as well as any supplemental one(s) needed to fully identify reporting relationships for programs or services proposed.

**Appendix D: Job Descriptions**

Please enclose job descriptions for those positions, both administrative and direct, requested to be funded (in part or fully). Descriptions should match the positions listed in budget supporting schedules.

**Appendix E: Certification or Regulatory Agency Compliance**

Include identification of any certifications or licensures that your agency is required to have, as well as documentation of those certifications or licensures.

**Appendix F: QA/QI Activities and Outcome Measures**

Enclose examples of any quality assurance or outcome measures currently in use and results obtained.

5. Electronic submittals are preferred and may be sent to Kim Pagel, Support Services Supervisor, at:

[pagelkmp@co.sheboygan.wi.us](mailto:pagelkmp@co.sheboygan.wi.us)

Hard copies may be sent to:

Contract Management  
Sheboygan County Health and Human Services Department  
1011 North 8<sup>th</sup> Street  
Sheboygan, WI 53081

Thank you for your partnership with Sheboygan County!

## Section C

### Instructions and Forms for Non-Residential Services

These instructions and forms pertain to non-residential services.

1. Complete a separate budget form and supporting schedule for each program or service proposed.
2. Round all financial information to the nearest dollar.
3. Use brackets ( ) to indicate negative amounts.
4. Base all figures on a calendar year (January to December) period.
5. Identify all staff positions, full time equivalencies to be assigned under the contract, employees and wages for the proposed year on Supporting Schedule 1.

If you need advice, Department staff is available for general consultation. Questions may be directed to:

Carol Bukovic, Administrative/Support Services Manager  
(920)459-6405  
bukovbcb@co.sheboygan.wi.us

It is recommended that the budget be completed by a qualified, experienced accountant.

## Section D

### Instructions and Forms for Residential Services

These instructions and forms follow state required model worksheets for calculating cost-based rates for CBRF's, Corporate Adult Family Homes and comparable residential programs.

1. Complete a separate budget form and supporting schedule for each facility/program proposed.
2. Round all financial information to the nearest dollar.
3. Use brackets ( ) to indicate negative amounts.
4. Base all figures on a calendar year (January to December) period.
5. Enter all allowable costs associated with each facility/program, its operation, and services. If persons other than program residents are to live in the facility, the costs associated with their living space and living expenses should not be included in the total facility costs. Column (1) should show costs from the most recent audited year (if available). Column (2) should show budgeted costs for the current year. Column (3) should show proposed year expense.
6. Room and board expense must be identified to facilitate Department billing under allowable Medicaid programs. Medicaid rules prohibit the billing of room and board expense to Medicaid. Room and board and service expense is to split between Columns (4) and (5).
7. Identify all staff positions, their full time equivalencies to be assigned under the contract, employee names and wages for the proposed year on Supporting Schedule 1.
8. Identify numbers of staff assigned to direct care coverage for hours of operation on Supporting Schedule 2. Identify with an asterisk any hours of sleep staff coverage.

If you need advice, Department staff is available for general consultation. Questions may be directed to:

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(920)459-6405  
[bukovbcb@co.sheboygan.wi.us](mailto:bukovbcb@co.sheboygan.wi.us)

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