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MEMORANDUM

To: Executive Directors
Finance Directors
From: W. Chris Clark, CPA, CGMA
Chief Financial Officer
Date: June 25, 2019
Re: HASCI Waiver at home and State Funded Community Supports (SFCS) Administrative Costs

As we seek to formalize and communicate procedures within the SCDDSN Network and at Central Office, we identified the need to address how we handle administrative cost reimbursement requests for the HASCI Waiver Program (at home consumers). There is an apparent lack of formalized procedures in place related to HASCI Waiver administrative cost reimbursement requests and review procedures once the request is received by SCDDSN. Additionally, it became apparent to us that not all providers operating HASCI Waiver Programs knew they could request administrative costs to be reimbursed. This memorandum serves as an initial effort to communicate the process that we will be using to request HASCI Waiver administrative costs and how SCDDSN will review and process this request.

The HASCI Waiver Program revenues and expenses consist of board billed costs incurred by your agency and payments by SCDDSN to your agency based on requests received from you for each underlying service provided to a HASCI participant. Proper allocation of indirect costs requires that you allocate costs to this program just like other programs you operate. Without a process to request these administrative costs, your agency has no mechanism to recover these costs. As a result, an informal process has been in place to recover these costs and has led to much inconsistency and inaccuracies in the amounts awarded by SCDDSN.

Administrative costs are typically allocated to programs based on their pro-rata share of overall agency expenses. Expenses used are designed to represent the amount of effort required from the administrative cost pool. Program expenses should be adjusted for any items that have a distorting effect on the amount allocated. These items distort the amount of effort expended and thus the amount allocated. For the HASCI Waiver program, this would mean that environmental modifications and private vehicle modifications costs would have a distorting effect on costs being allocated. SCDDSN will be ensuring that administrative costs are not allocated to these costs since this would result in a disproportionate allocation of costs to the HASCI Waiver program.

The following represents the process to be followed to request HASCI Waiver administrative costs (effective for FY 2020 forward):

- 1) Your agency will submit a formal written request for the dollar amount requested for the fiscal year. The amount will be requested on letterhead and signed by an official of the Agency (Executive Director, President, CFO, Finance Director, etc).
- 2) The letter must be accompanied by the following components:
 - a. The income statement for the HASCI Waiver program through the last month finalized for internal issuance – most likely will be April or May month end.
 - b. The income statement for any cost pool that is being allocated to the HASCI Waiver program through the same month end. Note these pools should reflect that they are fully allocated and any surplus or deficit remaining in the pool should be explained.
 - c. The cost allocation supporting the amount allocated.
- 3) The request must be turned in to SCDDSN by June 15th of each fiscal year.
- 4) Administrative costs should be projected through June 30. If the amount projected is not a simple annualization of the interim amount, then please explain why the amount requested is not the annualized cost.
- 5) SCDDSN will review the request in June and submit for payment.

Since SCFS is going to a fee for service model on July 1, 2019, there needs to be a similar mechanism in place for requesting administrative costs for this program. The vast majority of the costs incurred in this program are day supports. To the extent a provider incurs costs that are not internally provided day supports, then the provider will need to allocate costs to this program just like any other. Any payments to third-party day supports providers can be included in your costs and will not need to be excluded when computing allocations.

The following represents the process to be followed to request SFCS administrative costs:

- 1) Your agency will submit a formal written request for the dollar amount requested for the fiscal year. The amount will be requested on letterhead and signed by an official of the Agency (Executive Director, President, CFO, Finance Director, etc).
- 2) The letter must be accompanied by the following components:
 - a. The income statement for the SFCS program through the last month finalized for internal issuance – most likely will be April or May month end.
 - b. The income statement for any cost pool that is being allocated to the SFCS program through the same month end. Note these pools should reflect that they are fully allocated and any surplus or deficit remaining in the pool should be explained.
 - c. The cost allocation supporting the amount allocated.
- 3) The request must be turned in to SCDDSN by June 15th of each fiscal year.
- 4) Administrative costs should be projected through June 30. If the amount projected is not a simple annualization of the interim amount, then please explain why the amount requested is not the annualized cost.
- 5) SCDDSN will review the request in June and submit for payment.

All requests should be sent to Debra Leopard. Email submissions are preferred. Her email address is dleopard@ddsn.sc.gov. If you should have any questions about this process, then please contact Debra (803-898-9674) or myself (803-898-4084 or chris.clark@ddsn.sc.gov).