

Financial Guidance: Family Home Visiting

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Introduction

This document provides financial guidance for recipients of the Minnesota Department of Health (MDH) Family Home Visiting (FHV) grants, including Strong Foundations Evidence-based Home Visiting and Temporary Assistance for Needy Families (TANF). It contains general information about allowable and unallowable costs, developing a budget, and detailed invoicing and budget modification procedures.

Key Expectations

- Grantees are responsible for abiding by the terms of their grant agreement with MDH.
 - Key programmatic and finance personnel working on or supporting the grant should have a copy of the grant agreement and be familiar with the terms, conditions, budget, and scope of work outlined in the grant agreement.
- Expenses should align with current approved budgets.
- MDH operates on a reimbursement basis only. Costs/expenses must be incurred before they can be invoiced to MDH.
- Grantees will follow MDH's budget modification process (more information on page 17).

Grantee Fiscal Responsibilities

MDH expects grantees to be good stewards of awarded funds. Grantees must be fiscally responsible and follow state laws and procedures for expending and accounting for their grant funds. Grantees must also:

- Prepare required reports and trace funds to a level of expenditure adequate to establish that funds have not been used in violation of program restrictions.
- Follow federal and state guidelines so that all funds are traceable to their original source. Grantees can braid funding but may not blend funding (more information on page 4).
- Determine costs are reasonable and allowable in accordance with program requirements and terms of the grant agreement and charge the grant for only the activities that were in the approved work plan and budget.
- Ensure that grant funds are exclusively used to:
 - Sustain FHV programs funded by MDH-FHV
 - Expand current FHV services without supplanting other funding sources
 - Develop new family home visiting services
- Support accounting records with source documentation.
- Submit at least quarterly invoices according to the schedule in the grant agreement.

- **Recognize that financial transactions and payment of invoices is on a reimbursement basis only.**
- Meet audit requirements described in your grant agreement.
- Ensure that indirect costs are explained and justifiable, and do not duplicate itemized charges.
- Obtain prior approval for budget changes from grant managers when appropriate.
- Invoice for expenses that align with the actual number of families being served.
- Invoice for expenses incurred during the appropriate budget period.
- Determine accurate cost allocation for each expense and limit reimbursement requests to the correct calculated share of expense.

Allowable, allocable, and reasonable

MDH follows federal and state guidelines to determine allowable and unallowable expenses for grants. Parameters for funding are stipulated by state or federal legislation that appropriates the funding. There are three main guiding principles we follow when evaluating budget requests. These overarching guidelines are used to determine approval/denial of a spending request or budget modification throughout the designated time period of the grant agreement.

Allowable. Allowable costs include all costs outlined by state or federal regulations or the terms of a specific grant award.

1. Does a Request for Proposal (RFP), legislation, or federal guideline explicitly state that funds can be used for a given purpose?

Allocable. Costs are allocable if the specific expense is chargeable or assignable to a specific grant.

1. Is the cost meant to advance the work plan in a given grant agreement?
2. Is there a consistent method for assigning a cost to all grant agreements? For example, space rental costs should be fairly and consistently allocated across all grant projects that share the space and should not be assigned only to one grant.

Reasonable. A cost is reasonable if a prudent person would pay a given amount for an item to further the goals of a specific project.

1. Is the cost generally recognized as necessary to carry out an approved work plan?
2. Is the expense reasonable given the size and scope of the grant award? For example, if you received a \$50,000 annual grant to provide family home visiting services, \$25,000 on marketing/outreach would not be a reasonable proportion of the grant to spend.

Supplanting of Funds

Supplanting of funds is not allowed. Supplant means to “replace” or “take the place of.”

State statute prohibits MDH-FHV grant funds from replacing current local, state, federal, or other funding that is received for the same purpose. Existing funds for a project and its activities may not be displaced by MDH-FHV grant funds and reallocated for other organizational expenses.

Grants funds received may be used to:

- Sustain FHV programs funded by MDH-FHV.
- Expand current FHV services without supplanting other funding sources.
- Develop new family home visiting services.

Braiding vs. Blending

Grantees are required to braid MDH-FHV funding with their other funding sources. **Due to financial and regulatory requirements, blending of funds is not allowed.**

Braiding: Funds from multiple funding streams are used to support the total costs of a common goal (for example, to expand access to family home visiting services). Each individual funding stream maintains its specific program identity, meaning that funds from each specific funding source must be tracked separately. This requires that shared costs of services are allocated to specific funding streams in a way that ensures that there is no duplicate funding and that the appropriate amount of program and administrative costs are charged to each funding stream.

Blending: Multiple funding streams are mixed together to support the total costs of a common goal. Funding sources lose their program-specific identities, meaning that costs do not have to be allocated or tracked separately by funding source. This approach is less burdensome from an administrative perspective than braiding, however, because of financial and regulatory requirements, blending of funds is not allowed.

Programs must independently track and account for all expenses by the individual funding sources supporting the program. To accomplish this, accounting systems must distinguish expenditures by fund sources and maintain documentation. This braiding filters down into documentation of time and effort, meaning that staff timecards must clearly show time spent on the work funded by each funding source.

When grantees receive competitive funding from MDH-FHV, we don't require that they use a certain funding source first or last. For braided funding, we want the full picture of how your home visiting program is funded.

Example: If a home visiting program's total cost is \$100,000, an agency might fund it like this:

60% MDH-FHV grant funds, 10% TANF funds, 5% MCH funds, 20% third-party reimbursement, and 5% local levy funds that are used to cover the full expenses of the program, including staff time for all home visiting duties, program supplies, cell phone, curriculum, reflective practice consultants, indirect costs and more.

When the grantee applied for MDH-FHV funds, their proposed budget would include expenses that would make up 60% of the program budget and could include anything related to the home visiting program.

In the Electronic Health Record charting, home visitors often indicate funding source since that is assuming a fee-for-service approach. MDH does not use a fee-for-service approach, but we acknowledge that because local public health and some tribal nations employ nurses and seek third-party reimbursement, those agencies must integrate grant funding with fee-for-service funding.

Cost Distribution/Proration

FHV grantees using cost distribution methods across multiple funding sources must allocate costs across sources in a way that reflects the actual portion used by each program. This ensures equitable distribution of program cost.

FHV grantees that charge costs to another program (such as TANF, Child and Teen Checkups, or WIC) are not allowed to request reimbursement from FHV for the same costs.

How to prorate:

1. Define the fiscal period for the calculation
2. Identify all funding that overlaps the defined fiscal period and belong to FHV programming
3. Determine the percentage distribution across funding sources
4. Apply the MDH-FHV calculated percentage to expense total
5. Request reimbursement for the specific prorated portion of the eligible expense

Example 1:

Equipment Expense: A laptop that a home visitor uses for all their work costs \$2,000.

Proration: Home visitor is 0.5 FTE on the MDH-FHV grant and 0.5 FTE on other funding sources unrelated to FHV.

Result: \$1,000 may be charged to the grant for the laptop. The remaining expense must be charged to the home visitor's other funding sources. ($\$2,000 * 0.5 = \$1,000$)

Example 2:

Training Expense: Two registration fees for training a home visitor and a supervisor are \$800 each. $\$800 * 2 = \$1,600$.

Proration: The home visitor is 0.25 FTE on the grant and the supervisor is 0.10 FTE on the grant.

Result: \$280 total may be charged to the grant for this training. ($\$800 * 0.25 = \$200 + \$800 * 0.10 = \80)

Example 3:

Incentives Expense: A grantee wants to offer \$150 incentives to their 100 home visiting families this budget year ($\$150 \times 100 = \$15,000$), but not all families are funded by Strong Foundations.

Proration: Total families served by home visiting program: 100; annual target caseload served by Strong Foundations: 25

Result: \$3,750 may be charged to the Strong Foundations grant for incentives ($\$150 \times 25 = \$3,750$). The remaining incentives must be charged to other funding sources.

Exceptions. Expenses with exclusive benefit to a single program may not need to be prorated.

Exception Example: A home visitor is 0.5 FTE on FHV and 0.5 FTE on WIC. This home visitor uses an iPad during home visits and does not use it during WIC-related work. They would not need to prorate the cost of the iPad to WIC because it is exclusively benefiting the FHV program.

However, if the home visitor is 0.5 FTE on FHV but cross-funded (.25 FTE on FHV grant and .25 FTE locally funded in home visiting), each FHV funding source should pay for 50% of the iPad.

Developing a Budget

Before you begin writing your agency's budget, consider the specific activities planned and the resources needed. Which resources does your organization already have and what needs to be purchased? Which items will need to be replaced during the grant period? Consider the skills needed to carry out grant activities and comply with any requirements, particularly the financial aspect of the grant.

Salaries and Fringe should reflect the amount of staff needed to serve the proposed target caseload listed in your application. Travel, supplies, training and other costs should be in line with the amount of staff and number of families proposed to be funded under this grant. Budgeting for a financial staff person is allowable. Remember to include any training that will be needed for paid staff or volunteers.

Grantees must account for all grant program costs under the line items listed below. Grantees are required to show detailed calculations to support predicted costs in both their initial application and annual budget proposal. Written justification is required for budget modifications post-award.

Grantees must examine each expense to determine if proration is required and budget only for the appropriate portion of the cost.

Budget Line Item: Salaries and Fringe

Grant funds can pay for salary and fringe benefits for staff members *directly* involved in approved work plan activities. This includes home visitors directly serving families, outreach workers, supervisory staff, data specialists, etc. We strongly suggest that applicants incorporate

into their budgets the costs of appropriate financial staff to provide financial oversight to the grant, whether by contracting with an individual or organization or a direct hire.

All salary costs included in the Salary and Fringe line item must be supported by proper time reporting documentation. Salary and fringe expenses not supported by time reporting documentation may be included in the Indirect Costs line if they were included on the Indirect Cost Questionnaire form and approved by MDH. Salary and fringe expenses not approved by MDH, not included on the Indirect Cost Questionnaire, and not directly related to the work and deliverables of the grant are unallowable and may not be charged to the grant.

All staff must be prorated to the actual time that they work on the grant. If a position needs to be hired, grantees must prorate the final salary to account for delays in posting, recruiting, and hiring the position based on their typical agency hiring practices and history.

Approved Salaries and Fringe costs include (but are not limited to) staff time spent:

- Serving families
- Participating in meetings and professional development
- Providing community education and outreach
- Participating in reflective supervision
- Preparing data and reporting
- Monitoring financials and invoicing

For each proposed funded position, indicate the title and the **Full Time Equivalent (FTE)**: the percentage of time a person will work on the evidence-based home visiting grant. Each position that will work on the grant should show the following information:

EXAMPLE:

Home Visitor: \$30.40/hourly rate

X 2,080/annual hours (or whatever your agency annual standard is)
\$63,232 annual salary

Multiply annual salary by your agency's fringe rate:

\$63,232 annual salary
* 23% fringe rate (or whatever your agency fringe rate is)
\$14,543 fringe amount

Now add the annual salary and the fringe amount together:

\$63,232 annual salary
+ \$14,543 fringe
\$77,775/annual salary and fringe total

Multiply the annual salary and fringe total by the FTE being charged to this grant:

\$77,775 annual salary and fringe total
x .50 FTE assigned to grant
\$38,888 total to be charged to grant for this position

Budget Line Item: Contractual Services

Any services retained through a contract should be included in the contractual services line item. Grant funds can be used for small hourly contracts with speakers or trainers, and for large contracts if other organizations will be providing some of the services included in your grant proposal. Rented or leased equipment for the project should be included in this category. Supplies and travel expenses for contractors should be included here, if applicable.

The contract at minimum should include:

- Who the parties in the contract are
- The timeframe of the agreement
- The dollar amount of the agreement
- Description of the deliverables/expectations

Other beneficial items to include in a contract:

- Cancellation policy
- Injury/liability policy while working for you
- Privacy and records retention

Examples of allowable hourly contractual services include:

- Infant Mental Health Consultants to provide group and individual reflective supervision
- Interpreters/translators for home visiting services
- Facilitators for community advisory boards, group connections, or other group-based activities
- CQI consultants

Examples of allowable large contractual services include:

- Contracting with another agency to perform home visiting services on the grantee's behalf

Applicants must identify any subcontracts that will occur as part of carrying out the duties of this grant program as part of the Contractual Services budget line item in your proposed budget. The use of contractual services is subject to State review and may change based on final work plan and budget negotiations with selected grantees. For contracts over \$5,000, MDH may request a copy of the contract for documentation purposes.

Grantees are responsible for overseeing and monitoring the work of contractors and ensuring that they are meeting the deliverables of their contracts. Grantees are also responsible for ensuring that all contractor expenses are allowable and in line with approved budgets and scopes of work. Contractors should invoice the grantee for actual work performed and receive payment on a reimbursement basis. Contractors cannot be pre-paid.

Grantees must follow their agency's internal control procurement policies and procedures and consult with their human resources department or attorney to ensure they are not putting the agency at risk by entering a contract.

Budget Line Item: Travel

Grantees may be reimbursed for travel costs for staff working on the grant, including mileage or airline travel, parking, hotel, and meals to conduct activities approved in the work plan. If project staff will travel during their jobs or for attendance at educational events, itemize the costs, frequency, and the nature of the travel.

Allowable uses of travel expenses may include:

- Mileage for home visitors to travel to and from families' homes to provide home visiting services, meet with community partners and referral sources, and participate in advisory committee meetings.
- In-state and **approved** out-of-state travel to attend trainings and conferences.
- MDH-required events including conferences, CQI learning collaboratives, and community of practice events.

Grant funds cannot be used for out-of-state travel without prior written approval from your FHV grant manager. Travel and subsistence expenses incurred outside Minnesota **will not** be reimbursed without prior written approval. Minnesota will be considered the home state for determining whether travel is out of state.

Non-tribal Nation applicants:

- Budget for travel costs using the rates listed in the [State of Minnesota's Commissioner's Plan](#). Please reference the meal allowances rates listed there.
- Hotel/motel expenses should be reasonable and consistent with the facilities available. Grantees are expected to exercise good judgement when incurring lodging expenses.
- Mileage will be reimbursed at the current IRS rate.

Tribal Nation applicants:

Budget for travel costs using the rates provided by the [General Services Administration \(GSA\)](#).

- Current lodging amounts and meal reimbursement rates vary depending on where in Minnesota the travel occurs. Please reference the per diem rates listed there.
- Hotel/motel expenses should be reasonable and consistent with the facilities available. Grantees are expected to exercise good judgement when incurring lodging expenses.
- A breakdown of the meals and incidental expenses can be found on [the GSA website](#).
- Mileage will be reimbursed at the current IRS rate.

Budget Line Item: Supplies and Expenses

Supplies and expenses are the expected costs for items and services your agency will purchase to run your evidence-based home visiting program. MDH-FHV will reimburse the cost of supplies in the following categories:

Staff supplies

Reasonable supply costs for staff to run program activities are allowable. Examples include telephone equipment, computers, desks and chairs, postage, printing, photocopying, office supplies, training materials, equipment, and rent.

For staff who are funded by multiple grant programs, equipment such as computers, telephones, and other equipment should be prorated to the FTE on the FHV grant. For example, a staff funded 0.5 FTE by FHV may only allocate 50% of the cost of their computer to the FHV grant. Grantees should budget approximately \$25 per month per 1.0 FTE on the grant for office supplies.

Grant funds may not be used to purchase any individual piece of equipment that costs more than \$5,000, or for major capital improvements to property.

Outreach and marketing supplies

Supplies and expenses to reach those served by your program are allowable. These outreach expenses may include, but are not limited to, print ads in newspapers, directories and broadcast ads like internet, radio, or theater ads. Flyers and brochures, tabling supplies, and small promotional items (inexpensive water bottle, pen, etc.) can also be included in the supplies line item. Outreach costs should be reasonable given caseload size and total budget.

Agencies are expected to evaluate the results of outreach activities and adjust their strategies, if necessary, to maximize recruitment and community engagement outcomes.

Core curriculum/teaching supplies

Supplies and materials directly supporting core concepts, curriculum, and information covered during a family home visit are allowable. If your model requires that a specific curriculum be used and distributed to each family, this is an allowable cost.

Teaching supplies could include:

- Fetal development model
- Oral health model
- Baby models for teaching bathing and holding
- Breastfeeding demonstration items

Grantees implementing a nurse home visiting model may purchase nursing supplies with grant funds, such as a stethoscope, baby scale, baby measuring board, and head circumference measuring tape.

Developmental/safety supplies for families

Supplies for participating families including developmental, safety, and other related home visiting supplies must be related to content covered by the home visiting model and must not exceed \$150 per family per year. So, if your Strong Foundations target caseload is 20 families, you could budget up to $\$150 \times 20 = \$3,000$ per year.

These may include items such as:

- Safety supplies (e.g., outlet covers, pack-n-play for safe sleep, etc.)
- Age-appropriate feeding supplies (e.g., sippy cups or age-appropriate silverware),
- Developmental games and toys (e.g., board puzzles)
- Books

The quantity and overall cost of supplies should be proportional to your caseload and reasonable given overall budget.

A list of estimated expenses with associated costs must be included in budget justifications and any subsequent budget modification.

Example:

\$150 Safety and other critical supplies for 33 families: Used to provide a safe and nurturing home for baby. Pack-n-Play for safe sleep (\$85); Outlet covers and other safety supplies (\$15); Welcome baby basket for new enrollees (\$35); \$15 in developmental toys/books for baby

Additional examples of allowable developmental/safety supplies

The cost of the following items below is allowable to assist participants to take advantage of grant-supported services and if within the scope of home visiting model or program:

- Educational items to give to families per the model being used (e.g., toys and books for Parents as Teachers). This would be justified and based on the model fidelity or approved enhancement.
- Pack-n-Play, crib kits, onesies with the message “this side up” on the chest/tummy, and other such supplies would be allowable if the model addresses safe sleeping for newborns and infants.
- Car seats, breast pumps, thermometers, medicine droppers, etc. would also be allowable if they are in keeping with the educational goals of the model.
 - Medical insurance coverage for needed items must be utilized if available. Home visiting programs should refer families to community resources for baby or child supplies whenever possible. If all insurance benefits and community resources are exhausted, programs can purchase these items for those families who have no other means of obtaining them.

- Diaper bags would be allowable in keeping with goals of the model to facilitate education on hygiene, diapering itself, transport and mixing of formula, use and storage of breastfeeding supplies, house a safety plan, and provide the parent a sense of ownership and recognition of parenthood.
- “Amenity/Welcome Baby bags” – provided in the context of the model’s teachable moments, perinatal milestones, gender-specific education, etc.

Cultural Supplies

Tribal grantees can purchase culturally specific supplies, including traditional tobacco and smudge kits, as part of this grant. Commercial tobacco is not allowed. Costs should be reasonable to number of families being served.

Events

Expenses for events such as meetings, gatherings, community events, and parent groups must be included in your approved "Supplies" budget line item.

Expenses related to events should be prorated:

- Among all funding sources supporting the home visiting program
- Among other benefiting/participating programs (WIC, etc.)

Allowable expenses include, but are not limited to:

- Guest speakers who present on model curriculum priority topics
- Learning materials related to priority concepts
- Room rental
- Transportation services for at-risk families to participate in project activities
- Childcare costs for non-subject children to enable parents and enrolled children to participate in programming. For example, short term child-care provided during a training session or parent group meeting

Federal and state guidelines heavily restrict the purchase of food for grant-funded activities. Food expenses per person may not exceed the defined [Commissioners Plan](https://www.mmd.admin.state.mn.us/commissionersplan.htm) (<https://www.mmd.admin.state.mn.us/commissionersplan.htm>) limit unless your agency has a federally negotiated meal rate.

- Food can be provided for community advisory board and group activities where most participants are community members and are not staff members at the grant-funded organization.
- Food can also be provided at trainings or other events that are required to conduct grant activities, such as model-required trainings. You cannot use grant funds to provide refreshments at staff meetings or other internal staff events.

- Food is allowed for parent groups if convening the group is required to meet fidelity of your approved home visiting model and if it occurs over a mealtime.

Unallowable supplies costs

- Continuous or ongoing essential or emergency supplies are not allowed:
 - Items such as diapers, wipes, or other consumable products should not be purchased and provided to families on an ongoing basis.
 - Food such as formula, baby food or groceries should not be purchased and provided to families on an ongoing basis.
- Home-delivered or takeout meals during virtual group parent sessions cannot be provided to families in the home setting. Exceptions are given to specific group sessions where meal preparation is the core focus of the session. The frequency of such offerings must be reasonable, follow model and curriculum guidelines, be pre-approved in writing by MDH. In general, grantees are encouraged to use other non-state or federal funding sources for food/meal expenses.
- Medical supplies for families
- Gifts for staff, families, or speakers
- Supplies distributed outside of grant period

Inventory of MDH-FHV grant-funded program supplies should be distributed within the funding period in which the expense was incurred. If inventory cannot be reasonably distributed during the grant period, the grantee must reduce their invoice by the value of any non-distributed goods.

Budget Line Item: Other

This line item includes items that do not fit in any other budget category. Examples include, but are not limited to:

- Staff training registration fees
- Technology costs such as PH-Doc or CHAMP license fees or Electronic Health Record license fees
- Home visiting model fees
- Incentives (see page 15)
- Performance-based bonuses for home visiting program staff (must align with grantee agency's policy on staff bonuses)

Grant funds cannot be used for capital purchases, permanent improvements, cash assistance paid directly to clients, or any cost not directly related to the grant. Expenses in the Other line should represent the appropriate fair share to the grant. All expenses in this category must be

pre-approved by your grant manager and documented as to why they are needed and how they will support the program.

Grantees may not charge the cost of membership dues for state or national affiliated organizations to the grant.

Indirect Costs

Indirect Costs are the expenses of doing business that cannot be directly attributed to a specific grant program or budget line item. These costs are often allocated across an entire agency and may include executive and/or supervisory salaries and fringe, rent, facilities maintenance, insurance premiums, etc.

- Annually, the MDH Community Health Division will contact CHBs to request the grantee's indirect rate. See [Indirect Cost Guidance for Community Health Boards](#).
 - CHBs may not claim indirect costs higher than their rate on file with MDH.
- Grantees that do not have a federally negotiated indirect rate may use an indirect rate of up to 10%.
- Grantees with a federally negotiated indirect rate, such as Tribal and Community Action Partnership (CAP) agencies, are required to complete an indirect questionnaire administered annually.
- Indirect costs are determined by multiplying your agency's approved indirect rate by the total direct costs claimed on the invoice. These calculated costs are eligible for reimbursement provided they are allowable and have been incurred during the invoicing period.
- An approved indirect rate does not increase a local agency's grant award.

Salaries of administrative staff, accounting, human resources, or IT support **must** be supported by time reporting documentation to be included as a direct line expense. If they are not supported by time reporting documentation, they must be included in the Indirect Costs line item.

The following are examples of administrative costs that should be included in **direct** lines of the budget and/or invoice:

- The CHS administrator's time that can be tracked through time studies to a specific grant (include in the Salary/Fringe line).
- A portion of secretarial/administrative support, accounting, human resources, or IT support staff expenses that can be tracked through time studies to a specific grant (include in the Salary/Fringe line).
- Printing and supplies that your accounting system can track (for example through copy codes) to a specific grant (include in the Supplies and Expenses line).

Cost per Family

In 2023, the maximum cost per family for core home visiting services is \$7,000 per 12-month period.

Incentives

Incentives are items purchased with grant funds used to encourage participation in the Family Home Visiting program. Expenses for incentives must be included in your approved "Other" budget line item.

Key information:

- The use of incentives is optional
- Incentives may not exceed a combined value of \$150 per family per year
- Incentives are intended to be distributed throughout the year and not in a lump sum
- Incentives may not be provided as payment for participation
- MDH will not reimburse grantees for the purchase of unallowable items
- MDH will not reimburse grantees for incentives distributed to clients who are not funded by MDH-FHV grants
- Grantees must submit a written incentive plan to MDH-FHV before incentives are purchased.

Grantees implementing incentive programs with MDH-FHV grant funding are required to have written effective policies and procedures addressing the purchasing, distributing and security of incentives. The grantee must safeguard these incentives and ensure they are only used for authorized purposes.

This guidance applies to FHV incentives purchased with state and/or federal grant funding. This guidance also applies to any subgrants the grantee enters into and the grantee is responsible for monitoring its subgrantee in accordance with this guidance.

Roles and Responsibilities for the grantee:

- Grantees must follow their current purchasing policies and procedures.
- Grantees must have, and follow, an asset tracking policy and procedure. Incentives are considered assets.
- Grantees must provide MDH with a copy of their purchasing and asset tracking policy and procedures before purchasing any incentives.
- Grantees must train grantee staff on purchasing and asset tracking policies and procedures.
- The grantee's asset tracking policy and procedure must include proper separation of duties:

- More than one grantee staff person must be involved in the handling of the incentives.
- The person authorizing the purchase of the incentives cannot have physical access to the incentives.
- The people who will have physical access to the incentives cannot have access to modify records.
- Unused incentive instruments must be safeguarded at all times.
- Grantees must use a tracking system that will document purchased and disbursed incentives. The tracking system can be kept electronically or in paper form, as long as it is compliant with these requirements. The tracking system cannot contain any identifying and or private participant data. The tracking system must record the following:
 - Number of incentives on hand, including starting balance and any additional incentives purchased,
 - description of the incentive,
 - quantity of incentive(s) received by each participant,
 - identifying information of the incentive
 - if a gift card is used, include the last four digits of the card number,
 - if a gift card is not used, include, if possible, any other identifying information for each incentive, such as a serial number,
 - value/amount,
 - a unique non-identifiable data point for each participant (e.g., case number, file number),
 - date participant received incentive(s), and
 - signature of grantee staff member providing incentive(s) to participant. Grantees can determine how to capture staff signature on tracking form.
- Whenever possible at least two grantee staff must reconcile the incentives at least quarterly. This reconciliation confirms and certifies, through their signature, the purchasing, distribution, and on-hand inventory is correct.
- Grantees must submit the signed tracking form of incentives to MDH after each quarterly reconciliation.
- In the event purchased incentives cannot be fully distributed during the grant award period, the grantee has two options, both of which must be discussed with their MDH-FHV grant manager prior to implementing either option:
 - Option A: Grantee can contact the vendor from whom the incentives were purchased to inquire about returning unused incentives for a refund or a credit

to be used for future incentives purchases. Grantee should talk through this option with their MDH grant manager as the funding and/or an upcoming end date of the grant might not allow for a credit. Any credit must be used during the same grant agreement.

- Option B: Grantee can refund MDH the value of any non-distributed incentives. Those incentives can then be used by the grantee in any way the grantee wants with no ties or responsibilities to MDH.

For grantees who do not have effective written policies and procedures in place before purchasing incentives, MDH reserves the right to withhold payment and or request reimbursement in the amount equal to the unallowable costs. Withheld payments will be released if and when the grantee provides documentation to MDH that it has written effective policies and procedures in place.

Invoicing

Per [State Policy on Grant Payments](#), reimbursement is the method for making grant payments. All grantee requests for reimbursement must correspond to the approved grant budget. MDH-FHV shall review each request for reimbursement against the approved grant budget, grant expenditures to date and the latest grant progress report before approving payment. Grant payments shall not be made on grants with past due progress reports unless MDH has given the grantee a written extension.

Invoices must be submitted quarterly unless otherwise negotiated in writing. For this purpose, an email approval is considered the necessary documentation.

Quarter 1 is January 1 – March 31

The reimbursement request invoice is due April 20

Quarter 2 is April 1 – June 30

The reimbursement request invoice is due July 20

Quarter 3 is July 1 – September 30

The reimbursement request invoice is due October 20

Quarter 4 is October 1 – December 31

The reimbursement request invoice is due January 20

Invoices must be emailed to Health.fhvgrants@state.mn.us by the due date. Invoices should be in the PDF format. The invoice file name and email subject line should follow this naming convention: Site FHV Time Invoice (Example: Anoka FHV Q1 2022 Invoice)

Invoices must be on the most current template available on the [FHV grants management webpage](#). Ensure that the invoice period dates, agency contact information, and vendor ID number are correct before submitting.

Grantees must include all grant expenses incurred during the invoicing period on the invoice. Expenses incurred during previous invoicing periods will be reimbursed by exception, with prior approval from the grant manager.

If a grantee has not incurred any grant expenses during the invoicing period, please submit an invoice for \$0 rather than no invoice.

Budget Modification

Grantees must maintain an accurate budget that supports their approved work plan. To that end, grantees must notify MDH of any modifications to their approved budget. Email budget modification requests to health.fhvgrants@state.mn.us using the most current form downloaded from the [FHV website](#).

- Modifications **greater than 10 percent** of any budget line item in the most recently approved budget requires prior written approval from your grant manager and must be indicated on a budget modification form. Failure to obtain prior written approval for modifications greater than 10 percent of any budget line item may result in denial of the request.
 - If either the reduced line item or the increased line item will change by greater than 10 percent, a budget modification with prior approval is required.
 - The grant manager will return a signed and dated copy of the approved budget modification for requests greater than 10 percent. The grantee can incur the expenses and proceed with invoicing once they have received the signed and dated copy.
- Modifications **equal to or less than 10 percent** of any budget line item are permitted without prior approval from your grant manager, provided that such modification is indicated on the budget modification form along with your next invoice.
- No more than one budget modification per quarter per grant will be processed.

Third-Party Reimbursement

If grantees meet the Centers for Medicare & Medicaid Services (CMS) eligibility criteria to bill for screening or home visiting services, they are required to bill for third-party reimbursement. Ineligible grantees are not required to bill for third-party reimbursement.

In addition to submitting approved grant expenses for reimbursement from MDH, such as salaries/fringe, contractual services, travel, supplies, etc., eligible grantees must bill home visiting clients' insurance. Earned program income generated by grant-supported activities must go back into the grantee's home visiting program, by either:

- Expanding the program

- Increasing current program quality
- Reducing reliance on grant funding

Third-party reimbursement must be used for allowable costs only and must be reported to the state as required by your grant manager.

Grantees are not required to subtract third-party reimbursement from their invoiced expenses unless the revenue would generate a profit for the agency. Staff salaries and fringe costs covered by third-party reimbursement do not need to be subtracted from the invoice.

To promote long-term sustainability for home visiting programs, we ask all eligible grantees to regularly report third-party reimbursement in the format and schedule determined by your grant manager.

While MDH-FHV requires reporting of this information, Department of Human Services (DHS) is the oversight agency for billing Medical Assistance. If you have questions about billable services, contact DHS for more information:

- DHS link to the [MHCP provider manual](https://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=id_000094) (https://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=id_000094)
- DHS link to [MHCP provider news and updates](https://mn.gov/dhs/partners-and-providers/news-initiatives-reports-workgroups/minnesota-health-care-programs/provider-news/) (https://mn.gov/dhs/partners-and-providers/news-initiatives-reports-workgroups/minnesota-health-care-programs/provider-news/)

Using FHV funds for COVID-related expenses

The state legislature retains the final authority on repurposing state and federal funds. At this time, the legislature has not allowed repurposing MDH-FHV funds for direct COVID-19 response activities such as contact tracing, testing, vaccine clinics, or purchasing emergency supplies.

Unallowable Uses of MDH-FHV Funds

The following is a list of unallowable costs. Please note, **this is not a complete list**. If you are unsure about the allowability of an expense, contact your grants manager before incurring the cost.

- Alcohol or illegal substances
- Firearms
- Commercial Tobacco
- Any cost not related to your grant
- Bad debts
- Capital improvements
- Cash assistance paid directly to individuals to meet their personal or family needs
- Donations
- Costs incurred prior to executing your grant agreement

- Direct patient medical or dental services
- Fines or penalties
- Gifts for staff
- Interest
- Lobbying
- Political campaigns
- Staff meals (except approved travel)
- Supplanting of funds from other sources

Federal Ban on Select IT Items

The National Defense Authorization Act (NDAA) prohibits the use of equipment manufactured by a limited set of Chinese manufacturers. This ban applies to any entity receiving federal funds either directly from a federal agency or from a pass-through-entity like MDH.

What this means for MDH and MDH grantees:

Per this ban, federal funds cannot be used to pay for products or services provided by any of the companies (or their subsidiaries) listed in the [NDAA Act](https://smartpay.gsa.gov/content/ndaa-section-889) (<https://smartpay.gsa.gov/content/ndaa-section-889>).

- Huawei Technologies Company
- ZTE Corporation
- Hytera Communications Corporation
- Hangzhou Hikvision Digital Technology Company
- Dahua Technology Company

MDH cannot reimburse any expenses related to the products or services of these companies. Additionally, charges for these items or services cannot be included in the indirect calculation.

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www.health.state.mn.us/fhv

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