



Massachusetts Department of Public Health

Provider Billing Booklet

Cost Reimbursement Policies and Billing in EIM-ESM

Version 1.6

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Introduction

The Department of Public Health utilizes the Executive Office of Human Services web-based billing application, Enterprise Invoice Management/Enterprise Service Management (EIM-ESM) for all service contract billing. EIM-ESM is a business service of the EOHHS Virtual Gateway. Providers contracting with the Department must execute all required Service Agreements required by the Virtual Gateway and to comply with all applicable Virtual Gateway, DPH and EOHHS policies and procedures related to such services. Contractors must agree to submit all information as directed by EOHHS or DPH including, but not limited to invoices, claims, contract amendments and/or other information to DPH through EIM-ESM.

When you submit billing or service data through EIM or ESM for processing, you agree that you are certifying under the pains and penalties of perjury that:

- All information submitted to EIM-ESM is accurate and complete
- It is your intention to attach an electronic signature approval and date to the EIM or ESM billing or service data
- You are authorized by your organization to approve, reject, modify and submit documents through EIM and ESM

Funds fraudulently acquired must be promptly recovered in full and returned to the Commonwealth. All such cases will be referred to the offices of the State Auditor, the Attorney General, and the Inspector General and, if federal funds are involved, to the appropriate federal Inspector General and U.S. Attorney.

EIM-ESM System Requirements

All computers used to access the Virtual Gateway require Internet Explorer 6.0 or higher.

For the EIM/ESM application, the minimum system requirements are:

- Windows (98 or higher or XP)
- Internet Explorer 6.0 or higher
- 800x600 or higher screen resolution
- 300MHz CPU and 128MB RAM

Additionally, the preferred system features to enhance the performance of EIM/ESM are:

- Windows XP (Business Class)
- 1024x768 screen resolution
- 500MHz CPU and 256MB RAM

Cost Reimbursement Billing

Billing Policies and Procedures – Overview

The Department has developed billing policies and procedures that apply to all Bureaus/Offices that contract for services. This does not preclude additional guidelines set at the Bureau or Office level, to meet the needs of specific service types

Contractors submit Cost Reimbursement billing by generating an invoice in EIM-ESM. There are several guidelines for the submission of Cost Reimbursement invoices, some of which are enforced by EIM-ESM.

Rule/Guideline	DPH Policy	EIM-ESM Business Rule
Invoices must be submitted on a monthly basis for all services provided and costs incurred in the previous month.	X	X
If no services were delivered or costs incurred, during a month, a zero dollar Invoice must be submitted	X	X
Invoices that include more than one month's billing will be denied by the contract manager	X	
Invoices submitted for contracts that include direct care/program staff UFRs (100 series), must include a Personnel Summary Report with the Invoice. If the PSR is omitted, the contract manager will deny the Invoice.	X	
Invoices for the prior month should be submitted no later than the 14 th of the following month. Some Bureaus/Offices may set an earlier deadline.	X	
If corrections need to be made to previously submitted Invoices, Supplemental Invoices must be generated for the month in which the billing was originally submitted.	X	

All offsets must be reported for each Personnel UFR (101-141) on the invoice. Non-personnel offsets should be detailed in the Invoice Notes.	X	
When a contract or amendment has a mid-month start date, the Invoice must have the same start date. If the 1 st of the month is selected when generating the Invoice, it will be rejected by EIM-ESM	X	X
Some Bureaus/Offices require Invoice Assessments that report on services delivered, be completed with each Invoice. If a required Invoice Assessment is omitted, the contract manager may deny the invoice.	X	

Important Cost Reimbursement Deadlines*

Type	Deadline
Budget Line Item adjustment equal to or greater than 10%	End of April
Budget Line Item adjustment less than 10%	Mid July
Credits to any UFR (<i>CEC in EIM</i>)	Mid July
Last billing date in EIM (<i>submission date required to meet Accounts Payable for the Commonwealth</i>)	Second Friday in August

* Each year, DPH Purchase of Service distributes a letter to providers in March, in which the exact dates are specified.

Uniform Financial Reporting and Budget Guidelines

Budgets are submitted to DPH on *Attachment 3: Fiscal Year Program Budget Form* and entered into EIM-ESM once approved by the contract manager. The budget in EIM-ESM replicates *Attachment 3*. The UFRs that are allowed by DPH vary widely from program to program. The following table gives shortened definitions for the UFRs and those disallowed by DPH. Guidance around the use of URFs may be individualized by the Bureau/Office managing the contracts, in order to identify the most specific and appropriate UFR.

CATEGORY 1: DIRECT CARE / PROGRAM STAFF

Category 1 includes direct care staff/program staff required to provide direct care or deliver other primary program services. (Components 101-151)

Code	Description
101	Program Function Manager:
102	Program Director:
103	Assistant Program Director:

104	Supervising Professional:
105	Physician:
106	Physician's Assistant:
107	Registered Nurse - Master's, Nurse Psychiatric Mental Health Specialist, Nurse Practitioner, and Nurse - Midwife.
108	Registered Nurse.
109	Licensed Practical Nurse:
110	Pharmacist.
111	Occupational Therapist:
112	Physical Therapist
113	Speech/Language Pathologist, Audiologist:
114	Dietitian/Nutritionist:
115	Special Education Teacher:
116	Teacher:
117	Day Care Director:
118	Day Care Lead Teacher:
119	Day Care Teacher:
120	Day Care Assistant Teacher/Aide:
121	Psychiatrist:
122	Psychologist - Doctorate:
123	Clinician (<i>formerly Psychologist - Master's</i>):
124	Social Worker - LICSW:
125	Social Worker - LCSW:
126	Social Worker - LSW:
127	Licensed Counselor:
128	Certified Vocational Rehabilitation Counselor:
129	Certified Alcoholism Counselor, Certified Drug Abuse Counselor, Certified Alcoholism/Drug Abuse Counselor:
130	Counselor.
131	Case Worker/Manager - Master's:
132	Case Worker/Manager.
133	Direct Care/Program Staff Supervisor:
134	Direct Care/Program Staff III:
135	Direct Care/Program Staff II:
136	Direct Care/Program Staff I:
137	Program Secretarial, Clerical Staff
138	Program Support, Housekeeping, Maintenance, Janitorial, Groundskeeper, Driver, Cook:
139	Direct Care Overtime Expense:
140	Shift Differential Salary Expense:
141	Relief Staff Expense:
150	Payroll Taxes
151	Fringe Benefits

CATEGORY 2: OTHER DIRECT CARE/PROGRAM RESOURCES

(Components 201 - 216): Category 2 includes resources, other than direct care staff/program staff, required to carry out direct client care or support the delivery of other primary program services.

201	Direct Care Program Consultants:
202	Temporary Help
203	Provider Reimbursement/Stipends:
204	Staff Training
205	Staff Mileage/Travel:
206	Subcontracted Direct Care:
207	Meals:
208	Client Transportation:
209	Incidental Health/Medical Care:
210	Medicine/Pharmacy:
211	Client Personal Allowances:
212	Provision of Material Goods, Services and Benefits:
213	Data Processing:
214	Not in Use at DPH
215	Program Supplies, Materials and Expendable Items of Equipment and Furnishings:

216	Program Support: etc.
CATEGORY 3: OCCUPANCY	
301	Program Facilities:
390	Facilities Operation, Maintenance, Equipment and Furnishing:
CATEGORY 4: ADMINISTRATIVE SUPPORT	
410	Agency and Program Administration and Support:
CATEGORY 5:	
510	Not in Use at DPH (This is a combination of URF 390 and 410 established for other EOHHS agencies. This code does not meet DPH budget transparency and reporting efforts).

Non-Reimbursable Costs

Funds received from Departments may only be used for Reimbursable Operating Costs as defined in 808 CMR 1.02. In addition, funds may not be used for costs specifically identified in 808 CMR 1.05 as non-reimbursable. Expenditures not in accordance with 808 CMR 1.05 are subject to recoupment, intercept, offset, and where appropriate, the Authorized Price is subject to adjustment, as determined by the Commonwealth.

The following is a summary of non-reimbursable costs under 808 CMR 1.05. For detailed definitions please refer to the OSD regulations. The document is available on line at: www.mass.gov/anf/docs/osd/policy/808cmr1.doc.

- Unreasonable Costs. Any costs not determined to be Reimbursable Operating Costs or any amount paid for goods or services which is greater than either the market price or the amount paid by comparable Departments within or outside of the Commonwealth.
- Certain Depreciations
- Certain Interest including several types of borrowing or fund advancement and any interest or penalties incurred because of late payment of loans or other indebtedness, late filing or payment of federal and state tax returns, municipal taxes, unemployment taxes, social security, and the like.
- Current Expensing of Capital Items: All costs attributable to the current expensing of a Capital Item.
- Certain Salaries and Consultant Compensation: Those salaries, wages, and consultant compensation considered to be excessive.
- Bad Debts
- Taxes: Federal corporate income taxes and the income related portion of the Massachusetts corporate excise tax.

- Certain Related Party Transaction Costs
- Certain Fringe Benefits: Fringe benefits excessive in light of salary levels and benefits of other comparable Contractors and fringe benefits that are not available to all employees under an established policy of the Contractor.
- Fundraising Expense: The cost of activities which have as their primary purpose the raising of capital or obtaining contributions, including the costs associated with financial campaigns, endowment drives, and solicitation of gifts and bequests. However, if a Program which receives Commonwealth funds does not, or cannot be reasonably expected to receive federal funds, the fundraising expenses specifically for raising capital or obtaining contributions for that Program may be off-set against the revenue generated by the fundraising activity except no loss will be reimbursable.
- Travel Allowances: Any amount for the use of a private motor vehicle on official agency business in excess of the amount allowed under the United States Internal Revenue Code §§ 61 and 62.
- Non-Program Expenses
- Security Deposits: Money deposited by the Contractor with a lessor of real property as security for full and faithful performance of the terms of a Contractor's lease
- Free Care: Costs associated with free service.
- Research: The costs related to the conduct of grants, contracts, investigations, or Programs directed at the understanding, cause or alleviation of physical, mental or behavioral conditions. Data gathering and Program analysis are not considered to be research.
- Management Agency Fees
- Costs Resulting from a Change of Assets
- Lobbying Costs
- Certain Reporting Year Expenditures: Reporting year expenditures in the operating fund for which Restricted Funds were available but not used.
- Itemized Deductions: All expenses not qualifying as itemized business deductions under the United States Internal Revenue Code.
- Litigation Costs

- Unallowable Costs under OMB Circular A-122 and A-21, or Successor Provisions.
- Luxury Items.
- Salaries of Officers and Managers: Salaries of officers and managers to the extent they exceed the rate paid to state managers in job group M-XII, step seven.
- Mortgage Principal
- Undocumented Expenses
- Administration and Support Costs: Costs which are otherwise non-reimbursable under the provisions of 808 CMR 1.05 may not be reimbursed through Administration and Support Costs.
- Payments by the State for Contracted Services in Support of or in Opposition to Unions or Employee Organizations.

In Addition, certain contracts may have additional restrictions associated with the RFR language, contract conditions, or Federal Grant funding the program. There may be specific language, for example, that prohibits the following:

- Purchase of vehicles
- Foreign Travel
- Gift Cards
- Creation, capitalization, administration of a liability risk pool
- Direct cash payments
- Employment and employment-readiness services
- Maintenance of privately owned vehicles
- Funeral or burial expenses
- Household appliances
- Pet foods or non-essential products
- Off-premise social/recreational activities or gym memberships
- Land purchases; construction, permanent facility improvements – this includes replacing carpeting, floor tiles, and all other permanent improvements to facilities

Offsets

The budget is designed to reflect the annual fiscal year operating cost of a TOTAL PROGRAM, not just the portions of a program purchased by the Department of Public Health. Non-reimbursable costs must be listed in the budget, under program offsets and deducted from the reimbursable costs on Attachment 3: Fiscal year Program Budget.

For each UFR, the provider must fill in the dollar amount (or 0 if there is none) to be offset from each line in the offset column on the budget form. The Amount field on the Budget form is the program cost. The Reimbursement amount is the Program Cost minus the Offset. For each Offset, a source must be entered.

UFR No	Component	FTE	Amount	Offset	Source	Reimbursement
104	Supervising Professional	.50	\$28,177.00	\$9,225.00	DOE	\$18,952.00
124	Social Worker - LICSW	.80	\$73,733.00	\$69,125.00	Grants	\$4608..00
127	Licensed Counselor	1.0	\$41,400.00	\$10,350.00	3rd Party	\$31,050.00

UFR No	Component	FTE	Amount	Offset	Source	Reimbursement
201	Direct Care Program Consultants		\$1,400.00	\$1,400.00	3rd Party	\$0.00
204	Staff Training		\$3,900.00	\$747.00	Fundraising	\$3,153.00

A sample list of acceptable source(s) of offset funds is as follows:

- Client Resources
- Gifts and Contributions, specified
- Fundraising
- Grants
- Medicaid
- Third Party
- United Way
- Food Stamps
- Other Agency, specified

CR Invoice – Personnel Summary Report

When billing Cost Reimbursement contracts in EIM-ESM there are two reporting sections, the Invoice Summary and the Personnel Summary Report (PSR). Personnel costs can be reported on the Invoice Summary or, in detail, using the PSR. The Department of Public Health requires the detailed reporting of personnel hours and costs on the Personnel Summary Report. As indicated in the Overview, any monthly invoice that is submitted without a completed PSR will be denied by the contract manager.

The Personnel Summary report is accessed from the Invoice Summary Page

Invoice

- Summary
- Personnel Summary**
- Invoice Assessment
- Invoice Notes
- CR-Service Delivery Report

Invoice #940303

Update Invoice

Corporate Name:	State Agency Name:
Vendor Customer Code: VCR000	Invoice Status: Paid
Service Contract Number: INIT	Service Contract Amendment Number:
Billing Period: 07/01/2018 - 07/31/2018	Invoice Reference Number:
Supporting Documentation Reference Number:	Supporting Documentation Description:
Supporting Documentation Type:	Invoice Type: Regular
Monthly Service Narrative:	

Activity: 6703 - AWC- Individualized Home Supports Budget: 1

Line Item	Budget Component	Category	FTE	Reimbursable Cost	Balance to Date	Invoice Amount	Current Balance
136	Direct Care/Program Staff II	1-Direct Care / Program Staff	1	\$263,454.38	\$263,454.38	\$18,266.93	\$245,187.45
150	Payroll Taxes	1-Direct Care / Program Staff	1	\$20,154.26	\$20,154.26	\$1,396.70	\$18,757.56

When completing the PSR please report the following information for each staff person:

- UFR
- First and Last name
- Total number of hours the staff person worked, as reflected in the budget FTE
- The Employee Amount
- Any Offsets applied to this staff person’s salary

The Reimbursable Amount will be equal to the Employee total minus the Offset.

Below is the data entry screen for the Personnel Summary in EIM-ESM.

Personnel Summary Information

*Budget Number: <input type="text" value="1"/> <input type="button" value="Select"/>	
Activity:	
*UFR Title: <input type="text" value="Select Below"/>	
*Employee Last Name: <input type="text"/>	*Employee First Name: <input type="text"/>
*Hours: <input type="text"/>	
*Employee Amount: <input type="text"/>	Less Offsetting Support: <input type="text"/>

Once completed, the PSR will display as seen below.

Personnel Summary Information

UFR Title	Last Name	First Name	Hours	Employee amount	Less Offsetting Support	Net Employee Amount
135-Direct Care/Program Staff II	Client	Joe	10.00	\$11.00	\$0.00	\$11.00
135-Component Total			10.00	\$11.00	\$0.00	\$11.00
150-Payroll Taxes	Client	Mary	20.00	\$15.00	\$0.00	\$15.00
150-Component Total			20.00	\$15.00	\$0.00	\$15.00
Staff Total			30.00	\$26.00	\$0.00	\$26.00

Policy: Reporting Personnel Costs

As stated in the Overview, DPH requires the monthly submission of invoices in EIM-ESM for services and costs incurred during the month. This applies to the reporting of personnel costs, as well, and may require the provider to report costs that are not in alignment with the organization’s pay cycles. Many times, those payroll cycles will include some dates outside the month being invoiced.

DPH does allow for the waiver of the PSR billing policy, upon written request of the provider (*see sample waiver request in Attachment A*). The provider will be notified in writing that the waiver request is approved or rejected by the Department.

The following PSR Waiver guidelines apply:

- Invoices must be submitted each month by the 14th.
- Failure to submit timely monthly billing will be cause to revoke the waiver.
- The total number of weeks billed to the contract will not exceed 52 weeks.
- A comment will be included in the ESM-EIM Invoice Notes or the Monthly Service Narrative, indicating the number of weeks and date range included in the PSR
- The June invoice will not include hours after June 30th in compliance with the conditions of the contract. Where contracts are funded by Federal grants, the same restrictions will apply to the last month billed against the grant, in compliance with Federal Grant guidelines. Consult the Contract Manager for guidance, as the Federal Year varies according to the grant.
- This waiver applies to UFR titles 101-141 only. All other UFR categories must conform to the dates within a single month as specified in the DPH billing policy.

Contract Amendments and Budget Line Item Amendments

This section covers *Line Item Amendments* which are adjustments to the Budget's UFR Maximum Amounts and *Contract Amendments* that are required for certain types of line item adjustments. When a formal amendment is required, the provider receives a Contract Amendment Package. Once completed, the Package is returned to DPH Purchase of Service for further processing.

Formal Amendment to Contract

A contract amendment is required when a request is:

- Redistributing 25% or more of the Maximum Obligation amount
- There is a change in staffing, impacting services – this must be reported as an increase or decrease in FTE
- Addition of a Capital budget line
- Significant increase in a Capital budget line

A contract amendment may be required:

- If there is a change to the indirect cost rate.
- When a request is a significant increase to a line. If it is greater than 10% of total Maximum Obligation, but less than 25%
- A review will be triggered to determine if this adjustment results in a change of scope of service.

Budget Line Item Amendments

Budget Line Item Amendments are submitted through EIM-ESM. Requests sent directly to the Contract Manager by email or phone, will not be processed. The Contractor accesses the functionality through their contract page by selecting “Request Amendment” from the menu.

The screenshot displays the EIM-ESM interface for contract INTF2317DD3779. The left-hand navigation menu has "Request Amendment" circled in red. The main content area shows contract details for the 2019 fiscal year, including maximum obligations, amendments, and activity codes.

Activity Code	Description
3779	3779 - Family Support Center Stipends

2019 Fiscal Year	
Original Current Year Maximum Obligation: \$385,259.00	Current Year Maximum Obligation: \$382,826.40
Current Year Amendment Total (Variances): (\$2,432.60)	
Unexpended Amount: \$341,145.00	Expended Amount Per Vendor: \$41,681.40
Hold Amount: \$0.00	
Pending Amount: \$0.00	Deficiency Amount: \$0.00
Last Bill Date: 10/12/2018	
Effective From: 07/01/2018	Effective To: 06/30/2019
Accounts Payable End Date: 08/31/2019	
Ready/Pay Rate Flag: <input type="checkbox"/>	
Location Specific SDR Flag: <input type="checkbox"/>	
* Enrollment Type: Contract Type Specific	* Status: Active
* Contract Access End Date: 08/11/2019	

EIM-ESM allows the Contractor to submit a budget request based on the current balances in the contract and each UFR. Line Item adjustment requests for UFR 101-141 must include any changes to the FTE as well as any increase or decrease to the Reimbursable Amount. Changes in FTE or offsets must be listed in the comment box: *Reason for Amendment*, as the FTE and Offset fields can not be edited on screen (see below).

[Contract Search](#) > [Contract Summary](#) > [Select Budget](#) > [Request Amendment](#)

Contract# INTF2317DD3779 2019 - CT -

Master Contract Number: INTF2317DD3779		Contract Type: COST	
Fiscal Year: 2019		EIM Version Number: 111	
MMARS Version Number: 31			
Activity Code		Activity Name	
3779		3779 - Family Support Center Stipends	

Request Amendment : Budget 1

Contract Maximum Obligation: \$382,826.40	Budget Maximum Obligation: <input type="text" value="382826.40"/>
Current End Date: 06/30/2019	Remaining Amount: \$0.00
Current Client Capacity Limit:	New Client Capacity Limit: <input type="text"/>
*Reason for Amendment: <input type="text"/>	

212 - Provision of Material Goods, Services and Benefits (Category 2 . Other Direct Care/Program Resources)

Original FTE:	Original Amount: \$382,826.40
Expended Amount: \$41,681.40	Balance: \$341,145.00
Reimbursable Cost: \$302,826.40	
Current FTE:	Offset: \$0.00
Current Amount: \$382,826.40	*New Amount: <input type="text" value="382826.4"/>

New amounts can be requested for existing lines or new UFRs can be added. The justification for the Amendment is entered in the *Reason for Amendment* comments box along with any change to FTE or Offsets.

EIM-ESM will email this request to the Contract Manager for approval who will forward the request to the appropriate staff. In some Bureaus, the Contract Manager enters the Line Item budget amendment.

Sub-Contracting

All subcontracts must be in writing and contain language that the subcontractor will be held accountable to the applicable Commonwealth Terms and Conditions. The contracting provider ensures that all sub-contractors are legal entities and eligible to conduct business with the Commonwealth. The prime contractor is responsible for the satisfactory performance and adequate oversight of their subcontractors.

The Purchase of Service Office has created the DPH Subcontractor Identification List (*see Attachment E*) which is a required for all human services contracts. On the form, all subcontractors and associated costs must be identified, before billing against UFR 206. When there is a subcontractor line on a Cost Reimbursement Budget, the POS contract manager assure that the *Subcontractor Identification List* is completed and that the amounts on the *List* match the total amount in the Budget UFR 206.

The prime vendor/lead agency must:

- **Resubmit** the *Subcontractor Identification List* if there are any changes in the sub-contractor entities or dollar amounts to already identified sub-contractors.
- Ensure that the subcontracted providers submit timely monthly billing. This action correlates to the DPH billing requirement for lead agencies.
- Ensure that payments to subcontracted providers are processed within 30 days of receipt of invoices.
- Breakdown amounts paid to each sub-contracted provider in the EIM-ESM Invoice Notes when submitting monthly billing.
- Ensure that the subcontractor on a human services contract will adhere to the requirements of 808 CMR 1.00 (www.mass.gov/anf/docs/osd/policy/808cmr1.doc)

DPH Contract Reversion Policy

Reversions

The Department of Public Health establishes a contract amount for each year in a multi-year contract based on utilization.

The Department and its Bureaus shall award contracts to vendors based on appropriations, ability to provide services, past performance, and proposal request(s). All contracting shall be in compliance with State, Federal, and Purchase of Service regulations governing such contracting.

If a provider has underutilized, or has a reversion of funds for two (2) consecutive contract years, the contract may be reduced in the next fiscal year. Contract decreases are based on any variety of factors (e.g. changes in funding, utilization trends, to meet changing service needs, etc.) and are decided by the Bureau/Office managing the contract.

Preventing Reversion of Funds:

In most instances, vendors can anticipate the underutilization of funds. In collaboration with the program manager, it might be in the best interest of both parties to negotiate a one-time reduction of the Maximum Obligation (MO) for the current fiscal year. Such a reduction would bring the Maximum Obligation to a sufficient level to cover anticipated expenses for the remainder of the fiscal year, thus preventing a reversion. The contract maximum obligation would be reinstated to its prior level the following fiscal year. It is extremely important for the vendors to communicate with the Bureau Contract

Manager, to review both the-year-to date expenditures and the anticipated expenses for the remaining months.

It is critical to allow enough time for the review and implementation of the process. Once the deadline passes to process a decreasing amendment, any unexpended balances at year end will be classified as a “reversion.”

Increase in Funds

The contract may be increased the following fiscal year if all three of the following conditions are met:

- The program exceeds performance conditions
- The program has effectively increased services to the target population
- The allocation of sufficient funds are available

Capital Purchases

All line item adjustments or amendments to a contract, that fund capital purchases must be handled according to DPH policies. Capital purchases must be approved by the Department before the purchase is made.

Capital expenditures are defined as:

- Assets or a group of assets of nonexpendable personal property
 - Useful life greater than 1 year
 - Excludes non-moveable items
 - Cost equals or exceeds Capitalization Level
 - Capitalization Level is determined by organization’s governing board and cannot exceed \$5,000.00
 - Determines whether an agency will expense the cost of a purchase in the current budget year or over the life of the purchase
 - Must be submitted according to the Purchase of Service timelines for adjustments/amendments to contracts
- Capital expenditures may also be:
 - a repair, betterment or improvement of non-moveable assets
 - Or group of repairs/improvements
 - Costs more than \$500 in aggregate
 - Adds to permanent value of assets
 - Prolongs useable life to more than one year

Capital Budgets

- Most capital assets are reflected in budgets as depreciation costs or as interest expenses
- However, in some cases, a DPH program may allow contractors to purchase capital items through a capital budget process
- These purchases generally involve the purchase of furniture or equipment such as computers
- The following requirements apply to purchases made through a capital budget process:
 - The item or related group of items must have a value greater than the capitalization level
 - They must be movable items.
 - The DPH program must approve the purchase before it is made.
 - The contract must have a term of at least three years remaining before the contracted service is re-procured unless that rule is waived by DPH.
 - Depreciation expenses for purchases made through a capital budget are not reimbursable

For example, if the contractor is considering the purchase of staff computers or furniture, the aggregate cost must be compared to the capitalization level. If it is above the level, a capital budget is required. If below the capitalization level, the purchase can be recorded on the appropriate UFR Line.

Procedure for Implementation

Once the capital purchase is approved by the Department, the contractor returns the Amendment package back to the DPH Purchase of Service unit, including:

- Attachment 6: Capital Budget. (*Attachment D*)
- Attachment 4: Purchase of Service – Rate Calculation /Maximum Obligation Calculation Page (complete the bottom portion of the form). (*Attachment C*)
- Attachment 3: Fiscal year Program Budget. (*Attachment B*)
- No capital budget amount entered on Attachment 3

The contractor will keep on file, a written inventory of the property including:

- number and description of assets
- source of funding
- acquisition cost
- location of each item

Capital budget in EIM-ESM:

- A separate budget will be entered into EIM-ESM for the capital expenditures.
- Generally, the budget will include only UFR 390 (Fac.Oper/Main/Furn).
- If the capital expenditure is related to vehicle expenses, the capital amount would be entered under UFR 208.

Staff Vacations

For cost reimbursement contracts the Department can only be billed for 52 weeks per position included in the budget for the cost reimbursement contract. It is incumbent upon the human service contractor to insure personnel charged against a cost reimbursement contract take their vacations within the contract year.

The Department reimburses providers for employee services rendered and accrued vacation time (example 50 weeks of employee services and 2 weeks of accrued vacation), as specified in program proposal and included in as part of the contract for the term of the contract year (generally 52-week year).

The Department does not pay for employee services and vacation time in excess of the amounts defined in the proposal, which is generally a 52-week period. These costs are considered non-reimbursable.

For example:

A contractor has a policy that allows for banking of vacation time. The contract is not renewed. The employee worked 50 weeks and took 2 weeks of vacation, but accrued another 2 weeks of time. The additional two weeks are not reimbursable under the conditions of the contract. If the employee had worked 48 weeks and taken 4 weeks of vacation during the contract year, it would be reimbursable.

FMLA, Maternity Leave, Severance and Bonuses

If a contracting agency has an approved and reasonable fringe benefit plan for FMLA or severance, then it could be a reimbursable. Prior to awarding a contract, the Contractor's policy on such should be reviewed and negotiated as applicable to the Department's policy.

FMLA, Maternity Leave

The Massachusetts Maternity Leave Act ("MMLA"), M.G.L. c. 149, §105D requires that employers provide up to eight weeks off for giving birth or adoption and subsequent caring, but it does not require that this leave be paid leave. It does, however, allow the parent to use accrued leave time during that interval under the employer's company policy. Therefore, accrued leave paid to an employee on maternity would be considered staff time and billable as such, provided it was being used under the contractor's maternity leave policy.

Further, if the employee on maternity leave is being paid and not utilizing accrued leave, then that paid time would be considered a fringe benefit, but then the question arises as to whether it is a billable/reimbursable expense or not. Therefore, if the company

has an approved policy to do this, then it would be a reimbursable fringe, but if they should not have such an approved policy, then it would be a non-reimbursable fringe. Prior to awarding a contract, the contractor's policy on such should be reviewed and negotiated as applicable to the Department's policy.

Severance

Severance pay is a payment in addition to regular salaries and wages, by organizations to workers whose employment is being terminated. Costs of severance pay are allowable only to the extent that in each case, they are allowable by law, employer/employee agreement, established organizational policy, or the circumstances of the particular employment.

1. Prior to awarding a contract, the organization's severance policy should be reviewed and negotiated as applicable to the awarding Department's policy. However, this benefit must be available to all employees under an established policy of the contractor.
2. If an agency has an approved and reasonable fringe benefit plan for severance, then it could be a reimbursable expense unless the awarding Department has a policy not to allow it.
3. Costs incurred in certain severance pay packages (commonly known as "a golden parachute" payment) which are in an amount in excess of the normal severance pay paid by the organization to an employee upon termination of employment and are paid to the employee contingent upon a change in management control over, or ownership of, the organization's assets are unallowable.
4. Allowable severance payments must be proportional to the FTE percentage for the individual who is being terminated.
5. Total reimbursement for the UFR, including time worked, severance and vacation, will not exceed the 52 week cost for the position.

Bonuses

Bonuses are not considered a fringe benefit; rather, they are properly classified as a salary allowance when attributable to services rendered by an employee. Bonuses are a negotiable item, which are added to salaries in the budget and in the financial statements.

The net salary amounts must not exceed what is considered reasonable compensation to be reimbursable. There are two ways to furnish bonuses to employees:

- One is a fixed bonus as part of an employee's salary based on terms incorporated into his or her written employment agreement

- The second is through a Contractor's written employee morale, health and welfare policy, which makes available bonuses to all employees based on exceptional employee performance.

In both cases, the bonus payment is reimbursable.

There is a reasonableness provision tied to the allowable bonus policy. For example, the activities must be expected by the Department. Prior notice of the expected costs must be furnished to the Department through the program proposal review process, award or renewal of the contract, through the program price approval process, or by separate notification prior to the expenses being incurred.

Staff Travel

All travel submitted for reimbursement under UFR 205 must adhere to the following Department policies:

- Required travel, other than local mileage, must be pre-approved
- Mileage reimbursement rates cannot exceed the federal rate per mile.
<http://www.gsa.gov/portal/content/104877>
- All out-of-state travel must be pre-approved by the agency and the DPH program manager before booking travel arrangements. The agency must provide DPH with the following information:
 - Brief description/reason for the travel
 - Dates of the travel
 - Agenda for event
 - Breakdown of the projected cost of the travel (transportation, luggage fees, hotel, meals, registration fees)
- Lodging expenses as well as meal expenses generally should not exceed the federal guidelines. Lodging expense includes the lodging expenses and incidental charges for hotel parking, tips and fees for service. Helpful sites:
 - <http://www.gsa.gov/portal/category/100120>
 - http://www.gsa.gov/graphics/ogp/FY2013_PerDiemRatesMasterFile.xls
- All expenses must be supported by original itemized receipts.
- Reimbursement of alcoholic beverages is not allowed.
- All Expense Reports must be approved by the traveler's manager for payment.

Glossary of Links

<http://www.mass.gov/anf/docs/osd/ufr/comp2012.pdf>

UFR Auditor's Compliance Supplement (Capital Purchase information page 117-118)

<http://www.mass.gov/anf/docs/osd/ufr/ufr2012.pdf>

UFR Audit and Preparation Manual (in addition to providing instructions for preparation of annual financial statements, this manual contains policy concerning reimbursable vs. non-reimbursable costs and definitions of the UFR codes)

<http://www.mass.gov/anf/docs/osd/policy/808cmr1.doc>

808 CMR 1.00: Compliance, Reporting and Auditing For Human and Social Services

<http://www.mass.gov/anf/budget-taxes-and-procurement/oversight-agencies/osd/>

Operational Services Division

<http://www.mass.gov/osc/>

Office of the State Comptroller

<http://www.mass.gov/eohhs/gov/departments/dph/>

Department of Public Health

<http://www.mass.gov/eohhs/provider/training-and-edu/vg/eim-esm/>

Enterprise Invoice Management-Enterprise Service Management (Accessing EIM-ESM, Trainings, Manuals, Job Aids, FAQs)

<http://www.gsa.gov/portal/category/100120>

http://www.gsa.gov/graphics/ogp/FY2013_PerDiemRatesMasterFile.xls

U.S. General Services Administration (Federal guidelines for mileage rates and travel expenses)

Attachment A - Sample Waiver Letter

[Organization Letterhead]

To: [Contract Manager]
[Bureau]
Department of Public Health

Subject: Personnel Summary Report (PSR) Waiver

Contract Number:

Date:

We are requesting a PSR Waiver of DPH billing policy, for the contract(s) listed above. We understand that DPH requires the monthly submission of invoices in EIM-ESM for services and costs incurred during the month. We request approval to submit invoices where the Personnel Summary Report is in alignment with the payroll cycle used by our organization. Many times, those payroll cycles will include some dates outside the month being invoiced. We understand that the following PSR Waiver guidelines apply:

- Invoices must be submitted each month by the 14th.
- The total number of weeks billed to the contract will not exceed 52 weeks.
- A comment will be included in the ESM-EIM Invoice Notes or the Monthly Service Narrative, indicating the number of weeks and date range included in the PSR
- The June invoice will not include hours after June 30th in compliance with the conditions of the contract.
- [Add if contract is funded by a Federal Grant] The same restrictions apply to the last month billed against the Federal Grant, [name of Grant], in compliance with Federal Grant guidelines. [Consult with Contract Manger to identify the end date for the Federal Grant]
- This waiver applies to UFR titles 101-151 only. All other UFR categories must be in compliance with DPH billing policy

We understand that our waiver request can either be approved or rejected and we will be notified in writing. We also understand that failure to submit timely monthly billing will be cause to revoke this waiver.

[Authorized Signatory]

Attachment: Payroll Periods for Current Contract Year.

Attachment B - Purchase of Service - Attachment 3

Program Name:		Document ID#:				MMARS Activity Code:		Program Type:		UFR Prog. #:
	Program Component	Current		Amend. Change		New		COST REIMBURSEMENT ONLY		
		FTE	Amount	FTE	Amount	FTE	Amount	Offset	Source	Reimbursable Cost
UFR Title #	Direct Care/Program Support Staff/Overtime/Shift Differential & Relief (Titles 101-141)									
	SUBTOTAL STAFF									
150	Payroll Taxes									
151	Fringe Benefits									
T 100	Total Direct Care/Program Staff									
Title	Occupancy									
301	Program Facilities									
390	Fac. Oper/Main/Furn									
T 300	Total Occupancy									
UFR Title	Other Direct Care/Program Support									
201	Direct Care Consultant									
202	Temporary Help									
203	Clients/Caregivers. Reimb/Stipends									
206	Subcontract Dir.Care									
204	Staff Training									
205	Staff Mileage/Travel									
207	Meals									
208	Contracted Client Trans.									
208	Vehicle Expenses									
208	Vehicle Depreciation									
209	Incid. Health/Med Care									
211	Client Per. Allowances									
212	Prov. of Material Good									
214	Direct Client Wages									
214	Other Commercial Prod. & Svs.									
215	Program Supplies/Mat									
T 200	Total Other Direct Care/Program									
Title	Direct Admin Expenses									
216	Program Support									
510 (410 & 390)	Other Direct Administrative Expenses									
T 500	Total Direct Administrative Exp.									
T	SUBTOTAL PROGRAM COSTS									
410	Agency Admin. Support Allocation	%	\$							
T	PROGRAM TOTAL									

SAMPLE

Commercial Fee, if applicable, for for-profit contractors only (for informational purposes only; not to be included in the price paid by the Commonwealth): % ___ \$ ___ : N/A for Cost Reimbursement

A. \$ _____ Subtotal of offsets which are for non-reimbursable costs.

Non-reimbursable costs must be shown in detail on Attachment 5 when the program is subject to the provisions of Federal OMB Circular A-122 and/or 808 CMR 1.00.

* Contractor's Board approved capitalization level relative to any negotiated expense costs in lines 208, 215, 390 or 410 is \$ _____

Attachment C - Purchase of Service Attachment 4

PURCHASE OF SERVICE ATTACHMENT 4: RATE CALCULATION/MAXIMUM OBLIGATION CALCULATION PAGE

Program Name:	Document ID#:	MMARS Activity Code:	Program Type:	UFR Prog. #:
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UNIT RATE CALCULATION

1. Program Total Costs			\$ _____
2a. Program Offsets:	<u>Source</u>	<u>Amount</u>	
	_____	_____	
	_____	_____	
	_____	_____	
	_____	_____	
2b. Offsets for Non-Reimbursable Costs:	_____		
Note: Total non-reimbursable costs listed in line 2b must be detailed on Attachment 5.			
2. Subtotal Offsets (Line 2a + Line 2b)			(\$ _____)
3. Net Adjusted Program Costs (LINE 1 minus LINE 2)			\$ _____
4. Total Program Capacity	_____ (# of units)	_____ (Type of unit)	
5. Share of Total Capacity Purchased by Contract	_____ (# of units)	_____ % (% of line 4)	
6. Negotiated Utilization Factor, if any	_____ %		
7. Adjusted Capacity Used to Establish Price (LINE 4 x LINE 6)	_____ (# of units)		
8. Unit Rate (LINE 3 DIVIDED BY LINE 7)		_____	
9. Maximum # of Billable Units (LINE 5 x LINE 6)		_____	

OTHER PRICE CALCULATION METHOD

10. Enter relevant information: _____

MAXIMUM OBLIGATION CALCULATION

11. For Unit Rate: Line 8 X Line 9			
For Other Price Calculation Method, Enter Obligation From Line 10			
For Cost Reimbursement: Enter Reimbursable Cost Total From Program Budget			
			\$ _____
12. Invoice Offset	<u>SOURCE</u>	<u>AMOUNT</u>	
	_____	_____	
	_____	_____	
	_____	_____	
12. Subtotal			(\$ _____)
13. Maximum Obligation for the Program (LINE 11 minus LINE 12)			\$ _____
14. Capital Budget (from Attachment 6: Capital Budget), if applicable			\$ _____
15. Total Maximum Obligation for Program (LINE 13 + LINE 14)			\$ _____

FOR INFORMATION ONLY: Other Revenue Sources (Only if % in LINE 5 is less than 100%)

<u>SOURCE</u>	<u>AMOUNT</u>
_____	_____
_____	_____

Attachment D - Purchase of Service Attachment 6

FY: _____ Contractor Name: _____ Amendment #, if Applicable: _____ * If Federal Funds,
 CFDA #: _____

PURCHASE OF SERVICE - ATTACHMENT 6: CAPITAL BUDGET For Purchase of Capital Assets with Commonwealth Funds

Program Name:	Document ID#:	MMARS Activity Code:	Program Type:	UFR Prog. #:	
Item to Be Purchased	Need For Item		Quantity	Estimated Unit Cost	Estimated Total Cost

DEPARTMENT USE ONLY: Check the appropriate box: **Total Cost:**
 \$ _____

Capital items purchased by the contractor:
 Capital items purchased by the Commonwealth (object code M11):

Only capital items, as defined in 808 CMR 1.02, may be procured through a capital budget with Commonwealth funds. The following are not eligible to be procured through this capital budget: capital items defined under 808 CMR 1.02 which includes capital items that are not moveable, an asset or group of assets that are below the contractor's capitalization level, or items not approved by the department. Title to all capital items purchased by the contractor through this capital budget shall vest with the contractor (with certain restrictions). Title to all capital items purchased by the Commonwealth through this capital budget and the M11 object code shall vest with the Commonwealth.

* Pursuant to the provisions of OMB Circular A-122 a capital budget that utilizes federal grant funds to acquire capital items for use in programs receiving any federal grant funds may not be used unless the department receives prior written approval from the federal awarding agency(ies). Capital items of furnishings and equipment purchased with Commonwealth funds that are to be owned by the contractor and used in programs receiving federal grant funds may only be acquired using a capital budget if the revenue and expense associated with the capital items are budgeted and disclosed in the UFR as a separate revenue and cost category of the program.

Use of assets acquired with Commonwealth funds should be clearly disclosed in the financial statements. The asset(s) should be disclosed on the UFR Statement of Financial Position (Balance Sheet) in the plant fund if the contractor holds title or in the custodian fund if the Commonwealth holds title. The revenue derived from the capital budget when the asset is purchased should be disclosed in program services on the UFR Statement of Activities and in the appropriate program(s) on the Program Supplemental Information Schedule B. Capital assets, whether owned by the contractor or the Commonwealth, should be depreciated and also disclosed in Schedule B as a non-reimbursable cost when incurred, using the schedule of service lives issued by the Operational Services Division. See also 808 CMR 1.05(2)(d).

The assets furnished through a capital budget must be labeled and kept on file in the contractor's written inventory, which notes the number and description of assets, source of funding, acquisition cost and location of the assets, pursuant to 808 CMR 1.04(5). In addition, the contractor must follow disposition standards in 808 CMR 1.04(5).

I, _____, an authorized signatory for _____ (the contractor), hereby certify that the contractor's capitalization level established for financial statement purposes by the board of directors is: an asset or group of assets of non-expendable personal property having a useful life of more than one year and an acquisition cost of \$ _____

_____(Signature)
 _____(Title)
 _____(Date)

Attachment E - Purchase of Service Sub-Contractor Identification List

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF PUBLIC HEALTH

SUBCONTRACTOR IDENTIFICATION LIST FOR DIRECT CARE SERVICES

Provider/Vendor Name: _____ Vendor VC No.: _____

Program Name: _____ Contract ID: _____

Instructions: Providers/vendors must complete and submit to DPH at the time of initial contract execution AND when subcontract dollars and/or vendors/providers are added or deleted. This form must be signed by the DPH program representative to indicate program approval PRIOR TO the execution of said subcontract(s).

Subcontractors must agree to the Terms and Conditions set forth in the RFR, which is part of this contract. Subcontracts must be in writing, in accordance with Section 9 of the Commonwealth Terms and Conditions or the Commonwealth Terms and Conditions for Human and Social Services. Providers may use the standard subcontract template available through DPH contract managers. All subcontracts must be available for review by authorized agents of the Commonwealth. DPH may require the submission of any subcontract at any time during the contract period.

1. Total Subcontract Dollars* \$ _____

2. Amount of #1 allocated to identified subcontractors (list below): \$ _____

Subcontractor Name/Vendor Number	Subcontract Amount	Type of Service provided and number of service units, if applicable
TOTAL: (Must = #2 above)		

3. Amount of #1 not yet allocated to identified subcontractors: \$ _____

Submitted by: _____ Date: _____ Phone: _____
 Provider/Vendor Authorized Signature

Approved by: _____ Date: _____ Phone: _____
 DPH Program Manager

* For contracts using Attachment 3, the Program Budget Form, 2 + 3 must = Line 206 of the form.