



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Service
Division of Cost Allocation

26 Federal Plaza, Room 41-127
New York, New York 10278
Phone: (212) 264-2069
Fax: (212) 264-5478

November 10, 2009

Mr. Robert D. Hofmann
Secretary
State of Vermont
Agency of Human Services
103 South Main Street
Waterbury, Vermont 05671-0204

RECEIVED

NOV 16 2009

Agency of Human Services
Office of the Secretary

Dear Mr. Hofmann:

This is to advise you of the approval of the revisions to the Vermont Agency of Human Service (AHS) Cost Allocation Plan, which were submitted under letter dated June 29, 2009. The revisions are to reflect continuous changes within the Agency of Human Services due to a department wide reorganization and funding relating to the American Recovery and Reinvestment Act (ARRA). These revisions, which were submitted in accordance with 45 CFR 95, Subpart E, are effective April 1, 2009 except as noted in condition four below.

This approval shall remain in effect until such time as the basis and methods for allocating costs in the plan becomes outdated due to organizational changes, changes in Federal law or regulations, or there is a significant change in program composition that would affect the validity of approved cost allocation procedures.

The plan is approved and costs claimed in conformance with the plan are subject to the following conditions:

1. The approval is based on information provided by the State and is void if the information is later found to be materially incomplete or inaccurate.
2. The costs claimed for Federal financial participation must be allowable under the law, the cost principles contained in OMB Circular A-87 and program regulation.
3. Department of Children and Family Services, Office of Child Support, Vision Program Code 38070 -- Legal: The Administration for Children and Families (ACF), Office of Child Support Enforcement (OCSE), is currently reviewing this account as part of a Limited Cost Audit of Title IV-D costs. Their preliminary findings have raised issues regarding the time study used to identify IV-D costs. In response, the State is working on the implementation of a new time study that conforms to 2 CFR Part 225 (OMB Circular A-87). We are deferring approval of

Vision Program Code 38070 – Legal, as requested by ACF, until the audit has been completed and all audit findings and recommendations impacting on cost allocation matters have been addressed.

4. The American Recovery and Reinvestment Act (ARRA) funding relating to Medicaid costs are retroactive to October 1, 2008 while ARRA funding relating to Title IV-E and Title IV-D programs are retroactive to January 1, 2009. All other changes are effective April 1, 2009.
5. Based on CMS letter to Vermont dated May 29, 2007,
 - All current and future PACAP revisions for each AHS Department should comply with Federal regulations regardless of the status of the Global Commitment to Health waiver. The Office of Vermont Health Access administrative expenses and allocation methodologies should comply with Federal regulations at 45 CFR 95.507 (a) and (b) and 42 CFR 433.15.
 - A general reference to the Global Commitment to Health waiver at the beginning of each AHS Department's allocation methodology should be indicated by an asterisk attached to each Plan Department number and allocation methodology that is affected by the waiver.
6. The approved plans are subject to ongoing revisions as the Vermont Agency of Human Services completes the transition to the new organizational and operational structure. These ongoing changes will be addressed in subsequent plan revisions that may impact on currently approved cost allocation methodologies.

Nothing contained herein should be construed as approving activities not otherwise authorized by approved program plans, or Federal legislation or regulations.

The implementation of the cost allocation plan approved by this document may from time to time be revised by authorized Federal staff. The disclosure of inequities during such reviews may necessitate changes to the plan.

Sincerely,



Robert I. Aaronson
Director, Division of
Cost Allocation

cc: Barkas, J., CMS
Borseti, R., ACF
Messner, K., USDA/FNS