**CONTRACT TYPES: MAXIMUM OBLIGATION,**

**NEGOTIATED UNIT RATE AND**

**RATE REGULATED**

**FY2022**

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**STANDARD CONTRACT FORM**

The Standard Contract Form is the legal document that binds the Department of Developmental Services (DDS) and a provider agency into an agreement whereby the provider has been approved to provide a stated service(s). Providers are to use the most up to date version of the Standard Contract Form dated 6/302020 which can be found online or by contacting the regional contract office.

For Maximum Obligation/Cost Reimbursement contracts, the provider executes a Standard Contract Form with the Department at the start of the contract and every time there is a change, either increase or decrease, in the Maximum Obligation. The provider will also be required to submit a POS Attachment 1, POS Attachment 3, and in the case of negotiated unit rate contract, Attachment 4, and if capital expenditures are included, an Attachment 6.

For Maximum Obligation/Negotiated Unit Rate Contracts, the provider signs a Standard Contract Form at the beginning of start of contract and completes an Attachment 3 and Attachment 4 to calculate rate, Services are managed through a Service Summary From. DDS primarily executes negotiated unit rate contracts with providers for non-rate regulated and non HST transportation.

For Rate Contracts paying regulated rates, DDS will issue Master Agreement Standard Contracts whereby the provider will be placed on a qualified provider list but will not be awarded any specific amount of business. Master Agreements will be a Rate Contracts and will identify regulations that govern payment for services. The SCF will typically be multi-year, making it unnecessary for the provider to submit an amended SCF unless service/s to be purchased changes. The Department then uses the Service Summary Form (SSF) to outline projected units to be purchased each year based on referrals made by the Area Office.

Generally, unless a termination notice has been given pursuant to the Commonwealth Terms and Conditions for Human and Social Services, the Contracts will remain in force for the duration of the procurement. The Department reserves the right to make contract awards for a shorter duration when it is in the best interests of individuals and the Commonwealth. In addition, the Department reserves the terminate any contract when the health and safety, debarment, significant performance, or public accountability concerns indicate that the provider’s continued participation is not in the Commonwealth’s best interest.

**MAXIMUM OBLIGATION/COST REIMBURSEMENT**

Cost reimbursement contracts are designed to reimburse the provider based upon the line item values contained in the budget for the program, detailed on a POS Attachment 3. Unlike a unit rate contract, reimbursement is not directly based upon the delivery of a specified number of units (although acceptable delivery of services is a factor in reimbursement), but, rather, on the actual costs incurred by a provider in delivering the services.

Cost reimbursement contracts are typically written for a one year period and then extended each year. In limited instances the Department may issue multi-year contracts; these contracts will indicate specific funding levels for each fiscal year covered and must be accompanied by budgets supporting each year. When the Standard Contract is written for one year, or is being extended beyond the current duration, a renewal amendment must be executed to extend the contract for another fiscal year. The MMARS Doc ID does not change as the Department is choosing to extend a contract that references an active procurement. The figures for maximum obligation contracts carry forward from one year to the next, building upon the previous accumulated total. By the end of the award period, the total figures shown on the Standard Contract represent the total of all funds on the contract from the first year of its issuance to its completion.

Examples of services funded via Cost Reimbursement contracts are listed below:

|  |  |
| --- | --- |
| **Activity Code** | **Activity Name** |
| 3228 | Recruitment Services |
| 3738 | DDS/DESE Direct Support Services (does not include Family Navigation) |
| 3760 | Non Waiver Services |
| 3776 | Family Leadership Program |
| 3779 | Family Support Flexible Funding |
| 3780 | Financial Assistance |
| 6703 | AWC: Individual Home Supports |
| 6704 | AWC: Individualized Day Supports |
| 6780 | AWC: Financial Assistance |

**NEGOTIATED UNIT RATE**

Contract includes an Attachment 3: Fiscal Year Program Budget negotiated by the provider and DDS staff and a unit rate calculation budget, Attachment 4. The option is primarily used by the Department for non-rate regulated, non HST Transportation Services.

**CAPITAL BUDGET**

The purchase of capital items requires execution of a maximum obligation contract supported by a capital budget (POS Attachment 6). Capital contracts are only issued in support of another existing service contract. Capital contracts must be created as a separate unique contract with its own DDS contract ID number and a reference placed in the description of service that shows the contract to which the capital budget is related. Capital contracts are coded under the 3191 activity code. Capital contracts are used when a provider is purchasing furnishings and/or equipment which, either individually, or in the aggregate for like items, total an amount exceeding the capitalization level determined by the provider organization in keeping with OSD regulations and generally accepted accounting principles.

Such items are specified on the Capital Budget form along with a statement of the provider’s capitalization level. OSD has issued a policy for the purchase of capital items, which can be found on the OSD website. For additional information on capital contracts see the Capital and Start-Up Contracts document.

**POS ATTACHMENTS:ISSUED BY THE OPERATIONAL SERVICES DIVISION (OSD)**

1. POS Attachment 1 – Summary document. Required for cost reimbursement, capital and negotiated unit rate (not rate regulated) contracts.
2. POS Attachment 3 - Program Budget: Cost Reimbursement and Start-Up Contracts. Also required for Negotiated (not Rate Regulated) Unit Rate Contracts
3. POS Attachment 4: Negotiated Unit Rate calculations based on a Maximum Obligation (negotiated rate contracts only)
4. POS Attachment 6: Capital Budget. Reimbursement for capital items associated with start-up of a new site, etc. (required for capital contracts only)

**MASTER AGREEMENT CONTRACTS**

The Standard Contract Form (SCF) is the legal document that binds the Department of Developmental Services (DDS) and a provider agency into an agreement whereby the provider has been qualified to provide the stated service(s). All DDS purchased services are governed using the Standard Contract Form. DDS will issue the SCFs in the form of a Master Agreement Contract whereby the provider will be placed on a qualified provider list but will not be awarded any specific amount of business. Providers on the qualified list may then be referred DDS individuals by an Area Office. Master Agreements will be a Rate Contracts and will identify regulations that govern payment for services. The SCF will typically be multi-year. The Department uses the Service Summary Form (SSF) to outline projected units to be purchased each year based on the number of referrals made by the Area Office.

Unless there is a change in contractor identity a contract is extended beyond the current end date, or services a provider is qualified to provide change, an amendment to the Standard Contract Form is not required. In the case of Master Agreement contracts issued as a result of EMPDAY20, SSQUAL-10/SSQUAL-16 and SUPPDAY20, an amendment is required if the provider is approved to add a service model not currently included in the Master Agreement contract.

Rate Contracts may also be issued as the result of a competitive procurement. Unlike the Master Agreement contract, providers are not placed on a qualified provider list, but are awarded a specific level service delivery based upon the procurement award. The SCF looks the same and services are managed through a Service Summary Form.

Per statute, regulated rates are reviewed every two years and DDS is required to pay the newly promulgated rates. The following chart lists RFR issued by the Department where the reimbursement for services is according to regulated rates set by the Executive Office of Health and Human Services.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **RFR: Reimbursed Via Regulated Rates** | **Activity Code** | | **Activity Name** | |
| ANSS-15 | 3174 | | LUSA (Support Services) | |
| EMERSTAB-21 | 3182 | | Emergency Residential Stabilization | |
| IHS-16 | 3703 | | Individualized Home Supports | |
| PS-15 | 3150 | | Placement Services | |
| PS-15 | 3752 | | ABI-Shared Living | |
| ALTR-14 | 3153 | | Adult Long Term Residential | |
| ALTR-14 | 3753 | | Occupancy ALTR | |
| ALTR-14 | 3751 | | ABI Residential | |
| ALTR-14 | 3713 | | Occupancy ABI Residential | |
| EMPDAY-20 | 3163 | | Community Based Day Supports | |
| EMPDAY-20 | 3168 | | Individual Supported Employment | |
| EMPDAY-20 | 3181 | | Group Supported Employment | |
| EMPDAY20 | 3196 | | Individual Support Emp Trans. | |
| ACTIVETREATMENT20 | 3777 | | Active Treatment | |
| CT-18 | 3170 | | Clinical Team | |
| CRP-17 | 3274 | | Corporate Rep Payee | |
| SUPPDAY20 | 3285 | | Day Hab Supplement | |
| SUPPDAY-20: MASSHEALTH RATE | 3165 | | Adult Day Health | |
| SUPPDAY-20: MASSHEALTH RATE | 3764 | | Facility Day Habilitation | |
| SUPPDAY-20: MASSHEALTH RATE | 3664 | | Day Habilitation Services | |
| SSQUAL-10/SSQUAL-16 | 3700 | | Family Support Navigation | |
| SSQUAL-10/SSQUAL-16 | 3701 | | In-Home Respite Services - Day | |
| SSQUAL-10/SSQUAL-16 | 3702 | | Care Giver’s Home Respite Svs | |
| SSQUAL-10/SSQUAL-16 | 3703 | | Individual Home Supports | |
| SSQUAL-10/SSQUAL-16 | 3705 | | Children’s Respite-Care Givers Home | |
| SSQUAL-10/SSQUAL-16 | 3707 | | Adult Companion | |
| SSQUAL-10/SSQUAL-16 | 3709 | | Community Family Trng | |
| SSQUAL-10/SSQUAL-16 | 3710 | | Behavioral Supports & Consult | | |
| SSQUAL-10/SSQUAL-16 | 3712 | | Emergency Stab-Care Giver’s Home | | |
| SSQUAL-10/SSQUAL-16 | 3716 | | Community/Residential Peer Support | | |
| SSQUAL-10/SSQUAL-16 | 3731 | | Respite in Recipient’s Home – Hrly | | |
| SSQUAL-10/SSQUAL-16 | 3759 | | Site Based Respite Adults | | |
| Vision-17 | 3253 | | Vision and Mobility Services | | |
| FSS-21 | 3770 | | Family Support Centers | | |
| FSS-21 | 3771 | | Cultural Linguistic Family Sup Cntrs. | | |
| FSS-21 | 3772 | | Autism Support Centers | | |
| FSS-21 | 3773 | | Intensive Flexible Family Support | | |
| FSS-21 | 3774 | | Medically Complex Program | | |
| Various | 3781 | | Financial Assistance Administration | | |
| IHS-16 | 3798 | | In Home Supports | | |
| AWC-19 | 6753 | | Agency w/Choice-Admin Fee | | |
| CoachNav-21 | | 7100 | | Adult ASD Coaching | |
| CoachNav-21 | | 7102 | | Adult ASD College Navigation | |

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Regulations promulgated by the Executive Office of Health and Human Services that list regulated rates reimbursed by the Department can be found at the following web site: <http://www.mass.gov/eohhs/gov/laws-regs/hhs/purchase-of-service-rates-for-social-services.html>

**SERVICE SUMMARY FORM (SSF)**

The Service Summary Form is a service engagement document that is managed on a fiscal year basis. The SSF outlines estimated units to be purchased at the agreed upon rate/s. The rate/s multiplied by the projected number of units equals the estimated expenditure for the year. The amount is an estimated expenditure as actual payment will be based on the number of units provided.

The SSF is completed prior to the start of the fiscal year and is revised during the year based on utilization and new authorizations. This document is not a formal attachment or amendment to the Standard Contract Form. Its purpose is to state the projected number of units, unit rate/s, and expected funding agreed to by DDS and the provider.

The SSF is completed for the following RFR services. On the SSF, providers are asked to include the Master Agreement number associated with the RFR under which the contract was awarded.

|  |  |  |
| --- | --- | --- |
| **RFR #** | **Description** | **Master Agreement Number** |
| ANSS-15 | Support Services LUSA | DDSSUPP(A-E)(F-N)(O-Z)0000000000 |
| ACTIVE TREAT-20 | Nursing Facility Active Treatment | DDSACTIVETREATMENT20 |
| ALTR-14 | Adult Long Term Residential - Operational | DDSALTR(A-G,H-M,N-Z)0000000000 |
| ALTR-14 | Adult Long Term Residential - Occupancy | DDSALTR(A-G,H-M,N-Z)0000000000 |
| AWC-19 | Agency With Choice | DDSAWC19000000000000 |
| CT-18 | Clinical Team | DDSCT180000000000000 |
| CoachNav-21 | ASD Pre Engagement Coaching and College Navigation | DDSCOACHNAVIGATION21 |
| DESE-19 | DESE | DDSDESE1900000000000 |
| EMPDAY-20 | Employment and Day Services | DDSEMPLOYMENTDAY20(AL)(MZ) |
| EMERSTAB-21 | Emergency Residential Stabilization | DDSEMERGENCYSTAB0000 |
| FSS-21 | Family Support Services (other than ASC) | DDSFAMILYSUPPORT2100 |
| FSS-21 | Autism Support Centers | DDSAUTISMSUPPORT2100 |
| IHS-16 | In Home Supports | DDSIHS(A-E)(F-N)(O-Z)00000000000 |
| PS-15 | Shared Living (Placement Services) | DDSPS15(A-E)( F-N)( O-Z)0000000000 |
| PSY-11 | Psychologists and Psychiatrists | DDSPSY11000000000000 |
| SUPPDAY-20 | Supplemental Day Services | DDSDAYSUPPLEMENT2020 |
| SSQUAL-10\* | Support Services Qualifying List | DDSSSQL(A-G)(H-M)(N-Z)0000000000 |
|  |  |  |

\*Amended March 2016

Attached to the SSF for Adult Long Term Residential Services (including ABI) and Shared Living (including ABI) is a report from the Department’s Integrated Contract Management System (ICMS). For each site or placement, the report reflects the negotiated unit rate, add-ons, offsets and the calculated blended rate.

**OCCUPANCY WORKSHEET**

The Occupancy Worksheet for ALTR/ABI Contracts is completed for each fiscal year as providers are required to update offsets. These offsets are applied to occupancy rate costs to decrease the amount reimbursed by the Department. The occupancy rates are updated every two years when the regulation is reopened for review.

The Occupancy Worksheet does not change during the fiscal year unless: 1) a new site is added and a rate has been established per 101 CMR 420.00, 2) A site transitions from one provider to another and a new occupancy rate has to be established, or, 3) a provider experiences an extraordinary increase in occupancy costs at a current site and the Area Office and Region agrees the change is significant and the rate for the site should be re-negotiated. An example of an extraordinary increase is the cost to renovate a bathroom to make handicapped accessible. The Department cannot pay for the renovation costs as considered a non-moveable expense, but the area/regional office may consider increasing the depreciation cost for the site.

**NEW SITES: OCCUPANCY RATE APPLICATION (ORA)**

As noted in 101 CMR 420.00, a separate process is in place to determine rates for new sites that providers open during the fiscal year.

The following process has been approved for providers to secure funding for new residential sites. Please note, review and approval of the location of the home by the Executive Office is separate from the rate setting process described below.

* The provider works with the Area Office to determine the need for new ALTR/ABI sites including funding issues.
* The provider obtains a lease, mortgage, or commitment for a mortgage before submitting a Occupancy Rate Application.
* An Application and supporting documentation must be submitted to the Area Office no later than 60 days after the first person moves into the site.
* The completed application form and necessary supporting documentation is forwarded to the Regional Office by the Area Office.
* The Regional Office reviews the application and documents and forwards to Central Office.
* Central Office reviews the application and documentation for completeness and reasonableness.
* If application and back up documents are complete, the DDS Central Office will establish a rate for the new site and notify all parties of the site rate.
* After the rate is established, the provider works with the Regional Contracts Office to amend their Occupancy Worksheet by adding the Site costs/offsets to the worksheet. An updated worksheet and SSF is processed reflecting the new blended occupancy rate for all sites covered by the contract.

The Occupancy Rate Application is completed and submitted for new sites or sites that transition from one provider to another provider during the fiscal year. The ORA is also completed for sites that have not been used to serve DDS individuals for more than a year.

The Occupancy Rate requests are to be accompanied by a complete application and the minimum document standards as outlined in the instructions that accompany the application. Additional documentation may be requested to better understand a specific site, program attribute, or expense. Applications and documents must be submitted in electronic format. Paper applications or documents are not accepted.