Lutheran Services Florida, Inc.

Section 19 Substance Abuse and Mental Health

19.02 Network Management

19.02.31 Reallocation of Funds

Creation Date: 07/01/2014

Attachments: None

Policy Statement: LSF Health Systems (LSFHS) has a duty to ensure equitable allocation of funding across the system of care to ensure that resources are optimized to meet consumer need. Allocation shall be actively managed as the needs of the communities within the system of care are consistently changing. It is the intent of LSFHS to continually evaluate allocations and redistribute resources in accordance with the community's needs assessment and the organization's strategic plan.

Scope: This policy applies to LSF Health Systems employees and Network Service Providers.

Policy Guidelines:

1. The following conditions are to be considered as a basis for the re-allocation of contract funds:

    a. In the event of underutilization of units of services, the Network Service Provider's agreement may be amended to reflect the adjusted units of service or LSFHS may, at its sole discretion, terminate the agreement in accordance with the terms identified in the subcontractor agreement.

b. In the event that the Managing Entity has funds remaining after paying the annual contract amount outlined in the current year's Exhibit H – Funding Detail and/or there are available funds in the Network, and the Network Service Provider has delivered additional units of service in accordance with the terms and conditions of this contract for which the Network Service Provider has not been paid, the Managing Entity may, in its sole discretion, pay the Network Service Provider for some or all of the additional units of service entered into the Managing Entity's data system by the Network Service Provider.

c. LSFHS reserves the right to reallocate funding from one provider contract to another in the following circumstances:

    i. The Network Service Provider fails to meet its contractual obligations on an ongoing basis despite technical assistance, executive leadership intervention, and corrective action plans.

    ii. Community needs indicate that a change in programming or agency is prudent.

d. The Network Management Team will identify agencies for expanded services and/or those agencies that demonstrate potential for providing augmented services (overutilization.) LSFHS may award additional funds through the re-allocation process to Network Service Providers who over-utilize or provide services beyond those that are budgeted.

e. Procedures under which the re-allocation of funds will occur consist of:

    i. Funding which becomes available from underutilized programs will serve as a pool of potential funding for the reallocation process (commonly referred to as "lapsing funds.")

    ii. The Network Management Team will report any providers demonstrating additional funding needs or requesting additional allocations through its tracking mechanisms.

        1. In the beginning of each fiscal year, the Management Team will actively review and analyze utilization and allocation recommendations.

        2. Recommendations by the Management Team will be reviewed by the Executive staff for final approval.

f. Through its community presence, LSFHS will gather information from stakeholders related to Network Service Provider performance and the ongoing needs of the community. These reports will inform decisions related to reallocation of funding.

g. Agencies will be considered for a one-time award of lapsing funds based on the following criteria:

   i. Corrective Action Plans: an outstanding or unresolved corrective action plan will impact an agency's eligibility to receive additional funds. Distinction will be made based on the severity of the items which are non-compliant and whether the issue has been ongoing or repeated across fiscal years.

   ii. Over-Earned Units: funds will be matched with an agency based on the over-earned and available units by OCA to keep the reallocation within the same funding stream. Cross-over may be made between adult and child populations in accordance with demonstrated need. Units earned in an availability or non-client-specific covered service will be considered secondary to the units of service rendered to a specific client.

   iii. Equity Formula: if all other factors are equal in considering multiple agencies for an award, the circuit equity formula recommendation may be utilized as the deciding factor.

ADMINISTRATIVE RESPONSIBILITY: The Executive Vice President/SAMH has overall responsibility and authority for administration of this policy and the AVP of Network Management has responsibility for maintaining this policy.

Review and Approval

November 2025