

Cost Allocation Plan – Vendor Engagement

The SoV IE&E Program is required to submit an Implementation Advance Planning Document (IAPD) update every two years to CMS/FNS. The funding for the work identified in the IAPD comes partially from federal sources and the remaining amount from state sources. The SoV IE&E Cost Allocation Plan (CAP) is what determines the amount of federal funding Vermont will receive. CAP proposals are submitted by the State to CMS/FNS for their approval. The steps used by the SoV to build their proposed CAP are described below.

The SoV chose to use the Cost Allocation Methodology (CAM) Toolkit to develop its CAP that was submitted in 2019. The CAM Toolkit is a Microsoft Excel application that uses macros, functions and other programming to calculate the federal (CMS/FNS) and state funding distribution. The following steps were followed to develop a proposed CAP using the CAM Toolkit:

1 - Determine a “basis” for the CAP

There are several options to choose from when selecting a “basis” for the CAP. The SoV opted to use “estimated hours” as the basis for its current CAP. Estimated hours are defined as all hours (PM hours, BA hours, testing hours, development hours, etc.) needed to design, develop and implement each of the modules, submodules, and functions listed in the CAM Toolkit.

2 - Determine the Modules/Submodule/Functions that will be part of Vermont’s IE&E system

A list of the Modules/Submodules/Functions that will make up the state’s IE&E system was developed. The list of Modules/Submodules/Functions used for the current CAP was developed using input from the following sources:

- the review of other states Modules/Submodules/Function list.
- input from various SoV Staff who have expertise/knowledge in specific areas of IE&E.

3 – Estimate the total “development” hours needed to build each function listed in the Modules/Submodules/Function list.

After defining the various functions that need to be built as part of an IE&E system, the number of development hours needed to build each piece of functionality was estimated. The estimated hours used in the state’s current CAP was developed using the following sources to assist with estimating the hours needed:

- Review and use of other state’s estimated hours for each function (example state provided by FNS).
- Review of vendor responses to previous RFPs.
- Knowledge of historical and current SoV development efforts and the hours used.

- Discussions with internal SoV IE&E SMEs regarding the complexity of various IE&E functions.

4- Determine the programs that each IE&E system “function” will benefit.

After estimating the development hours needed to build each functional component of an IE&E system, each function of the IE&E system was evaluated by SoV Business Operations Leaders to determine which Economic Service and Health Care Programs would “benefit” from each IE&E system functions.

The IE&E Vendor is expected to provide IE&E Leadership invoices listing all DDI hours throughout the project.

When IE&E project vendor invoices are received, the “actual” development hours are recorded by the SoV in the designated worksheet.

- o “Actual” development hours will be recorded in the tracking worksheet in tabs set up for each IE&E project, by IE&E Leadership or designee.
- o The “actual” development hours will also be entered into the main tracking worksheet tab under the appropriate Module/Submodule/Function line.
- o The actual hours tracking worksheet is set up to maintain a running total of “actual” development hours with a comparison to the total “estimated” development hours. Monitoring “Actual” development hours vs. “estimated” development hours over the life of the IE&E System build. At various points during the build of the IE&E system, the IE&E Finance Manager and other IE&E Leadership will review the actual hours tracking worksheet to look at the current run rate of actual development hours vs. the total hours estimated to build the entire IE&E system. IE&E Finance and IE&E Leadership will then determine if there is a need to update the CAP in accordance with CMS/FNS guidelines. It is important to note that the CAM Toolkit “estimated” hours are the total hours estimated to build the entire IE&E system over several years. IE&E Leadership will use their judgement with regards to comparing the actual development hour usage vs. budgeted hours in the context of the total IE&E system build. It is also important to note that if “actual” development hours used to build a certain piece of IE&E functionality runs over/under the estimated hours, that does not immediately indicate the need for a CAM Toolkit update. There may be other IE&E functionality that gets built and uses more or less actual hours to build than what was estimated. The two functions combined over or under usage of hours may offset each other.