

**Alabama Department of Rehabilitation Services
STATE OF ALABAMA INDEPENDENT LIVING**

***Request for Proposals
Alabama Department of Rehabilitation Services
State of Alabama Independent Living Waiver***

Vendor Fiscal Employer Agent (F/EA)

Issued:	June 12, 2023
Proposal Due:	August 1, 2023
Proposals Directed to:	Lisa Alford, SAIL Director 602 South Lawrence Street Montgomery, AL 36104

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REQUEST FOR PROPOSALS
Alabama Department of Rehabilitation Service
State of Alabama Independent Living Waiver

The Alabama Department of Rehabilitation Services (ADRS), State of Alabama Independent Living (SAIL), is seeking interested Vendors who will be referred to as a Fiscal/Employer Agent (F/EA) to provide Financial Management Services (FMS), for people enrolled in the self-directed program administered by SAIL.

Eligible Vendors will be those corporations that operate as a Vendor Fiscal/Employer Agent (F/EA) FMS provider under Section 3504 of the Internal Revenue Service (IRS) Code, Revenue Procedure 70-6 and have a demonstrated track record providing Vendor F/EA FMS in accordance with f IRS and the Department of Labor (DOL) and must be eligible to operate as a Vendor Fiscal/Employer Agent (F/EA) FMS in accordance with the State of Alabama Departments of Revenue and Industrial Relations rules and regulations.

Bidders must demonstrate they have, or can obtain, a separate Federal Employer Identification Number (FEIN), in addition to any corporate FEIN. This FEIN is to be used for the sole purpose of performing as Vendor F/EA FMS provider and filing certain federal tax forms (such as IRS Forms 2678, 8821, 940, 941, 941X, Schedule R for 940 and 941, W-2, W-2(c) and W-3 and W-3(c)) and paying federal income tax withholding, FICA (Medicare and Social Security) and Federal Unemployment Taxes (FUTA) on behalf of participants and their representative for whom it represents as employer agent. Vendors cannot provide F/EA FMS to a participant to whom it also provides a direct program service funded through the Alabama Medicaid program. The selected Vendor must perform all F/EA FMS tasks directly and may not delegate any of the F/EA FMS tasks to a third-party entity.

1. Background Statement

Consumer direction, or self-direction, as it is also known, allows people to design their own support plans, choose the assistance they need to live full lives, and control a personal budget for their supports. Participants may use their participant budgets to hire their own staff and purchase participant-directed goods and services. Self-direction provides people the freedom to decide how to live their lives and the authority and control over their resources and supports. When people direct their own supports, they also assume greater responsibility for their choices and decisions.

In 2005, the Alabama Department of Senior Services applied for and was awarded grant funding from the Robert Wood Johnson Foundation to implement a pilot program (Personal Choices) of consumer-directed services for participants who were enrolled in two of the State's Medicaid S1915(c) HCBS Waivers, Elderly and Disabled (E & D) and SAIL. Beneficiaries from these waivers who lived in the following seven-county region in West Alabama could elect to

participate: Bibb, Fayette, Greene, Hale, Lamar, Pickens, or Tuscaloosa. Participants in the Personal Choices Program receive a participant budget for personal care, personal assistance services, and certain other self-directed services through a Medicaid State Plan Option (19150)), while continuing to receive any other authorized services under the traditional 1915(c) Waiver program.

The West Alabama Regional Commission (WARC) served as the local lead agency during the pilot phase of the program and was responsible for providing administrative and counseling services. The program started in August of 2007. SAIL has since expanded the program statewide.

ADRS is responsible for the administration of the program for participants enrolled in the SAIL waiver. ADRS will be the entity that disburses payment for vendor fees and participants' spending budgets. ADRS has case managers who are responsible for enrollment activities and submission of paperwork to the FMSA. (See Appendix B for the description of duties of a case manager.) The Vendor will work with the program's case managers for issues related to the enrollment of participants and management of the spending plan.

1.1 Waivers Included in Consumer-Directed Programs

State funds allocated to participants through the self-determination initiative are eligible for federal match to the State of Alabama through federal programs

ADRS's experience has been that approximately 58 percent of eligible participants currently enrolled in the SAIL Waiver opt to enroll in the Personal Choices program.

The SAIL Waiver provides specialized in-home education and counseling, attendant care, training, and medical services to Alabamians with the most significant disabilities. ADRS is the operating agency for the SAIL Waiver. The SAIL program has seven community-based offices located throughout the state to serve residents in all 67 counties.

SAIL ensures independent living at home, at school, at work, and in the community through these specialized programs.

Through the SAIL Medicaid Waiver, case managers can maximize program resources and access additional programs and services to provide supports in the participant's home, school, and/or workplace, leading to reductions in institutional placements.

SAIL combined-services case managers provide one point of contact for Homebound/ Waiver and Vocational Rehabilitation clients. This model of comprehensive service provision enables clients with significant disabilities to achieve independence at home, aiding workplace success, building independence, and creating the momentum necessary to achieve goals.

The SAIL Waiver has 800 slots. Currently there are approximately 382 clients who participate in Personal Choices. This is over 48 percent of potential SAIL Waiver clients.

2. Information for Bidders

This Request for Proposal (RFP) is issued by ADRS. The purpose of the RFP is to solicit proposals for the performance of services related to the Personal Choices program. It is the intent of this RFP to hire a contractor to provide the fiscal, payroll, and invoice payment and reporting supports needed for participants who self-direct their own services. Only one contractor will be selected. Supports include but are not limited to customer service support in a variety of areas related to self-directed services, providing participants and the appropriate ADRS staff members with a variety of payroll, invoice payment, and reports for budget management, Medicaid billing, and trend analysis. The Contractor should also have current experience with and the ability to develop a system that manages a variety of payer sources. The Alabama Medicaid Agency reimburses the operating agencies for expenditures. ADRS is responsible for obtaining reimbursement moneys from Medicaid. The Vendor will submit an invoice for the participant's monthly budget and administrative services to the ADRS, who will then forward the moneys to the Vendor.

The fiscal, payroll, and invoice payment responsibilities of the Contractor include, but are not limited to:

- Establishing and maintaining a bank account for the sole purpose of receiving participants' budget funds related to self-directed services and supports.
- Establishing and maintaining an accounting system to track participants' budget funds received and disbursed in accordance with each participant's authorized budget.
- Establishing current and archived records and files for participants, representatives, support workers, vendors of goods and services, and the Vendor F/EA FMS provider in a secure, confidential, and accurate manner for the required length of time.
- Producing and distributing Participant/Representative-Employer Enrollment Packets and Support Worker Employment Packets.
- Assisting participant representative-employers in completing and submitting the forms and requested information included in the Participant/Representative-Employer Enrollment and Support Worker Employment Packets.
- Assisting participant/representative-employers with understanding quarterly expenditure reports.
- Assisting participant/representative-employers in understanding procedures related to self-direction.
- Collecting and processing the contents of Participant/Representative Employer Enrollment and Support Worker Employment Packets.

- Assisting participants with verifying support workers' citizenship or legal alien status.
- Conducting criminal background checks of support workers.
- Processing payroll through paper checks, direct deposit, or debit cards depending upon the participant's preference.
- Processing payroll related federal and state taxes and end-of-year tax-related activities (including refunding over collected FICA, when necessary) in accordance with federal and state tax and labor board requirements.
- Processing and paying invoices for participant-directed goods and services in accordance with participants' authorized budgets and ADRS guidelines.
- Processing returned payments of any kind in accordance with Alabama Unclaimed Property Law.
- Workers' Compensation insurance is not a requirement in the state of Alabama for employers with less than five employees. However, Vendor is responsible for obtaining and renewing workers' compensation insurance policies should a participant wish to purchase such insurance as allotted for in participants' approved spending plans. Other related duties include paying premiums, providing wage information as requested to insurance carriers, and being the site of the annual audit.
- Providing a variety of customer service supports, including but not limited to:
 - Providing orientation to participant/representative-employers on using Vendor F/EA FMS, being an employer, and requirements.
 - Providing employer skills training to participants/representative employers as needed and requested.
 - Note: The Personal Choices Case Manager will maintain the primary role for training workers in providing personal care services.
 - Having a 24/7 toll free number with voice mail capabilities and fax.
 - Having multiple and sufficient fax lines available to handle large volumes of communication.
 - Having a TTY line or other accommodations for communicating with participants with hearing impairments.
 - Providing the participants preferred option of communication including standard mail and internet/e-mail communications.
 - Providing web-based information regarding VF/EA FMS.
 - Having VF/EA FMS provider hours of operations for at least an eight (8) hour period Monday through Friday between the hours of 8 am and 6 pm CST/CDT except on federal and state holidays with a voicemail box activated for afterhours receipt of messages.

- Having sufficient knowledgeable staff to handle a large volume of calls.
- Responding to calls and complaints from participants and representatives within one (1) business day.
- Providing information to participants and representative (i.e., through brochure or information sheet) that includes, but is not limited to:
 - The roles and responsibilities of the participant, representative, VF/EA FMS provider and worker.
 - VF/EA FMS services provided.
 - Hours of operation.
 - Key VF/EA FMS staff contact information.
 - Telephone, TTY and fax numbers.
 - Participant's Bill of Rights.
- Providing information and materials in alternate/large print format, when requested and in the participant's preferred communication method.
- Providing translation and interpreter services including American Sign Language and services for persons with limited English proficiency either in-house or through contract, when requested.
- Having and maintaining a system for receiving, responding to, and tracking all correspondence, including complaints, from any source and maintain an automated log that addresses:
 - Who made the call.
 - Who received the call.
 - The reason for the call.
 - Action taken.
 - If any mandatory reporting occurred.
 - The final resolution of issue presented.
- Having and maintaining a system for reporting incidents, as defined by the ADRS, including any suspected or confirmed Medicaid fraud to ADRS and per ADRS procedures as a mandatory reporter.
- Having and maintaining a complaint and grievance and appeals process that includes:
 - An Advisory/Grievance Committee that includes participants and representatives and meets either in person or via teleconference at least quarterly to discuss the provision of Vendor F/EA FMS and to evaluate any grievances filed or feedback provided by participants and representatives.
 - Responds to calls and complaints from participants and representatives within

one (1) business day.

- Tracks activities related to the receipt of complaints to include:
 - Who made the call.
 - Who received the call.
 - The reason for the call.
 - Action taken.
 - If any mandatory reporting occurred.
 - The final resolution of issue presented.
- Resolves participant and representative disputes, grievances and or VF/EA FMS- related complaints within five (5) business days of receipt of complaint.
- Provides monthly reports to ADRS outlining the complaints received and resolutions achieved.
- Preparing and distributing period reports including participant budget, expenditure reports, annual expenditure reports, demographic information, and Medicaid billing reports.
- Establishing and following Policies and Procedures for closing out accounts of participants who have been terminated from the program.
- Establishing and following Policies and Procedures for Electronic Visit Verification (EW) process to be implemented by a date set by Alabama Medicaid.
- Vendor must comply with all rules and regulations to be set forth by the Alabama Medicaid Agency regarding procedures for the EW system. The Vendor must agree to be actively involved in any training and implementation activity requested of the Vendor during the implementation process.
- Vendor must keep both the Employer of Record and SAIL staff informed of any status change of each program participant.

The Vendor F/EA FMS provider will provide educational support to SAIL staff by providing initial program training and updated training in the event of programmatic changes.

The Vendor F/EA FMS provider will provide support for the participant or his/her representative to manage and distribute funds contained in their participant budget. The Vendor F/EA will receive retrospective payment of the participant budgets for each participant enrolled in the Personal Choices program monthly.

Payment for vendor fees will be paid retrospectively on a per-member per-month basis upon receiving an invoice. Vendors must submit documentation that they have a line of credit of at

least \$2 million or a sufficient amount to pay their expenses to administer Vendor F/EA FMS services for a period of at least three (3) months.

Services provided by the Contractor are described in detail under Scope of Services on page 11. and in the Appendix B of this RFP.

Key Events

RFP Issue Date:	June 12, 2023
Electronic Questions Due:	July 17, 2023
Response to Questions:	July 24, 2023
Proposals Due:	August 1, 2023
Projected Contract Award by:	October 1, 2023
Projected Start of Services:	January 1, 2024

Electronic Question and Answer Period

All questions will be accepted by email only. Written questions should be emailed to Lisa Alford at lisa.alford@rehab.alabama.gov.

The writer should directly tie questions to the RFP. Questions should be asked in consecutive order, from beginning to end, following the organization of the RFP. Each question should begin by referencing the RFP, section heading, and page number to which it relates.

Cut-Off Date for Questions and Inquiries

The cut-off date for questions and inquiries relating to this RFP is **July 17, 2023**. Questions will not be answered individually. A summary of all questions received will be compiled into one document and distributed to all proposed bidders.

Final release of responses to questions will be made by **July 24, 2023**.

If it becomes necessary to clarify or revise this RFP, such clarification or revision will be by addendum. Addenda, if any, to this RFP will be submitted electronically to each potential Vendor and shall become part of this RFP and part of any contract resulting from this RFP. It is the sole responsibility of the bidder to be knowledgeable of all addenda related to this procurement.

Submission of Bid Proposal

To be considered for award, one (1) original, three (3) hard copies, and one (1) electronic copy on CD or USB of the bid proposal must be received by SAIL at the appropriate location by the required time. **ANY BID PROPOSAL NOT RECEIVED ON TIME AT THE DESIGNATED PLACE WILL BE REJECTED.**

The Date, Time, and Location are:

Proposal Due Date	August 1, 2023
Time	5:00PM CDT
Location Note: Directions to ADRS can be obtained by calling 334-293-7404	Lisa Alford, SAIL Director ADRS/SAIL 602 South Lawrence Street Montgomery, AL 36104

Bidder Responsibility

The bidder assumes sole responsibility for the complete effort required in this RFP. No special consideration shall be given after bids are opened because of a bidder’s failure to be knowledgeable of all the requirements of this RFP. By submitting a bid proposal in response to this RFP, the bidder represents that it has satisfied itself, from its own investigation, of all the requirements of this RFP.

Cost Liability

State Agencies assume no responsibility and will bear no liability for costs incurred by bidders before the award of the contract resulting from this RFP. This includes any expense incurred by the bidder in the preparation and presentation of their proposal or any other costs incurred by the bidder prior to the execution of the contract.

Joint Venture

If a joint venture is submitting a bid proposal, the agreement between the parties relating to such joint venture should be submitted with the joint venture’s bid proposal. Authorized signatories from each party comprising the joint venture must sign the bid proposal.

Availability of Funds

Any commitment of funds to selected Vendor shall be contingent upon receipt and availability of funds for which a contract is made. In the event of the proration of the funds from which payment under the awarded contract is to be made, the contract will be subject to

termination. Vendors must submit documentation that they have a line of credit of at least \$2 million or a sufficient amount to pay their expenses to administer Vendor F/EA services for a period of three months.

3. Scope of Services

The Contractor shall meet with the representatives from ADRS as soon as possible upon the award of the contract at a mutually agreed upon date. At this meeting all aspects of program startup and operation shall be discussed and reviewed including initial training in the Personal Choices option, related procedures, budget guidelines, and cost standards. At that time, ADRS will establish with the Contractor a regular set of meetings and/or telephone conferences to assess the progress of the Contractor during the startup period.

The Contractor will perform as the Vendor F/EA FMS provider on behalf of ADRS and participants enrolled in both current and future self-directed programs, and their representatives, as appropriate, in accordance with Section 3504 of the IRS Code, Revenue Procedure 70-6, and in accordance with ADRS requirements. The Contractor will be responsible for processing and receiving the results of background checks on support workers seeking employment from participants enrolled in the programs and their representatives, as applicable. Cost for the first two background checks for a participant will be borne by the Contractor; the cost of any subsequent background checks will be borne by the participant's budget.

The Contractor must be willing and able to complete the required tasks and demonstrate that it has in place, or describes its plan to ensure, effective systems, policies, procedures, and internal controls to perform the required tasks successfully. This information should be contained in a comprehensive Vendor F/EA FMS Policies and Procedures Manual that is Alabama-specific and available in an electronic format. The tasks described in this RFP meet minimum standards and may be further delineated as other future opportunities require additional tasks. The required tasks are described in Attachment B: Tasks to Be Performed by a Vendor Fiscal/Employer Agent (F/EA) Operating Under Section 3504 of the IRS Code and the Rev. Proc. 70-6, as Modified by Rev. Proc. 2013-39 prepared by Susan A. Flanagan Ph.D. and provided to the State of Alabama by the Cash and Counseling National Program Office. Proposers should read this document in detail and discuss each of the requirements in their response. Please note that Alabama does not currently use reporting agents or sub-agents in the proposed programs represented in this document. However, information on any questions referring to this will be of interest should reporting agents or sub-agents be considered in the future for the State.

The Contractor must be prepared to participate in a Vendor F/EA FMS Provider Readiness Review if deemed necessary by ADRS to be conducted prior to beginning services to ensure that all Vendor F/EA FMS systems, policies, procedures, and internal controls are in place and

documented.

4. Financial Audit Requirements

1. A copy of the most recent financial statement, with an opinion letter from a CPA with a valid license, is required as a part to the RFP proposal. Failure to provide this in complete form will result in disqualification from the RFP process.
2. Participating State and Federal Agencies, the Chief Examiner of Public Accounts, or any of their duly authorized representatives shall have access to any pertinent books, documents, papers, and records of the Contractor relevant to this contract to make audits, financial reviews, examinations, excerpts, and transcripts. Pertinent records are those dealing with all financial and other records pursuant to this contract.
3. Vendors must submit a cost report after the contract, if requested by ADRS.

5. Records

The Vendor must maintain other such records and information required in a secure and confidential manner including but not limited to: copies of timesheets, phone logs, summaries of complaints with resolution noted; documentation related to the withholding, filing, payment of FICA, FUTNSUTA, federal and state income tax withholding, wages, and year-end tax filings in compliance with federal and state Department of Labor rules and in the form and manner prescribed by ADRS. Program participants' and employees' records must be available for immediate review by participating agencies. Records must be made available in Alabama within seven (7) days when requested by an agency.

6. Confidentiality Responsibilities

1. The Contractor must agree to follow the privacy practices as outlined by Health Insurance Portability and Accountability Act of 1996. The Contractor shall take measures to ensure that access to information will be limited to the Contractor. The Contractor shall take measures to prudently safeguard and protect unauthorized disclosure of any protected information in its possession.
2. The Contractor agrees not to release any information regarding the participant to any entity or person other than ADRS without the expressed written consent of the participant/ representative.
3. The Contractor shall establish internal policies to ensure compliance with federal and state laws and regulations regarding confidentiality.
4. The Contractor will not provide, grant, allow or otherwise offer access to information without

express written permission of ADRS.

5. The Contractor will assume all liabilities under both federal and state law if the information is disclosed in any manner.
6. Upon receiving any request for information from any participant, entity, corporation, partnership or otherwise, the Contractor must notify the appropriate ADRS staff within twenty-four (24) hours. The Contractor will ensure that there will be no disclosure of data except through ADRS.
7. In cases where the information requested by outside sources is releasable under the Freedom of Information Act (FOIA), as determined by ADRS, the Contractor shall provide support for copying and invoicing such documents.

7. Contract Period

The contract period is projected to be for two years starting January 1, 2024, with two one-year extension options at the discretion of the Commissioner of the Alabama Department of Rehabilitation Services. The Commissioner may twice, with written notice, elect to extend the contract for additional one-year terms. The extension period shall commence the day after the end of the current contract period.

8. Contract Award Procedures

The State of Alabama is an Equal Opportunity and Affirmative Action employer and does not discriminate in its hiring, employment, or business practices. ADRS is committed to complying with the Americans with Disabilities Act of 1990 (ADA) and does not discriminate based on disability, in admission to, access to, or operation of its programs, services, or activities.

A Selection Committee composed of representatives from ADRS will review all proposals. Vendors may be required to participate in one or more interviews with the Selection Committee, which may be conducted in person or by telephone. Any such requirement for interviews will be at the discretion of the Selection Committee.

9. Proposal Requirements

All proposals must follow the required format described below in 9.1 through 9.8. Vendors should address all requirements listed in the prescribed order and using the prescribed numbering system. At ADRS's discretion, failure to do so will result in disqualification. Please provide an original and three (3) copies of the proposal as well as an additional electronic copy. All questions not completely answered will be deemed as not meeting that requirement and may result in the disqualification of the proposal.

9.1 Information about the Vendor.

The following information and forms must be provided as part of the submittal:

a. Description of the Vendor's Organization

b. Relevant Experience

1. Experience: The Vendor must include all relevant background and experience related to the work outlined in the Scope of Services included in this RFP to include any experience with Electronic Visit Verification implementation. Please list all states where you have and currently operate as a Vendor F/EA FMS provider. Emphasis should be on activities relevant and related to the Scope of Services included in this RFP. Additionally, please list any contracts in the last three (3) years between the Vendor and any agency of the State of Alabama.
2. References: Include at least three references. A list of contact names and phone numbers is preferred. When available, include references from states where the Vendor has operated as a Vendor F/EA FMS provider for at least one (1) year. Reference letters may be included as attachments to the proposal, if available.

9.2 Statement of Work.

Vendors must include a work plan covering each of the Key Tasks. The Work Plan includes, at a minimum, the services, and tasks to be achieved, including descriptive details and the professional staff who will perform the work. The Work Plan must be presented in the exact order as delineated in each Key Task category numbered One through Thirteen below. Vendors may add tasks (and their deliverables) to those identified in the Scope of Services at the end of each outlined phase provided such new tasks are clearly identified and separated from the specific tasks in the scope of work. The Vendor must include a proposed timeline for meeting the schedule outlined in this RFP as well as for completing the required routine tasks on an on-going basis. The timeline may be included in the response to this section or as a separate attachment.

The Key Tasks Include:

KEY TASK ONE: Obtaining Federal and State approval to be a VF/EA FMS provider.

KEY TASK TWO: Preparing and Maintaining a VF/EA FMS Policies and Procedures Manual and staying up to date with Federal and State rules and regulations regarding vendor F/EA FMS providers and household employers.

KEY TASK THREE: Preparing and Distributing Participant/Representative Employer Enrollment

and Support Worker Employment and Participant-Directed Goods and Services Vendor Engagement Packets and Collecting and Processing Required Information and Documents.

Note: The Vendor will be responsible for developing/distributing forms and additional materials applicable information required for the services the Vendor provides. SAIL's case managers are responsible for educating the participants regarding the required forms for program enrollment and assisting with the development of the spending plan/budget.

KEY TASK FOUR: Brokering Workers' Compensation Insurance.

Note: In the State of Alabama, participants are allowed to decide whether to purchase this insurance with the assistance of the VF/EA FMS organization.

KEY TASK FIVE: Management of Participants' Budget Funds and Invoicing SAIL for Support Services and VF/EA FMS Rendered.

KEY TASK SIX: EVV

KEY TASK SEVEN: Payroll Process.

KEY TASK EIGHT: End of Year Federal Tax Process.

KEY TASK NINE: Processing Payment for Independent Contractors Who Provide Services and Supports to Participants and their Representatives.

Note: The Vendor remits direct payments to entities that will submit invoices; otherwise, payment is based on receipts provided by the client' payment may be made only for goods or services authorized under an approved spending plan. Payment is made from participant budget funds.

KEY TASK TEN: Managing Invoices for Participant-Directed Goods and Services Rendered and Included in Participants' Service Plans and Budgets.

KEY TASK ELEVEN: Customer Service System.

KEY TASK TWELVE: Record Management Process.

KEY TASK THIRTEEN: CONFIDENTIALITY

KEY TASK FOURTEEN: Preparing and Submitting the Required Reports to ADRS, Participants, and Other Designated Participants/Entities.

KEY TASK FIFTEEN: Participants Changing VF/EA Organizations at the Beginning or During a

Calendar Tax Year.

9.3 Personnel Listing

A complete listing of the professional staff identified in the Work Plan with their resumes. Each resume shall include the individual's qualifications and experience in responsibility.

9.4 Line of Credit

Vendors must submit documentation that they have a line of credit of at least \$2 million or a sufficient amount to pay their expenses to administer Vendor F/EA FMS services for a period of at least three (3) months. Absence of any of the above requirements will result in immediate disqualification from the bid process.

9.5 Audit

A copy of the most recent financial statement, with an opinion letter from a CPA with a valid state license, is required as a part to the RFP proposal. Absence of any of the above will result in immediate disqualification from the bid process.

9.6 FEIN

Vendors must demonstrate they have a separate FEIN from their company or business, for the sole purpose of filing certain federal forms and filing and paying certain federal taxes in hardcopy or electronically (i.e., IRS Forms 2678, 8821, 941, 941(X), 940, Schedule R for the IRS Form 941 and 940, W-2, W-2(c), W3, w-3(c)).

9.7 Conflict of Interest

Disclose any current (within the last three (3) years) business relationships which may pose a conflict of interest.

9.8 Additional Data

The Vendor should include any additional information relevant to this RFP that it wishes to bring to the attention of ADRS.

10. Phase One Evaluation Criteria

The following criteria are expected to be among those used in the selection process and are presented as a guide for the Vendor in understanding ADRS's requirements and expectations for this RFP and are not necessarily all inclusive. ADRS reserves the right to accept a response

that based upon their sole judgment, sufficiently demonstrates the ability to serve as a Vendor F/EA FMS provider for the purposes of the Personal Choices program and for other future self-directed programs. ADRS also reserves the right to interview any or all respondents and/or to request additional information for clarification purposes of submitted proposal.

Criteria weighting is as follows:

10.1 Proposed Statement of Work (50%)

Emphasis will be on understanding the role of the Vendor F/EA FMS Provider and all the specific needs of each user; the participant and family, the case manager/broker, ADRS procedures and information management, Medicaid Waivers, accounting and auditing of state dollars, qualified vendors, and participant providers. Documentation should also demonstrate the Vendor's ability to complete the tasks and meet the necessary demands of each phase of work within the required time frame.

10.2 Experience, expertise, and capabilities of the Vendor (40%)

Emphasis will be on the demonstrated track record of the Vendor for services that are specified in the scope of work. The experience the Vendor has with Electronic Visit Verification implementation will also be considered. Background, qualifications, and previous experience of personnel to be assigned to the project and their demonstrated competence, experience, and expertise in the type of work to be performed may also be evaluated.

10.3 Vendor demonstration meetings (10%)

Vendors ability to demonstrate payment systems which will be used in accordance with the Personal Choices program requirements and procedures will be evaluated.

To meet the minimum requirements for a responsive proposal, Vendors must have a score of at least 80, defined as 80% of the aggregate potential scores of Sections 10.1, 10.2 and 10.3. Section 10.1 has a potential total score of 50 points, the potential total score of Section 10.2 is 40, and the potential total score of Section 10.3 is 10.

11. Phase Two Evaluation Criteria

Upon determining that a Vendor has met the minimum requirements and has received at least a score of 80, ADRS will then review the Vendor's proposed budget as Phase Two of the RFP evaluation process. The Vendor should propose a fee schedule that is consistent with practices customary to Cash and Counseling type programs throughout the nation. One customary practice, for example, is to charge a one-time per-participant enrollment fee to cover costs of

setting up participant files and accounts and then a monthly per-participant fee for ongoing expenses. ADRS is willing to entertain other approaches that are cost effective and otherwise meet the requirements of this RFP. Higher consideration will be given to those who can demonstrate a sliding or other fee schedule that reflects economies of scale. Please provide the fee schedule as a separate attachment to the proposal. Proposals without fee schedules will not be considered.

Appendix A

Tasks to Be Performed by a Vendor Fiscal/Employer Agent (VF/EA) Financial Management Services (FMS) Organization Operating Under Section 3504 of the IRS Code and Rev. Proc. 70-6, as Modified by Rev. Proc. 2013-39¹

Section 3504 of the IRS code authorizes the Secretary of the Treasury to promulgate regulations to authorize a fiduciary agent or other person (“agent”) who has the control of, receives, has custody of, disposes of, or pays the wages of an employee or group of employees, employed by one or more employees, to perform certain specified acts required of employees. Under section 3504 of the IRS code, all provisions of law (including penalties) applicable with respect to an employer are applicable to the agent and remain applicable to the employer. Accordingly, both the agent and the employer are liable for employment taxes and penalties associated with the employer’s employment tax obligations under the agent (IRS Rev. Proc. 2013-39).

There are numerous tasks entities must perform when operating as a Vendor Fiscal/Employer Agent Financial Management Service (VF/EA FMS) organization under section 3504 of IRS code, Revenue Procedure 70-6, and as modified by IRS Rev. Proc. 201339. The purpose of this document is to provide information that will assist:

- Federal, state, and local government PDS program agencies in developing standards for provider certification, request for proposals (RFPs and similar solicitation vehicles) and administrative contracts for VF/EA FMS and protocols for assessing a VF/EA FMS organization’s initial readiness (or certification) to perform the VF/EA FMS organization function and for assessing and monitoring its ongoing performance (recertification); and
- Entities who wish to operate as VF/EA FMS organizations and/or to review their current VF/EA FMS operations (systems, written policies and procedures, and internal controls).

¹ This information is based on IRS documentation related to VF/EA FMS organizations, discussions with central and regional office IRS employment tax staff and best practices identified from VF/EA FMS organization operations. This information is subject to change based on future IRS policy clarification/changes related to VF/EA FMS organizations and household employers who hire domestic service workers to provide support services and use a VF/EA FMS organization to manage the payroll and bill payment functions.

Preparing and Maintaining a VF/EA FMS Organization Policies and Procedures Manual

All VF/EA FMS organizations should be required to prepare and maintain a state/participant-directed service (PDS) program-specific VF/EA FMS Policies and Procedures Manual. This manual describes the policies, procedures, and internal controls for all tasks related to the VF/EA FMS function (including reporting agent or subagent role and tasks if used) in a specific state and for a specific program. The manual should be updated at least annually and as needed. Also, it is recommended that the manual be developed in an electronic/read-only format so that VF/EA FMS staff can readily access it and the VF/EA FMS can make it available to PDS program staff when requested.

If a VF/EA FMS organization contracts with and delegates VF/EA FMS tasks to a reporting agent or a subagent, the VF/EA FMS organization's Policies and Procedures Manual should clearly describe the tasks performed by the VF/EA FMS organization, the reporting agent or subagent, and any overlapping tasks and communication and data transmission tasks and tasks performed when the VF/EA FMS organization is monitoring the reporting agent's or subagent's ongoing performance. The reporting agent or subagent also should have a state/program-specific policies and procedures manual for the tasks it will be performing on the VF/EA FMS organizations and participants' ²behalf in a particular state or for a specific PDS program.

PLEASE NOTE: The State of Alabama does not allow for subagents or reporting agents. Any references in this document to a subagent or reporting agent do not apply within the scope of this RFP.

Staying Up to Date with Federal and State Tax, Labor, Immigration Workers' Compensation and Program Requirements

VF/EA FMS organizations must have policies, procedures, and internal controls in place to stay up to date with federal and state tax, labor, citizenship and immigration, workers' compensation (and mandatory disability insurance in the five states where it is applicable: CA, HA, NJ, NY, and RI) and program regulations to perform effectively as a VF/EA FMS organization and limit any risk of liability as a result of noncompliance. For example, federal and state tax procedures forms and instructions can change without prior notice. Reviewing applicable agency web sites monthly is essential for staying up to date in these areas.

² For this document, the term "participant" refers to the employer whether it's the program participant or his/her designated representative, as appropriate.

Obtaining a Separate FEIN for Federal Tax Filing and Payment Purposes

Entities performing as VF/EA FMS organizations must obtain a separate Federal employer identification number (FEIN) for the sole purpose of filing certain federal employment tax forms and making certain federal tax payments. This FEIN really acts as a “dummy” FEIN and is obtained in addition to a VF/EA FMS organization’s corporate FEIN. The IRS has stated that a VF/EA FMS organization should use this separate FEIN for filing and paying federal taxes and related federal forms for all participants, programs, and states in which it operates as a VF/EA FMS organization. This separate FEIN should not be used for processing wages and related federal forms and taxes for employees of the parent organization or sub entity.

A **reporting agent** uses the VF/EA FMS organization’s separate FEIN when performing agent tasks on behalf of a VF/EA FMS organization.

A **subagent** uses its separate FEIN when performing agent tasks on behalf of a VF/EA FMS organization.

It should be noted that when a VF/EA FMS organization is a 5501(c) (3) entity, having a separate FEIN allows the entity to file FUTA on behalf of the participants it represents as their agent. Typically, a 5501(c) (3) entity is exempt from paying FUTA for its employees.

IRS identifies home care service recipients (HCSRs) or participant/representative-employers and their VF/EA FMS organization using an 18-digit identifier. The 18-digit identifier is created by combining the participant/representative-employers FEIN with the VF/EA FMS organizations separate FEIN.

VF/EA FMS Organizations Contracting with and Delegating Tasks to a Reporting Agent

The Form 2678, Agent/Payment Authorization, states that VF/EA FMS organizations may contract with a third party, such as a reporting agent or certified public accountant, to prepare or file the returns covered under its authorized appointment or to make any required payments. IRS defines a reporting agent as

An accounting service, franchiser, bank³, service bureau, or other entity authorized to perform one or more of the following functions:

- Sign and file electronically Forms 940 and 941;

³ FN: The IRS Office of General Counsel for Employment Tax staff has reported that credit unions are not considered “banks” under this definition

- Sign and file on paper Forms 945, 1042, 940 and 941-PR, 941-SS, 943, 943-PR., and Form CT-I; and
- Make FTDs and FTPs and submit FTD and FTP information electronically for the taxes reported on the Form 720, 940, 941, 943, 945, 990-C, 990-PF, 990-T, 1041, 1042, 1120 and Form CT-I.

Such a contract may authorize the IRS to disclose confidential tax information of the employer/payer and the agent to the third party. The IRS has prescribed the Form 8655, Reporting Agent Authorization as the appropriate authorization form for a taxpayer or VF/EA FMS organization to use to designate a reporting agent.

The IRS Form 2678, Employer/Payer Appointment of Agent (version 8/2014) discusses the issue of reporting agent liability for any unfulfilled federal tax obligations including penalties and interest. The IRS states that if the third party (the reporting agent) fails to file the returns or make the payments, the VF/EA FMS organization (the agent) and the employer/payer (the participant) remains liable (two-way level of liability). The reporting agent does not assume any liability related to its performance. Many states take a similar position regarding reporting agents as it relates to state income tax withholding and employment tax filing and payment requirements.

VF/EA FMS organizations using reporting agents to perform some of the agent tasks on the VF/EA FMS organization's behalf must:

- Execute an IRS Form 8655, Reporting Agent Authorization between itself and the reporting agent for filing IRS Forms 940, 941 and W-2.

VF/EA FMS organizations should:

- Execute an IRS Form 8821, Tax Information Authorization, between the participant and the VF/EA FMS organization that includes the reporting agent as the second appointee (no longer required but best practice for effective communication with the IRS); and
- Execute a signed informed consent statement with each participant the VF/EA FMS organization represents that states that the participant/representative-employer understands the VF/EA FMS organization is using a reporting agent to perform some of the agent tasks; understands the reporting agent's liability for any unfulfilled federal and state tax obligations including penalties and interest (i.e., none); lists the tasks being performed by the VF/EA FMS organization and the reporting agent; and concurs with the VF/EA FMS organization's use of a reporting agent.

The VF/EA FMS organization should include a section in its state/program-specific VF/EA FMS Policies and Procedures Manual that describes the policies, procedures, and internal controls for using the reporting agent, including communication flow and provision of data with all methods used HIPAA compliant; the roles and responsibilities of the VF/EA FMS organization

and the reporting agent; and how the VF/EA FMS organization will monitor the reporting agent's performance to determine compliance.

VF/EA FMS Organizations Contracting with and Delegating VF/EA FMS Tasks to a Subagent

IRS Rev. Proc. 2013-39 issued in December 2013 allows VF/EA FMS organizations to contract with delegate agent tasks to a subagent in addition to a reporting agent. In the case where a VF/EA FMS organization delegates agent tasks to a subagent, there is a three-way level of liability for non-compliance with IRS requirements that includes the VF/EA FMS organization, the subagent, and the participant.

When a VF/EA FMS organization contracts with and delegates agent tasks to a subagent, IRS requires the subagent to use its separate FEIN to file and pay federal taxes and related forms.

VF/EA FMS organizations should:

- Execute an IRS Form 2678, Employer/Payer Appointment of Agent between the VF/EA FMS organization and the subagent, and
- Execute an IRS Form 8821, Tax Information Authorization, between the participant and the VF/EA FMS organization that includes the subagent as the second appointee (no longer required by the IRS but best practice for effective communication with the IRS).

The VF/EA FMS organization should include a section in its state/program-specific VF/EA FMS Policies and Procedures Manual that describes the policies, procedures, and internal controls for using the subagent, including communication flow and provision of data with all methods used HIPAA compliant; the roles and responsibilities of the VF/EA FMS organization and the subagent; and how the VF/EA FMS organization will monitor the subagent's performance to determine compliance.

Although not an IRS requirement, it is recommended that the VF/EA FMS organization execute a signed informed consent statement with each participant/ representative employer the VF/EA FMS organization represents that states that the participant/ representative-employer understands the VF/EA FMS organization is using a subagent to perform some of the agent tasks; understands the subagent's liability for any unfulfilled federal and state tax obligations including penalties and interest; lists the tasks being performed by the VF/EA FMS organization and the subagent; and concurs with the VF/EA FMS organization's use of a subagent.

When Does a VF/EA FMS Organization's Liability for Filing and Depositing Federal Taxes Begin?

The October 2007 IRS Form 2678 instructions state that a VF/EA FMS organization is not liable for filing any federal tax returns or making any deposits or payments until it receives approval from the IRS (IRS 1997C Letter) to act as an agent for a participant. So during the period from when the agent files the IRS Form 2678 for an participant until the agent receives IRS authorization (IRS 1997C Letter) to be the agent for that participant, the entity that engages the VF/EA FMS organization (i.e., state program agencies, aging and disability network agency) should require in the contract executed with or in an executed agreement with the VF/EA FMS organization, that the VF/EA FMS organization be responsible for filing and depositing federal taxes (federal income tax withholding, Medicare and Social Security (FICA) and federal unemployment insurance taxes (FUTA) and any unfulfilled federal tax obligations, including penalties and interest) and any liability as a result of non-compliance.

DOL Home Care Rule and Joint Employment as it Applies to VF/EA FMS Organizations

DOL Administrative Interpretation 2014-2, Section II, #5 Perform Payroll and Other Administrative Functions states that:

Functions that are like the tasks performed by commercial payroll agents for businesses, such as maintaining records, issuing payments, addressing tax withholdings, and ensuring that workers' compensation insurance is maintained for the worker on behalf of the consumer, are weak indicators that the entity is an employer.

However, if the PDS program has the VF/EA FMS organization perform employer tasks other than those described above, it may present a stronger indicator that the VF/EA FMS organization is a joint employer. The briefing paper prepared by Lucia Cucu, JD and Mollie Murphy in November 2014 for the National Resource Center for Participant-Directed Services (NRCPS) entitled An Overview of the Department of Labor Home Care Rule for VD-HCBS is a reliable resource for understanding this issue and is available on the website.

The remaining VF/EA FMS organization tasks are described in the balance of this document. Please note that depending on the operational approach used by ADRS, the VF/EA FMS organization or its reporting agent or subagent may be performing these tasks. ***In addition, these tasks are for programs where the participant service recipient or their authorized representative is the common law employer of workers hired and there is no joint employment relationship present.***

KEY TASK ONE: Obtaining Federal and State Approval to Be A VF/EA FMS Organization

1. What system does the VF/EA FMS organization have in place to maintain a separate FEIN specifically to file the IRS Form 2678, Employer/Payer Appointment of Agent and other federal tax forms and to file and make federal tax payments on participants' behalf?
2. What system does the VF/EA FMS organization have in place for obtaining a federal employer identification number (FEIN) for each participant it represents as agent and for maintaining copies of the participant's FEIN, IRS FEIN notification, and the filed IRS Form 55-4, Application for Employer Identification Number, in each participant's file?
3. What written policies and procedures does the VF/EA FMS organization have for obtaining federal employer identification number for each participant it represents and for maintaining copies of the participant's FEIN, IRS FEIN notification letter, and the filed IRS Form SS-4, Application for Employer Identification Number, in each participant's file?
4. What system does the VF/EA FMS organization have in place for retiring participants' FEINs when they are no longer employers (permanently)?⁴
5. What written policies and procedures does the VF/EA FMS organization have for retiring participants' FEINs when they are no longer employers?
6. What internal controls does the VF/EA FMS organization have documented and in place to monitor the FEIN process, including receipt and retirement of participants' FEINs, and including making sure that all participants have FEINs, and the documentation is maintained in each participant's file?
7. What system does the VF/EA FMS organization have in place for preparing and submitting a signed IRS Form 2678: Employer/Payer Appointment of Agent for each participant it represents and for maintaining documentation (copies of IRS Form 2678 and IRS LTR 1997()) in each participant's file?
8. What written policies and procedures does the VF/EA FMS organization have for submitting an IRS Form 2678 and for maintaining documentation (copies of IRS Form 2678 and IRS LTR 1997()) in each participant's file?
9. What system does the VF/EA FMS organization have in place for ensuring receipt of written authorization (IRS LTR 1997()) from the IRS to be the Agent for each participant it represents and maintaining a copy of the written authorization in each participant's file?⁵

⁴ In the letter the IRS specifically would like to know if the participant for whom the FEIN is being retired is deceased.

⁵ Agent authorization is effective on the date on the IRS authorization notice. Until that date, IRS does not consider the VF/EA FMS organization liable for any unfulfilled federal tax obligations including penalty and interest. Therefore, it is important that the administrative contract and another type of agreement is

10. What written policies and procedures does the VF/EA FMS organization have for ensuring receipt of written authorization (IRS LTR 1997) from the IRS to be the Agent for each participant it represents and maintaining a copy of the written authorization in each participant's file?
11. What system does the VF/EA FMS organization have in place for revoking the IRS Form 2678 for each participant it no longer represents in accordance with IRS requirements and for maintaining documentation (copies of the IRS Form 2678 completed for revocation and the IRS LTR 4228C acknowledging the revocation) in each participant's file?
12. What written policies and procedures does the VF/EA FMS organization have for revoking the IRS Form 2678 for each participant it no longer represents in accordance with IRS requirements and for maintaining documentation (copies of the IRS Form 2678 completed for revocation and the IRS LTR 4228C acknowledging the revocation) in each participant's file?
13. What internal controls does the VF/EA FMS organization have documented and in place to monitor the preparation and submission and revocation of IRS Forms 2678 in accordance with IRS requirements, and the receipt of IRS approval for all participants it represents and for maintaining documentation (copies of the IRS Form 2678 completed for revocation and the IRS LTR 4228C acknowledging the revocation) in each participant's file?
14. What system does the VF/EA FMS organization have in place for filing a signed IRS Form 8821, Tax Information Authorization, for everyone it represents and for maintaining copies of the form in each participant's file?⁶
15. What written policies and procedures does the VF/EA FMS organization have for preparing and filing IRS Forms 8821 and for maintaining copies of the form in each participant's file?
16. What system does the VF/EA FMS organization have in place for renewing IRS Forms 8821 for each applicable participant at the appropriate time and for maintaining copies of the

executed by the PDS program agency and the VF/EA FMS organization holds the VF/EA FMS organization liable for any unfulfilled federal and state tax obligations for the entire contract period including the time from when the VF/EA FMS organization is waiting to receive authorization from the IRS to be an agent for a participant until it is received (receipt of IRS 1997C LTR).

⁶ At the FMS Conference in Baltimore, MO on November 14, 2011, IRS staff reported that VF/EA FMS organizations had to complete and file IRS Forms 8821 only when they were needed. However, due to the nature of communicating with the IRS on tax filing and payment issues, it is best practice for VF/EA FMS organizations to file, submit and renew IRS Forms 8821 for everyone they represent as agent. In addition, VF/EA FMS organizations should consider listing all the forms it regularly files or may file with the IRS on the IRS Form 8821 including IRS Form 940 and Schedule R, Form 941 and Schedule Rand Schedule B, Form 941-X, Form W-2 and W-2(c), and Form W-3, and W-3(c). If the VF/EA FMS organization contracts with and delegates agent tasks to a reporting agent or subagent, it should include the name of a staff person at the reporting agent or subagent on the IRS Form 8821 as the second appointee.

renewals in each participant's file?

17. What written policies and procedures does the VF/EA FMS organization have for renewing IRS Forms 8821 for each applicable participant at the appropriate time and for maintaining copies of the renewals in each applicant's file?
18. What system does the VF/EA FMS organization have in place for revoking an IRS Form 8821 when the Agent no longer represents the participant and for maintaining documentation in each participant's file?⁷
19. What written policies and procedures does the VF/EA FMS organization have for revoking the IRS Form 8821 when the Agent no longer represents the participant and for maintaining documentation in each participant's file?
20. What internal controls does the VF/EA FMS organization have documented and in place to monitor the process for obtaining, filing, renewing, and revoking IRS Forms 8821, and to maintain documentation in each participant's file?
21. What system does the VF/EA FMS organization have in place for obtaining a state power of attorney (for state income tax, unemployment tax or both, as required by the state) from everyone it represents, and for maintaining documentation in each participant's file?⁸
22. What written policies and procedures does the VF/EA FMS organization have for obtaining a state power of attorney (for state income tax, unemployment tax or both, as required by the state) from everyone it represents, and for maintaining documentation in each participant's file?
23. What system does the VF/EA FMS organization have in place for revoking a state power of attorney (for state income tax, unemployment tax or both, as required by the state) when it no longer represents a participant, and for maintaining documentation in each participant's file?
24. What written policies and procedures does the VF/EA FMS organization have a for revoking a state power of attorney (for state income tax, unemployment tax or both, as required by the state) when it no longer represent a participant, and for maintaining documentation in each participant's file?

⁷ IRS Form 8821 instructions require a current original signature on forms that are revoked. This can be a problem for VF/EA FMS organizations, particularly if the participant is deceased. One possible solution to this problem might be for the VF/EA FMS organization to obtain two forms with original signatures, one dated and one not dated to be used when the form is revoked in the future. If participant is deceased, then it should be noted on a copy of the most recent form executed that includes the participant's signature.

⁸ If the VF/EA FMS organization uses a reporting agent (e.g., payroll processor) or subagent, it should have a discussion with the relevant state tax agency staff about who should hold the state power of attorney, the VF/EA FMS organization or the reporting agent or subagent or both.

25. What internal controls does the VF/EA FMS organization have documented and in place to monitor the execution and revocation of state powers of attorney forms (for state income tax, unemployment tax or both, as required by the state) for every participant it represents, and maintaining documentation in each participant's file?
26. If the VF/EA FMS organization uses a reporting agent to perform some of the agent tasks, what system does it have in place for executing an IRS Form 8655, Reporting Agent Authorization, between itself and the reporting agent and for maintaining documentation in each participant's file?
27. If the VF/EA FMS organization uses a reporting agent to perform some of the agent tasks, what written policies and procedures does it have for executing an IRS Form 8655, Reporting Agent Authorization, between itself and the reporting agent and for maintaining documentation in each participant's file?
28. If the VF/EA FMS organization uses a reporting agent to perform some of the agent tasks, what system does it have in place for revoking an IRS Form 8655, Reporting Agent Authorization, between itself and the reporting agent when it no longer uses a reporting agent and for maintaining documentation in each participant's file?
29. If the VF/EA FMS organization uses a reporting agent to perform some of the agent tasks, what written policies and procedures does it have for revoking an IRS Form 8655, Reporting Agent Authorization, between itself and the reporting agent when it no longer uses a reporting agent and for maintaining documentation in each participant's file?
30. If the VF/EA FMS organization uses a reporting agent to perform some of the agent tasks, what internal controls does it have documented and in place to monitor the receipt and revocation of an IRS Form 8655, Reporting Agent Authorization, between itself and the reporting agent and for maintaining documentation in each participant's file?
31. If the VF/EA FMS organization uses a reporting agent or subagent to perform some of the agent tasks, what system does it have in place for obtaining a signed informed consent statement from each participant the VF/EA FMS organization represents stating that the participant knows the VF/EA FMS organization is using the reporting agent or a subagent to perform some of the agent tasks; lists the tasks the reporting agent or subagent will perform, describes the reporting agent's or subagent's liability for any unfulfilled federal and state tax obligations including penalties and interest; and states that the participant concurs with the VF/EA FMS organization's use of a reporting agent or subagent and for maintaining the signed statement in each participant's file?
32. If the VF/EA FMS organization uses a reporting agent or subagent to perform some of the agent tasks, what written policies and procedures does it have for obtaining a signed

informed consent statement from each participant the VF/EA FMS organization represents stating that the participant knows the VF/EA FMS organization is using the reporting agent or subagent to perform some of the agent tasks; lists the tasks the reporting agent or subagent will perform, describes the reporting agent's or subagent's liability for any unfulfilled federal and state tax obligations including penalties and interest; and states that the participant concurs with the VF/EA FMS organization using a reporting agent or subagent and for maintaining the signed statement in each participant's file?

33. If the VF/EA FMS organization uses a reporting agent or subagent to perform some of the agent tasks, what internal controls does it have documented and in place to monitor the receipt of informed consent statements from the participants it represents related to the use of a reporting agent or a subagent and for maintaining a copy of these statements in each participant's file?

KEY TASK TWO: Preparing and Maintaining a VF/EA FMS Policies and Procedures Manual and Staying Up to Date with Federal and State Rules and Regulations Regarding Vendor Fiscal/Employer Agents and Household Employers

1. Describe the VF/EA FMS organization's comprehensive, state-specific VF/EA FMS organization policies and procedures manual that includes all policies and procedures related to the tasks associated with performing the VF/EA FMS functions including the role and tasks of any reporting agent or subagent used; any overlapping communication and data transmission tasks; tasks related to monitoring the reporting agent's or subagent's performance; and internal controls for monitoring the completion of all VF/EA FMS organization and reporting agent or subagent tasks, when applicable. The document should be available in an electronic format.
2. What system, internal controls, and written policies and procedures does the VF/EA FMS organization have documented and in place for maintaining and updating its VF/EA FMS organization policies and procedures manual at least annually, and as needed?
3. What system does the VF/EA FMS organization have in place for reviewing and updating all IRS forms, instructions, notices and publications related to VF/EA FMS organizations, household employers and domestic service workers and preparing, filing and depositing federal taxes on behalf of participant household employers it represents at www.irs.gov?
4. What policies and procedures does the VF/EA FMS organization have for reviewing and updating all IRS forms and instructions, notices and publications related to VF/EA FMS providers, household employers and domestic service workers and preparing, filing and depositing federal taxes on behalf of participant household employers it represents at www.irs.gov?

5. What internal controls does the VF/EA FMS organization have documented and in place to monitor the updating of all IRS forms and instructions, notices and publications related to VF/EA FMS organizations, household employers and domestic service workers and preparing, filing and depositing federal taxes on behalf of household employers/participants it represents at www.irs.gov?
6. What system does the VF/EA FMS organization have in place for reviewing and updating all applicable US Citizenship and Immigration Service (US CIS) rules, forms (i.e., Form 1-9, Employment Eligibility Verification) and instructions (Key web site: www.uscis.gov)?
7. What policies and procedures does the VF/EA FMS organization have for reviewing and updating all applicable US Citizenship and Immigration Service (US CIS) rules, forms (i.e., Form 1-9, Employment Eligibility Verification) and instructions (Key web site: www.uscis.gov)?
8. What internal controls does the VF/EA FMS organization have documented and in place for monitoring the review and updating all applicable US Citizenship and Immigration Service (US CIS) rules, forms (i.e., Form 1-9, Employment Eligibility Verification) and instructions (Key web site: www.uscis.gov)?
9. What system does the VF/EA FMS organization have in place for reviewing and updating all applicable federal Department of Labor rules, forms and instructions related to household employers and domestic service employees pertaining to the Federal Fair Labor Standards Wage and Hour rules (Key website: www.dol.gov)?
10. What policies and procedures does the VF/EA FMS organization have for reviewing and updating all applicable federal Department of Labor rules, forms and instructions related to household employers and domestic service employees pertaining to the Federal Fair Labor Standards Wage and Hour rules (Key website: www.dol.gov)?
11. What internal controls does the VF/EA FMS organization have documented and in place for monitoring the review and updating all applicable federal Department of Labor rules, forms and instructions related to household employers and domestic service employees pertaining to the Federal Fair Labor Standards Wage and Hour rules (Key website: www.dol.gov)?
12. What system does the VF/EA FMS organization have in place for reviewing and updating all state income tax withholding forms, instructions and manuals related to VF/EA FMS organizations, household employers and domestic service workers and preparing, filing, and depositing state taxes on behalf of participant household employers it represents at the appropriate state web sites?
13. What policies and procedures does the VF/EA FMS organization have for reviewing and

updating all state income tax withholding forms, instructions related to VF/EA FMS organization, participant household employers and domestic service workers and preparing, filing, and depositing state taxes on behalf of participant household employers it represents the appropriate state web sites?

14. What internal controls does the VF/EA FMS organization have documented and in place monitoring the review and updating all state income tax withholding forms, instructions related to VF/EA FMS organization, participant household employers and domestic service workers and preparing, filing, and depositing state taxes on behalf of participant household employers it represents the appropriate state web sites?
15. What system does the VF/EA FMS organization have in place for reviewing and updating all state unemployment insurance tax forms, instructions and manuals related to VF/EA FMS providers, participant household employers and domestic service workers and preparing, filing, and depositing state unemployment insurance taxes on behalf of participant household employers it represents at the appropriate state web sites?
16. What policies and procedures does the VF/EA FMS organization have for reviewing and updating all state unemployment insurance tax forms, instructions related to VF/EA FMS organization, participant household employers and domestic service workers and preparing, filing, and depositing state unemployment insurance taxes on behalf of participant household employers it represents the appropriate state web sites?
17. What internal controls does the VF/EA FMS organization have documented and in place monitoring the review and updating all state unemployment tax forms, instructions related to VF/EA FMS organization, household employers and domestic service workers and preparing, filing, and depositing state taxes on behalf of participant household employers it represents the appropriate state web sites?
18. What system does the VF/EA FMS organization have in place for staying up to date with the state's new hire reporting process (paper or electronic filing options)?
19. What policies and procedures does the VF/EA FMS organization have for staying up to date with the state's new hire registration process (paper or electronic filing options)?
20. What internal controls does the VF/EA FMS organization have documented and in place staying up to date with the state's new hire registration process (paper or electronic filing options)?
21. What system does the VF/EA FMS organization have in place for staying up to date with state workers' compensation insurance laws pertaining to participant household employers who hire personal care and their support workers?

22. What policies and procedures does the VF/EA FMS organization have for staying up to date with state workers' compensation insurance laws pertaining to participant household employers who hire personal care and other support workers?
23. What internal controls does the VF/EA FMS organization have documented and in place to monitor its process for staying up to date with state workers' compensation insurance laws pertaining to participant household employers who hire personal care and other support workers?
24. What system does the VF/EA FMS organization have in place for staying up to date with state mandatory disability insurance laws pertaining to participant household employers who hire personal care and other support workers, when applicable?
25. What policies and procedures does the VF/EA FMS organization have for staying up to date with state mandatory disability insurance laws pertaining to household employers who hire personal care and other support workers, when applicable?
26. What internal controls does the VF/EA FMS organization have documented and in place to monitor its process for staying up to date with mandatory disability insurance laws pertaining to household employers who hire personal care and other support workers, when applicable?

KEY TASK THREE: Preparing and Distributing Participant/Representative Employer Enrollment Packets and Support Worker Employment and Participant-Directed Goods and Services Vendor Engagement Packets and Collecting and Processing Required Information and Documents

Participant/Representative-Employer Enrollment Packets

1. Describe the Participant/Representative Employer Enrollment Packet developed by the VF/EA FMS organization that contains information about the VF/EA FMS organization's services and operations (e.g., roles and responsibilities of the VF/EA FMS organization, hours of operation, key contact information, federal and state forms the participant must complete, sign, and return to the VF/EA FMS organization (e.g., IRS Forms SS-4, 2678, and 8821, state power of attorney form(s) as applicable, and other consent and agreement forms as applicable)?
2. What system does the VF/EA FMS organization have in place for producing and distributing Participant/Representative Employer Enrollment Packets?
3. What written policies and procedures does the VF/EA FMS organization have for producing and distributing Participant/Representative Employer Enrollment Packets?

4. What internal controls does the VF/EA FMS organization have documented and in place to monitor the production and distribution of Participant/Representative Employer Enrollment Packets?
5. What system does the VF/EA FMS organization have in place for collecting and processing the information contained in Participant/Representative Employer Enrollment Packet?
6. What written policies and procedures does the VF/EA FMS organization have for collecting and processing the information contained in the Participant Employer enrollment packet?
7. What internal controls does the VF/EA FMS organization have documented and in place to monitor the collection and processing of information contained in the Participant Employer Enrollment Packet?

Support Worker Employment and Participant-Directed Goods and Services Vendor Engagement Packet

1. Describe a Support Worker Employment and Participant-Directed Goods and Services Vendor Engagement Packet FN: Some states combine these two into one packet. developed by the VF/EA FMS organization for participants' employees and participant-directed goods and services vendors that contain all required information about the VF/EA FMS organization, employment application, Vendor information form, federal and state forms and instructions, agreements and informed-consent documents to enroll employees into the VF/EA FMS organization's payroll system (e.g., employment application, employer-employee agreement, designated emergency back-up support worker authorization, Medicaid provider agreement as appropriate, IRS Form W-4, state Form W-4, any applicable county or city income/payroll tax forms, US CIS Form 1-9, time sheet and instructions, time sheet due date and payday schedule, and form to collect information for state new hire reporting) and participant-directed goods and services vendors (e.g., Vendor information form, invoice submission form, invoice due date and payment schedule, and IRS Forms W-9, as necessary) into its vendor payment system?
2. What written policies and procedures does the VF/EA FMS organization have for producing and distributing Support Worker Employment and Participant-Directed Goods and Services Vendor Engagement Packets for participant's employees that contain all required general information about the VF/EA FMS organization, employment application, federal and state forms and instructions, Medicaid provider and other agreements, and informed consent documents to enroll employees into the VF/EA FMS organization's payroll system (e.g., employment application, employer-employee agreement, designated emergency back-up support worker authorization, Medicaid provider agreement as appropriate, IRS Form W-4, state Form W-4, any applicable county or city income/payroll tax forms, US CIS Form 1-9, time sheet and instructions, time sheet due date and payday schedule, and form to collect

information for state new hire reporting) and participant-directed goods and services vendors (e.g., Vendor information form, invoice submission form, invoice due date and payment schedule, and IRS Forms W-9, as necessary) into its Vendor payment system?

3. What internal controls does the VF/EA FMS organization have documented and in place to monitor the production and distribution of employment packets for participant's that contain all required information about the VF/EA FMS organization, employment application, federal and state forms and instructions, Medicaid provider and other agreements, and informed consent documents to enroll employees into the VF/EA FMS organization's payroll system (e.g., employment application, employer-employee agreement, designated emergency back- up support worker authorization, Medicaid provider agreement as appropriate, IRS Form W-4, state Form W-4, any applicable county or city income/payroll tax forms, US CIS Form 1-9, timesheet and instructions, timesheet due date and payday schedule, and form to collect information for state new hire reporting) and participant-directed goods and services vendors (e.g., Vendor information form, invoice submission form, invoice due date and payment schedule, and IRS Forms W-9, as necessary) into its Vendor payment system?
4. What system does the VF/EA FMS organization have in place for collecting and processing all required human resource and Vendor forms and information contained in the Support Worker Employment and Participant-Directed Goods and Services Vendor Packets and for maintaining copies in each support worker's/vendor's file?
5. What written policies and procedures does the VF/EA FMS organization have for collecting and processing all required human resource forms and information contained in the Support Worker Employment and Participant-Directed Goods and Services Vendor Packets and for maintaining copies in each support worker's/vendor's file?
6. What internal controls does the VF/EA FMS organization have documented and in place for monitoring the collection and processing of all required human resource forms and information contained in the Support Worker Employment and Participant-Directed Goods and Services Vendor Packets and for maintaining copies in each support workers/vendor's file?

KEY TASK FOUR: Brokering Workers' Compensation Insurance

Some PDS programs require and fund participants' purchase workers' compensation insurance while others allow participants to decide if to purchase this insurance with the assistance of the VF/EA FMS organization. It is a best practice to provide this insurance to provide support workers a level of protection related to workplace injuries. The following tasks should be considered if worker's compensation insurance is provided.

1. What system does the VF/EA FMS organization have in place process and pay workers' compensation insurance policies for everyone it represents in accordance with the state's workers' compensation insurance law and for maintaining the documentation in everyone's file?⁹
2. What policies and procedures does the VF/EA FMS organization have for processing and paying workers' compensation insurance premium for everyone it represents in accordance with the state's workers' compensation insurance law and for maintaining documentation in everyone's file?
3. What internal controls does the VF/EA FMS organization have documented and in place to monitor the processing and paying of workers' compensation insurance premiums for everyone it represents in accordance with the state's workers' compensation insurance law and for maintaining documentation in everyone's file?
4. What system does the VF/EA FMS organization have in place for providing wage information to worker's compensation insurers to determine support workers' benefits when a claim has been submitted accordance with the state's workers' compensation insurance law and for maintaining the documentation in everyone's file?
5. What policies and procedures does the VF/EA FMS organization have providing wage information to worker's compensation insurers to determine support workers' benefits when a claim has been submitted accordance with the state's workers' compensation insurance law and for maintaining the documentation in everyone's file?
6. What internal controls does the VF/EA FMS organization have documented and in place for monitoring the provision of wage information to worker's compensation insurers to determine support workers' benefits when a claim has been submitted accordance with the state's workers' compensation insurance law and for maintaining the documentation in everyone's file?

⁹ FN: Brokering workers compensation (WC) does not mean purchasing an umbrella WC policy for all participants. This approach makes the VF/EA FMS organization look like a joint employer of support workers and does not correctly implement the workers' compensation insurance policies with the actual employer. Workers' compensation insurance policies should be executed with the employer who is responsible for directing and controlling the activities of the support worker that could lead to an occurrence of a workplace injury. Brokering does mean that the VF/EA FMS organization facilitates the receipt of WC policies and renewals for participants, paying annual premiums on participants' behalf with public funds and providing wage information to the workers' compensation insurance agency to determine workers' benefits, and being the site for the workers' compensation insurance annual audit. State program agencies also must determine if they will require participants to obtain workers' compensation insurance policies in states where their support workers are considered domestic service workers who are exempt from the state's WC law.

KEY TASK FIVE: Management of Participants' Budget Funds and Invoicing SAIL for Support and Services and VF/EA FMS Rendered

1. Is the VF/EA FMS organization a Medicaid enrolled provider?
2. Does the VF/EA FMS organization have an executed contract with the PDS program agency?
3. What system does the VF/EA FMS organization have in place for receiving and maintaining participants' initial and updated service plans and budgets?
4. What written policies and procedures does the VF/EA FMS organization have for receiving and maintaining participants' initial and updated service plans and budgets?
5. What internal controls does the VF/EA FMS organization have documented and in place for monitoring the receipt and maintenance of participants' initial and updated service plans and budgets?
6. Has the VF/EA FMS organization established a separate bank account into which all payments received from the state for self-directed services are immediately deposited and that allows for electronic funds transfers?¹⁰
7. Does the VF/EA FMS organization maintain a separate bank account, to the extent permissible, in a manner that prevents creditors of the VF/EA FMS organization from in any way encumbering or acquiring funds in the bank account?
8. What systems, policies and procedures, and internal controls does the VF/EA FMS organization have documented and in place that prohibit the withdrawal of funds except for payment of participant-directed services and VF/EA FMS organization administrative fees, per PDS program agency directive?
9. What information system does the VF/EA FMS organization have in place to receive and disburse participants' public (e.g., Medicaid or other) budget funds and track budget funds received and disbursed and document any remaining balances for each participant individually and in the aggregate?¹¹

¹⁰ The VF/EA FMS organization must have rules for withdrawing funds from this bank account and reporting all activity per state program requirements.

¹¹ The VF/EA FMS organization's system should include the preparation and submission of periodic reports of bank account activity to the PDS program agency, per state requirements. Reports should include a summary The VF/EA FMS organization's system should include the preparation and submission of periodic reports of bank activity for the reporting period, reconciliation of the back balance to the General Ledger, and reconciliation of any amounts advanced from the state. The VF/EA FMS organization must ensure that funds deposited into the bank account are not used by it or any other agent or third party to satisfy temporarily or otherwise, any VF/EA FMS organization liability or for any other purpose, except as instructed by the PDS program agency. Finally, the VF/EA FMS organization must

10. What written policies and procedures does the VF/EA have for receiving and disbursing participants' public (e.g., Medicaid or other) budget funds and tracking participants' budget funds received and disbursed and document any remaining balances for each participant individually and in the aggregate?
11. What internal controls does the VF/EA FMS organization have documented and in place to monitor the receipt and disbursement of public (e.g., Medicaid or other) budget funds and any remaining balances for each participant?¹²
12. What system does the VF/EA FMS organization have in place for billing the PDS program agency (e.g., a state Medicaid Management Information System or other billing system [MMIS]) or other designated entity for support services (e.g., support worker payroll and approved participant-directed goods and services Vendor payments) provided to participants and for VF/EA FMS services rendered?
13. What written policies and procedures does the VF/EA FMS organization have for billing the PDS program agency (e.g., a state's Medicaid Management Information System [MMIS]) or other designated entity for support services (e.g., support worker payroll and approved participant-directed goods and services Vendor payments) provided to participants and for VF/EA FMS services rendered?
14. What internal controls does the VF/EA FMS organization have documented and in place for monitoring the billing to the PDS program agency (e.g., a state's Medicaid Management Information System [MMIS]) or other designated entity for support services (e.g., support worker payroll and approved participant goods and services Vendor payments) provided to participants and for VF/EA FMS services rendered?
15. What system does the VF/EA FMS organization have in place for processing participants' co-share payments, when applicable?
16. What written policies and procedures does the VF/EA FMS organization have for processing participants' co-share payments when applicable?
17. What internal controls does the VF/EA FMS organization have documented and in place for monitoring the processing of participants' co-share payments when applicable?

KEY TASK SIX: EVV LANGUAGE

not co-mingle other funds into the bank account.

¹² An important internal control for this task is segregation of duties.

1. What system does the VF/EA FMS organization's EVV system have in place to electronically capture and verify the personal care workers' clock-in/clock-out times?
2. What policies and procedures does the VF/EA FMS organization have regarding the electronic capture and verification of the personal care workers' clock-in/clock-out times?
3. What internal controls does the VF/EA FMS organization have documented and in place to monitor the electronic capture and verification of the personal care workers' clock-in/clock-out times?
4. What system does the VF/EA FMS organization's EVV system have in place to electronically capture and verify the service/procedure code?
5. What policies and procedures does the VF/EA FMS organization have regarding the electronic capture and verification of the service/procedure code?
6. What internal controls does the VF/EA FMS organization have documented and in place to monitor the electronic capture and verification of the service/procedure code?
7. What system does the VF/EA FMS organization's EVV system have in place to electronically capture and verify the Medicaid recipient's name?
8. What policies and procedures does the VF/EA FMS organization have regarding the electronic capture and verification of the Medicaid recipient's name?
9. What internal controls does the VF/EA FMS organization have documented and in place to monitor the electronic capture and verification of the Medicaid recipient's name?
10. What system does the VF/EA FMS organization's EVV system have in place to electronically capture and verify the Medicaid recipient's ID number?
11. What policies and procedures does the VF/EA FMS organization have regarding the electronic capture and verification of the Medicaid recipient's ID number?
12. What internal controls does the VF/EA FMS organization have documented and in place to monitor the electronic capture and verification of the Medicaid recipient's ID number?
13. What system does the VF/EA FMS organization's EVV system have in place to electronically capture and verify the date of service?
14. What policies and procedures does the VF/EA FMS organization have regarding the electronic capture and verification of the date of service

15. What internal controls does the VF/EA FMS organization have documented and in place to monitor the electronic capture and verification of the date of service?
16. What system does the VF/EA FMS organization's EVV system have in place to electronically capture and verify the location/address of service?
17. What policies and procedures does the VF/EA FMS organization have regarding the electronic capture and verification of the location/address of service?
18. What internal controls does the VF/EA FMS organization have documented and in place to monitor the electronic capture and verification of the location/address of service?
19. What system does the VF/EA FMS organization's EVV system have in place to electronically capture and verify the phone number of Medicaid recipient?
20. What policies and procedures does the VF/EA FMS organization have regarding the electronic capture and verification of the phone number of Medicaid recipient?
21. What internal controls does the VF/EA FMS organization have documented and in place to monitor the electronic capture and verification of the phone number of Medicaid recipient?
22. What system does the VF/EA FMS organization's EVV system have in place to electronically capture and verify the name and/or ID of the person providing services?
23. What policies and procedures does the VF/EA FMS organization have regarding the electronic capture and verification of the name and/or ID of the person providing services?
24. What internal controls does the VF/EA FMS organization have documented and in place to monitor the electronic capture and verification of the name and/or ID of the person providing services?
25. What system does the VF/EA FMS organization's EVV system have in place to electronically capture and verify the name and/or ID of the employer of record?
26. What policies and procedures does the VF/EA FMS organization have regarding the electronic capture and verification of the name and/or ID of the employer of record?
27. What internal controls does the VF/EA FMS organization have documented and in place to monitor the electronic capture and verification of the name and/or ID of the employer of record?
28. What system does the VF/EA FMS organization's EVV system have in place to electronically

capture and verify the approved units?

29. What policies and procedures does the VF/EA FMS organization have regarding the electronic capture and verification of the approved units?
30. What internal controls does the VF/EA FMS organization have documented and in place to monitor the electronic capture and verification of the approved units?
31. What system does the VF/EA FMS organization's EVV system have in place to electronically capture and verify the ADL/task list code?
32. What policies and procedures does the VF/EA FMS organization have regarding the electronic capture and verification of the ADL/task list code?
33. What internal controls does the VF/EA FMS organization have documented and in place to monitor the electronic capture and verification of the ADL/task list code?
34. What system does the VF/EA FMS organization's EVV system have in place to electronically transfer required data elements to the Alabama Medicaid Agency aggregator?
35. What policies and procedures does the VF/EA FMS organization have regarding the electronic transfer of required data elements to the Alabama Medicaid Agency aggregator?
36. What internal controls does the VF/EA FMS organization have documented and in place to monitor the transfer of required data elements to the Alabama Medicaid Agency aggregator?
37. What system does the VF/EA FMS organization's EVV system have in place to provide multiple methods for Medicaid recipients, Employers of Record, and Personal Care Workers to approve EVV shifts using either/or a mobile app and Interactive Voice response technology?
38. What policies and procedures does the VF/EA FMS organization have regarding the provision of multiple methods for Medicaid recipients, Employers of Record, and Personal Care Workers to approve EVV shifts using either/or a mobile app and Interactive Voice response technology?
39. What internal controls does the VF/EA FMS organization have documented and in place to monitor the electronic provision of multiple methods for Medicaid recipients, Employers of Record, and Personal Care Workers to approve EVV shifts using either/or a mobile app and Interactive Voice response technology?
40. What system does the VF/EA FMS organization's EVV system have in place to avoid rigid

scheduling rules and record visits in Central Standard Time?

41. What policies and procedures does the VF/EA FMS organization have regarding avoiding rigid scheduling rules and recording visits in Central Standard Time?
42. What internal controls does the VF/EA FMS organization have documented and in place to avoid rigid scheduling rules and record visits in Central Standard Time?
43. What system does the VF/EA FMS organization's EVV system have in place to ensure that the system is accessible to people with disabilities per the Americans with Disabilities Act of 1990 and the Rehabilitation Act of 1973?
44. What policies and procedures does the VF/EA FMS organization have to ensure that the system is accessible to people with disabilities per the Americans with Disabilities Act of 1990 and the Rehabilitation Act of 1973?
45. What internal controls does the VF/EA FMS organization have documented and in place to ensure that the system is accessible to people with disabilities per the Americans with Disabilities Act of 1990 and the Rehabilitation Act of 1973?
46. What system does the VF/EA FMS organization's EVV system have in place to ensure that the system provides support for non-native English speakers per the Civil Rights Act of 1964?
47. What policies and procedures does the VF/EA FMS organization have to ensure that the system provides support for non-native English speakers per the Civil Rights Act of 1964?
48. What internal controls does the VF/EA FMS organization have documented and in place to ensure that the system provides support for non-native English speakers per the Civil Rights Act of 1964?
49. What system does the VF/EA FMS organization's EVV system have in place to ensure SAIL staff can access the system to review time and attendance data?
50. What policies and procedures does the VF/EA FMS organization have to ensure SAIL staff can access the system to review time and attendance data?
51. What internal controls does the VF/EA FMS organization have documented and in place to ensure SAIL staff can access the system to review time and attendance data?

KEY TASK SEVEN: Payroll Process¹³

¹³ If a state PCS program agency is determined by COL to be a joint employer of participants' support workers, then the VF/EA FMS must have policies, procedures, and internal controls in place for

1. What system does the VF/EA FMS organization have in place for collecting and processing an IRS Form W-4 from each support worker for whom it processes payroll and for maintaining a copy of the form in each support worker's file?
2. What written policies and procedures does the VF/EA FMS organization have for collecting and processing an IRS Form W-4 for each support worker for whom it processes payroll and for maintaining a copy of the form in each support worker's file?
3. What internal controls does the VF/EA FMS organization have documented and in place to monitor the collection and processing of IRS Forms W-4 for each support worker it for whom it processes payroll for and for maintaining a copy of the form in each support worked s file?
4. What system does the VF/EA FMS organization have in place for collecting and processing a completed and signed state version of the Form W-4, when applicable, for each support worker for whom it processes payroll and for maintaining a copy in each support worker's file?
5. What written policies and procedures does the VF/EA FMS organization have for collecting and processing a completed and signed state version of the Form W-4, when applicable, for each support worker for whom it processes payroll and for maintaining a copy in each support worker's file?
6. What internal controls does the VF/EA FMS organization have documented and in place to monitor the receipt of a completed and signed state version of the Form W-4, when applicable, for each support worker for whom it performs payroll and for maintaining a copy in each support worker's file?
7. What system does the VF/EA FMS organization have in place for collecting and processing a completed and signed county version of the Form W-4, when applicable, for each support worker for whom it processes payroll and for maintaining a copy in each support worker's file?
8. What written policies and procedures does the VF/EA FMS organization have for collecting and processing a completed and signed county version of the Form W-4, when applicable, for each support worker for whom it processes payroll and for maintaining a copy in each support worker's file?
9. What internal controls does the VF/EA FMS organization have documented and in place to monitor the receipt of a completed and signed county version of the Form W-4, when applicable, for each support worker for whom it performs payroll and for maintaining a copy in

aggregating a support workers' wages across participants for whom they work for determining overtime payments and computing and paying compensable travel time. In the case of Medicaid-funded PDS programs, a system and written policies, procedures and internal controls must be in place for billing the state PDS agency or other designated entity for the premium portion of the overtime payment and compensable travel time payments rather than from the participant's participant budget.

each support worker's file?

10. What system does the VF/EA FMS organization have in place for collecting and processing a completed and signed city version of the Form W-4, when applicable, for each support worker for whom it processes payroll and for maintaining a copy in each support worker's file?
11. What written policies and procedures does the VF/EA FMS organization have for collecting and processing a completed and signed city version of the Form W-4, when applicable, for each support worker for whom it processes payroll and for maintaining a copy in each support worker's file?
12. What internal controls does the VF/EA FMS organization have documented and in place to monitor the receipt of a completed and signed city version of the Form W-4, when applicable, for each support worker for whom it performs payroll and for maintaining a copy in each support worker's file?
13. What system does the VF/EA FMS organization have in place to assist participants in verifying their support workers' citizenship and alien status by collecting and maintaining a completed US CIS Form 1-9, Employment Eligibility Verification, for every support worker for whom it processes payroll and for maintaining a copy of the form in each support worker's file?¹⁴
14. What written policies and procedures does the VF/EA FMS organization have for assisting participants in verifying their support workers' citizenship and alien status and for collecting and maintaining completed US CIS Form 1-9 for each support worker for whom it processes payroll and for maintaining a copy of the form in each support worker's file?
15. What internal control does the VF/EA FMS organization have documented and in place to monitor the completion and processing of US CIS Forms 1-9 for each support worker the participant employs and for maintaining a copy of the forms in each support worker's file?
16. What system does the VF/EA FMS organization have in place to process criminal background checks on prospective support workers (as required by the PDS program agency or requested by the participant), notifying the responsible party(s) of the results and for maintaining copies of the documentation in each support worker's file?
17. What written policies and procedures does the VF/EA FMS organization have for processing criminal background checks on prospective support workers (as required by the PDS program agency or requested by the participant), notifying the responsible party(s) of the results and for maintaining copies of the documentation in each support worker's file?

¹⁴ It is recommended that if a VF/EA FMS organization maintains copies of support workers' identification information on file attached to the completed US CIS Form 1-9 (e.g., copies of driver's license, social security number, passport, etc.), the VF/EA FMS organization should obtain written permission from the workers to do so.

18. What internal controls does the VF/EA FMS organization have documented and in place to monitor the processing of criminal background checks on prospective support workers (as required by the PDS program agency or requested by the participant), notifying the responsible party(s) of the results and for maintaining copies of the documentation in each support worker's file?
19. What system does the VF/EA FMS organization have in place for verifying each support worker's social security number and for maintaining the appropriate documentation in each support worker's file?
20. What written policies and procedures does the F/EA FMS organization have for verifying each support worker's social security number and for maintaining the appropriate documentation in each support worker's file?
21. What internal controls does the VF/EA FMS organization have documented and in place to monitor the verification of each support worker's social security number and for maintaining the appropriate documentation in each support worker's file?
22. What system does the VF/EA FMS organization have in place for verifying the state of residence for each support worker and for maintaining the appropriate documentation in each support worker's file?
23. What written policies and procedures does the VF/EA FMS organization have for verifying the state of residence for each support worker and for maintaining the appropriate documentation in each support workers file?
24. What internal controls does the VF/EA FMS organization have documented and in place to monitor the verification of the state of residence for each support worker and for maintaining the appropriate documentation in each support worker's file?
25. What system does the VF/EA FMS organization have in place for notifying both the Employer of Record and SAIL staff that the Personal Care Worker has been approved and is ready to begin work or, alternately, has not been approved to work?
26. What written policies and procedures does the VF/EA FMS organization have for notifying both the Employer of Record and SAIL staff that the Personal Care Worker has been approved and is ready to begin work or, alternately, has not been approved to work?
27. What internal controls does the VF/EA FMS organization have documented and in place for notifying both the Employer of Record and SAIL staff that the Personal Care Worker has been approved and is ready to begin work or, alternately, has not been approved to work?

28. What system does the VF/EA FMS organization have in place to ensure support workers are paid in compliance with federal and state Department of Labor wage and hour rules for regular and overtime pay?
29. What written policies and procedures does the VF/EA FMS organization have to ensure support workers are paid in compliance with federal and state Department of Labor wage and hour rules for regular and overtime pay?
30. What internal controls does the VF/EA FMS organization have documented and in place to monitor that support workers are paid in compliance with federal and state Department of Labor wage and hour rules for regular and overtime pay?
31. What system does the VF/EA FMS organization have in place to report new hires per state requirements and maintain documentation in the participant's file?
32. What written policies and procedures does the VF/EA FMS organization have for reporting new hires per state requirements and to maintain documentation in the participant's file?
33. What internal controls does the VF/EA FMS organization have documented and in place to monitor the reporting of new hires per state requirements and to maintain documentation in the participant's file?
34. Describe a timesheet and instructions for support workers that has been approved by the PDS program agency which the VF/EA FMS organization designed and produced.
35. What system does the VF/EA FMS organization have in place for producing, distributing, collecting, verifying, and processing support workers' timesheets and maintaining copies in the support worker's file?
36. What written policies and procedures does the VF/EA FMS organization have for producing, distributing, collecting, verifying, and processing support workers' timesheets and maintaining copies in the support worker's file?
37. What internal controls does the VF/EA FMS organization have documented and in place for monitoring the production, distribution, collection, verification, and processing of support workers' timesheets and maintaining copies in the support worker's file?
38. What systems does the VF/EA FMS organization have in place for developing and maintaining a database that is effective for tracking and responding to occurrences of time sheet over billing and timesheets that cannot be paid due to missing or erroneous information?
39. What written policies and procedures does the VF/EA FMS organization have for developing and maintaining a database that is effective for tracking and responding to occurrences of time

sheet over billing and timesheets that cannot be paid due to missing or erroneous information?

40. What internal controls does the VF/EA FMS organization have documented and in place to monitor the development and maintenance of a database that is effective for tracking and responding to occurrences of time sheet over billing and timesheets that cannot be paid due to missing or erroneous information?
41. What system does the VF/EA FMS organization have a in place for determining if the participants' support workers are family members who might be exempt from paying into FICA, FUTA and SUTA?¹⁵
42. What written policies and procedures does the VF/EA FMS organization have for processing Federal and State employment taxes for participants' support workers who are family members and are exempt from paying into FICA, FUTA and SUTA?
43. What internal controls does the VF/EA FMS organization have documented and in place to monitor the identification and processing of family members who are paid support workers and exempt from paying into FICA, FUTA and SUTA?
44. What written policies and procedures does the VF/EA FMS organization have for processing difficulty of care payments (i.e., not withholding Federal income tax withholding and possibly state income tax withholding per state requirements related to difficulty of care) for eligible support workers in accordance with IRS Notice 2014-7 (this currently applies to Medicaid 51915(c) HCBS waiver programs only)?
45. What internal controls does the VF/EA FMS organization have documented and in place to monitor the processing of difficulty of care payments for eligible support workers in accordance with IRS Notice 2014-7 (this currently applies to Medicaid 51915(c) HCBS waiver programs only)?
46. What system does VF/EA FMS organization have in place for withholding and filing FICA (Medicare and social security taxes) and federal income tax withholding using an IRS Form 941, Employers Quarterly Federal Tax Return, quarterly in the aggregate with its separate FEIN for all participants it represents, along with the IRS Forms 941 Schedule Rand Schedule Bas appropriate, and maintaining a copy of each IRS Form 941, Schedule R and B filed and other documentation in the VF/EA FMS organization's files?
47. What written policies and procedures does the VF/EA FMS organization have for withholding and filing FICA (Medicare and social security taxes) and federal income tax withholding using an IRS Form 941 quarterly in the aggregate with its separate FEIN for all participants it represents,

¹⁵ See IRS Publication 15, Circular E, Employer's Tax Guide, Chapter 3, "Family Employees" and check with State SUTA agency for how these and any additional family exemptions may apply.

along with the IRS Forms 941 Schedule R and Schedule B as appropriate, and for maintaining a copy of each IRS Form 941, Schedule R and B filed and other documentation in the VF/EA FMS organization's files?

48. What internal controls does the VF/EA FMS organization have documented and in place to monitor the withholding and filing of FICA (Medicare and social security taxes) and federal income tax withholding using an IRS Form 941 quarterly in the aggregate using the VF/EA FMS organization's separate FEIN for all participants it represents, along with the IRS Forms 941 Schedule R and Schedule B as appropriate, and for maintaining a copy of each IRS Form 941, Schedule R and B filed and other related documentation in the VF/EA FMS organization's files?
49. What system does the VF/EA FMS organization have in place for depositing FICA and federal income tax withholding in the aggregate for all participants it represents using the VF/EA FMS organization's separate FEIN, in accordance with IRS depositing rules and for maintaining documentation in the VF/EA FMS organization's files?
50. What written policies and procedures does the VF/EA FMS organization have for depositing FICA and federal income tax withholding in the aggregate for all participants it represents using the VF/EA FMS organization's separate FEIN, in accordance with IRS depositing rules and for maintaining documentation in the VF/EA FMS organization's files?
51. What internal controls does the VF/EA FMS organization have documented and in place for monitoring the depositing of FICA and federal income tax withholding in the aggregate for all participants it represents using the VF/EA FMS organization's separate FEIN, in accordance with IRS depositing rules and the maintenance of documentation in the VF/EA FMS organization's files?
52. What system does the VF/EA FMS organization have in place for withholding and filing FUTA using an IRS Form 940, Employer's Annual Federal Unemployment Tax Report, and the Form 940 Schedule R annually in the aggregate using the VF/EA FMS organization's separate FEIN for all participants it represents and maintaining documentation in the VF/EA FMS organization's files?
53. What written policies and procedures does the VF/EA FMS organization have for withholding and filing FUTA using an IRS Form 940, Employer's Annual Federal Unemployment Tax Report, and the Form 940 Schedule R annually, in the aggregate using the VF/EA FMS organization's separate FEIN for all participants it represents and maintaining documentation in the VF/EA FMS organization's files?
54. What internal controls does the VF/EA FMS organization have documented and in place to monitor the withholding and filing FUTA using an IRS Form 940, Employer's Annual Federal Unemployment Tax Report and Form 940 Schedule R annually in the aggregate using the VF/EA FMS organization's separate FEIN for all participants it represents and maintaining

documentation in the VF/EA FMS organization's files?

55. What system does the VF/EA FMS organization have in place for depositing FUTA in the aggregate using its separate FEIN quarterly and per IRS FUTA depositing requirements for all participants it represents and for maintaining documentation in the VF/EA FMS organization's files?
56. What written policy and procedure does the VF/EA FMS organization have for depositing FUTA in the aggregate quarterly using its separate FEIN quarterly and per IRS FUTA depositing requirements for all participants it represents and for maintaining documentation in the VF/EA FMS organization's files?
57. What internal controls does the VF/EA FMS organization have documented and in place to monitor the depositing of FUTA in the aggregate using its separate FEIN quarterly and per IRS FUTA depositing requirements for all participants it represents and for maintaining documentation in the VF/EA FMS organization's files?
58. What system does the VF/EA FMS organization have in place for registering participants as employers, establishing a department of revenue account, and obtaining a state income tax account number for income tax filing and payment purposes for each participant it represents and maintaining documentation in the participant's file?
59. What written policies and procedures does the VF/EA FMS organization have for registering participants as employers, establishing a department of revenue account, and obtaining a state income tax account number for income tax filing and payment purposes for everyone it represents and for maintaining documentation in each participant's file?
60. What internal controls does the VF/EA FMS organization have documented and in place to monitor the state employer registration process, including the establishment of accounts and the receipt of account numbers for each participant-employer for state income tax and for the maintenance of documentation in each participant's file?
61. What system does the VF/EA FMS organization have in place for registering participants as employers, establishing an account, and obtaining an account number¹⁶ for state unemployment tax filing and payment purposes for each participant it represents and for maintaining documentation in the participant's file?¹⁷

¹⁶ Same state revenue and unemployment tax agencies may opt to use the participant's federal employer Identification number for state tax filing and depositing purpose while others issue state tax agency-specific account numbers. The VF/EA FMS organization should confirm the correct procedure with the appropriate tax agencies.

¹⁷ It should be noted that some states have a combined employer registration process for state income tax withholding and unemployment taxes.

62. What written policies and procedures for does the VF/EA FMS organization have for registering participants as employers, establishing an account, and obtaining an account number for state unemployment tax filing and payment and for maintaining documentation in each participant's file?
63. What internal controls does the VF/EA FMS organization have documented and in place to monitor the state employer registration process, the establishment of accounts and receipt of account numbers for state unemployment tax purposes for participant employers and for the maintenance of documentation in the participant's file?
64. What systems does the VF/EA FMS organization have in place for retiring a participant's state income tax account and account number when the participant is no longer the employer of support workers (permanently) and for maintaining documentation in the participant's file?¹⁸
65. What written policies and procedures does the VF/EA FMS organization have for retiring a participant's state income tax account and account number when the participant is no longer the employer of support workers (permanently) and for maintaining documentation in the participant's file?
66. What internal controls does the VF/EA FMS organization have documented and in place for monitoring the retirement of a participant's state income tax account and account number when the participant is no longer the employer of support workers (permanently) and for maintaining documentation in the participant's file?
67. What systems does the VF/EA FMS organization have in place for retiring a participant's state unemployment tax account and account number when the participant is no longer the employer of support workers (permanently) and for maintaining documentation in the participant's file?
68. What written policies and procedures does the VF/EA FMS organization have for retiring a participant's state unemployment tax account and account number when the participant is no longer the employer of support workers (permanently) and for maintaining documentation in the participant's file?
69. What internal controls does the VF/EA FMS organization have documented and in place for monitoring the retirement of a participant's state unemployment tax account and account number when the participant is no longer the employer of workers (permanently) and for maintaining documentation in the participant's file?

¹⁸ Five states (California, Hawaii, New Jersey, New York, and Rhode Island) have mandatory disability Insurance coverage for workers. The tasks associated with this type of insurance along with the written policies and procedures and internal controls should be addressed by the VF/EA FMS organization in the applicable states.

70. What system does the VF/EA FMS organization have in place for withholding and filing state income tax individually for each participant it represents and for maintaining documentation in the participant's file?
71. What written policies and procedures does the VF/EA FMS organization have for withholding and filing state income taxes individually for each participant it represents per state requirements and for maintaining documentation in the participant's file?
72. What internal controls does the VF/EA FMS organization have documented and in place to monitor the withholding and filing of state income taxes for each participant it represents per state requirements and for maintaining documentation in the participant's file?
73. What system does the VF/EA FMS organization have in place for depositing state income tax individually for each participant it represents per state requirements and for maintaining documentation in the participant's file?¹⁹
74. What written policies and procedures does the VF/EA FMS organization have for depositing state income taxes individually for each participant it represents per state requirements and for maintaining documentation in the participant's file?
75. What internal controls does the VF/EA FMS organization have documented and in place to monitor the depositing of state income taxes for each participant it represents per state requirements and for maintaining documentation in the participant's file?
76. What system does the VF/EA FMS organization have in place for filing and depositing out-of-state income tax withholding, as required by the state, or requested by the worker, for workers who reside outside of the state they work in and for maintaining documentation in the support worker's file?
77. What written policies and procedures does the VF/EA FMS organization have for filing and depositing out-of-state income tax withholding, as required by the state, or requested by the worker, for workers who reside outside of the state they work in and for maintaining the documentation in the support worker's file?
78. What internal controls does the VF/EA FMS organization have documented and in place to monitor the withholding, filing, and depositing of out-of-state income tax withholding, as required by the state, or requested by the support worker, for support workers who reside outside of the state they work in and for maintaining documentation in the support worker's file.

¹⁹ It should be noted that some states do not have state personal income tax requirements (AK, FL, NV, SD, TX, WA, and WY. NH and TN only tax dividends and interest).

79. What system does the VF/EA FMS organization have in place for withholding state unemployment insurance tax individually for everyone it represents and for maintaining documentation in the participant's file?
80. What written policies and procedures does the VF/EA FMS organization have for withholding state unemployment insurance taxes individually for everyone it represents and maintaining documentation in the participant's file?
81. What internal controls does the VF/EA FMS organization have documented and in place for monitoring the withholding of state unemployment taxes individually for everyone it represents and for maintaining documentation in the participant's file?
82. What system does the VF/EA FMS organization have in place for filing state unemployment insurance tax individually for everyone it represents per state requirements and for maintaining documentation in the participant's file?²⁰
83. What written policies and procedures does the VF/EA FMS organization have for filing state unemployment insurance taxes individually for everyone it represents per state requirements and maintaining documentation in the participant's file?
84. What internal controls does the VF/EA FMS organization have documented and in place for monitoring the filing of state unemployment taxes individually for everyone it represents per state requirements and for maintaining documentation in the participant's file?
85. What system does the VF/EA FMS organization in place for depositing state unemployment taxes individually for everyone it represents per state payment schedule and for maintaining documentation in the participant's file?
86. Does the VF/EA FMS organization deposit state unemployment taxes individually for everyone it represents per state payment schedule and maintain documentation in the participant's file?
87. What internal controls does the VF/EA FMS organization have documented and in place to monitor the payment of state unemployment taxes for everyone it represents per state payment schedule and for maintaining documentation in the participant's file?
88. What system does the VF/EA FMS organization have in place for withholding and filing locality taxes related to employment and for maintaining documentation in the participant's and/or support worker's file?²¹

²⁰ The VF/EA FMS organization should have a system, policy and procedure and internal control documented and in place that address the process for making the last state unemployment tax filing and deposit for a participant per state unemployment insurance agency instructions. Most states require a final filing even if the filing is zero.

²¹ A few states have these locality-based taxes (i.e., Pennsylvania, West Virginia).

89. What written policies and procedures does the VF/EA FMS organization have for withholding and filing locality taxes related to employment and for maintaining documentation in the participant's and/or support worker's file?
90. What internal controls does the VF/EA FMS organization have documented and in place for monitoring the withholding and filing of locality taxes related to employment and for maintaining documentation in the participant's and support worker's file?
91. What system does the VF/EA FMS organization have in place for monitoring the depositing of locality taxes related to employment and for maintaining documentation in the participant's and/or support worker's file?²²
92. What written policies and procedures does the VF/EA FMS organization have for monitoring the depositing of locality taxes related to employment and for maintaining documentation in the participant's and/or support worker's file?
93. What internal controls does the VF/EA FMS organization have documented and in place for monitoring the depositing of locality taxes related to employment and for maintaining documentation in the participant's and/or support worker's file?
94. What system does the VF/EA FMS organization have in place managing the application of all garnishments, levies, and liens on workers' payroll checks in an accurate and timely manner and for maintaining documentation in the participant's and support worker's file?
95. What policies and procedures does the VF/EA FMS organization have for managing the application of all garnishments, levies, and liens on support workers' payroll checks in an accurate and timely manner and for maintaining documentation in the participant's and support worker's file?
96. What internal controls does the VF/EA FMS organization have documented and in place to monitor the accuracy and timeliness of the application of garnishments, levies, and liens on support workers' payroll checks in an accurate and timely manner and for maintaining documentation in the participant's and support worker's file? What system does the VF/EA FMS organization have in place for withholding and paying union dues for each support worker and for maintaining documentation in the support worker's file?
97. What policies and procedures does the VF/EA FMS organization have withholding and paying union dues for each support worker and for maintaining documentation in the support worker's file?
98. What internal controls does the VF/EA FMS organization have documented and in place to monitor the withholding and paying union dues for each support worker and for maintaining

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documentation in the support worker's file?

99. What system does the VF/EA FMS organization have in place pay participants' support workers within the time required by the state department of labor (e.g., per State "Payday" requirement) and for maintaining documentation in each support worker's file?
100. What written policies and procedures does the VF/EA FMS organization have to pay participants' support workers within the time required by the state department of labor (e.g., State "Payday" requirement) and for maintaining documentation in each support worker's file?
101. What internal controls does the VF/EA FMS organization have documented and in place monitor the paying of participants' support workers within the time period required by the state department of labor (e.g., State "Payday" requirement) and for maintaining documentation in the support worker's file?
102. What system does the VF/EA FMS organization have in place for processing support workers' direct deposit and for maintaining the documentation in the support worker's file?²³
103. What policies and procedures does the VF/EA FMS organization have for processing direct deposits for support workers and for maintaining documentation in the support worker's file?
104. What internal controls does the VF/EA FMS organization have documented and in place to monitor the direct deposit process and for maintaining documentation in the participant's file?
105. What system does the VF/EA FMS organization have in place for processing support workers' out-of-cycle payments and for maintaining the documentation in the support worker's file?
106. What policies and procedures does the VF/EA FMS organization have for processing out-of-cycle payments and for maintaining documentation in the support worker's file?
107. What internal controls does the VF/EA FMS organization have documented and in place to monitor out-of-cycle payments and for maintaining documentation in the participant's file?
108. What system does the VF/EA FMS organization have in place for processing wage information requests from federal and state agencies and other qualified entities and maintaining documentation and correspondence in the support worker's file?
109. What policies and procedures does the VF/EA FMS organization have for processing wage information requests from federal and state agencies and other qualified entities and maintaining all correspondence and documentation in the support worker's file?

²³ Some VF/EA FMS organizations are offering debit cards as an option for support workers to receive their payroll checks in addition to offering direct deposit of payroll checks.

110. What internal controls does the VF/EA FMS organization have documented and in place to monitor the processing wage information requests from federal and state agencies and other qualified entities and the maintenance all documentation and correspondence in the support worker's file?

KEY TASK EIGHT: End of Year Federal Tax Processes

1. What system does the VF/EA FMS organization have in place for refunding over collected FICA to applicable participant-employers (or state or county government or other designated public funding entity) and employees in accordance with IRS requirements and for maintaining documentation in the VF/EA FMS organization's and support worker's files?
2. What policies and procedures does the VF/EA FMS organization have for refunding over collected FICA to applicable participant-employers (or state or county government or other public funding entity) in accordance with IRS requirements and employees and maintaining documentation in the VF/EA FMS organization's and support worker's files?
3. What internal controls does the VF/EA FMS organization have documented and in place to monitor the refunding of over collected FICA to applicable participant-employers (or state or county government or other public funding entity) and employees and for maintaining documentation in the VF/EA FMS organization's and support worker's files?
4. What system does the VF/EA FMS organization have in place for preparing, filing, and distributing IRS Forms W-2, Wage and Tax Statement, for participants' support workers per IRS instructions for agents, for electronic filing when processing 250 or more IRS Forms W-2, and for maintaining documentation in the support worker's file?²⁴
5. What policies and procedures does the VF/EA FMS organization have preparing, filing, and distributing IRS Forms W-2 for participants' support workers in accordance with IRS instructions for agents, for electronic filing when processing 250 or more IRS Forms W-2 and for maintaining documentation in the support worker's file?
6. What system does the VF/EA FMS organization have in place for preparing, filing, and distributing IRS Forms W-3, Transmittal of Wage and Tax Statement, in the aggregate for all participants the VF/EA FMS organization represents per IRS instructions and for maintaining documentation in the VF/EA FMS organization's files?²⁵

²⁴ VF/EA FMS organizations should report the participant's state income tax account identification number in Box 15 on the IRS Form W-2 since the VF/EA FMS organization does not obtain a separate state income tax account identification number from the State.

²⁵ VF/EA FMS organizations must leave Box 15 blank on the IRS Form W-3 because the state does not issue the VF/EA FMS organization a separate state income tax employer ID number.

7. What policies and procedures does the VF/EA FMS organization have for preparing and distributing IRS Forms W-3 in the aggregate for all participants the Agent represents per IRS instructions for agent and for maintaining documentation in the VF/EA FMS organization's files?
8. What internal controls does the VF/EA FMS organization have documented and in place to monitor the preparation and distribution of IRS Forms W-2 and 3 in accordance with IRS instructions for agents and for maintaining documentation in the VF/EA FMS organization's files?
9. What system does the VF/EA FMS organization have in place for processing returned payments (support worker payroll or participant-directed goods and services Vendor payments) in accordance with the state's Unclaimed Property law and maintaining documentation in the VF/EA FMS organization's file?
10. What policies and procedures does the VF/EA FMS organization have for processing returned payments (support worker payroll or participant-directed goods and services vendor payments) in accordance with the state's Unclaimed Property Law and maintaining documentation in the VF/EA FMS organization's file?
11. What internal controls does the VF/EA FMS organization have documented and in place to monitoring the processing of returned payments (support worker payroll or participant directed goods and services vendor payments) in accordance with the state's Unclaimed Property Law and for maintaining documentation in the VF/EA FMS organization's file?

KEY TASK NINE: Processing Payment for Independent Contractors Who Provide Services and Supports to Participants and Their Representatives

In general, IRS considers unskilled home-based care workers as employees and not independent contractors. The Department of Labor (DOL) also has its own method for determining independent contractor status for DOL wage and hour purposes. However, there may be an occasion where a participant may contract with a bona fide independent contractor to receive an approved participant-directed good or service. If there is a question regarding a vendor or support worker's employment status, the VF/EA FMS organization should require that the participant file an IRS Form 55-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding and submit the IRS decision to the VF/EA FMS organization and review the DOL meth for determining independent contractor status before a support worker or vendor is processed and paid as an independent contractor.²⁶

²⁶ Some states' departments of labor have their own Determination of Worker Employment Status Form. VF/EA FMS organizations should find out if the state will recognize the IRS Form SS-8 and decision received or if the participant also must file the state form and get a separate decision. In addition, the IRS

1. What system does the VF/EA FMS organization have in place to assist the participant in verifying the employment status of a support worker or participant-directed goods and services vendor?
2. What policies and procedures does the VF/EA FMS organization have to assist the participant in verifying the employment status of a support worker or participant directed goods and services vendor?
3. What internal controls does the VF/EA FMS organization have documented and in place for monitoring the employment status of a support worker or participant-directed goods and services vendor?
4. If a support worker or vendor has been determined to be an independent contractor, what system does the VF/EA FMS organization have in place obtain a completed and signed IRS Form W-9, Request for Taxpayer Identification Number Certification from each independent contractor working for a participant and for maintaining a copy of the form in each applicable independent contractor's file?
5. If a support worker or vendor has been determined to be an independent contractor, what policies and procedures does the VF/EA FMS organization have obtaining a completed and signed IRS Form W-9 from each independent contractor working for a participant and for maintaining copies of the form in each applicable independent contractor's file?
6. If a support worker or vendor has been determined to be an independent contractor, what internal controls does the VF/EA FMS organization have documented and in place to monitor its process for determining a support worker's or vendor's employment status and the receipt of completed and signed IRS Forms W-9 from each independent contractor working for a participant and for maintaining copies of the form in each applicable independent contractor's file?
7. For each independent contractor who has been paid \$600 or more in a calendar year, what system does the VF/EA FMS organization have in place processing an IRS Form 1099-Misc for that independent contractor and for maintaining documentation in each independent contractor's file?
8. For each independent contractor who has been paid \$600 or more in a calendar year, what policies and procedures does the VF/EA FMS organization have for processing an IRS Form 1099-Misc for these independent contractors and for maintaining documentation in each independent contractor's file?

decision is applied to participant support workers or vendors and not groups of support workers or vendors.

9. For each independent contractor who has been paid \$600 or more in a calendar year, what internal controls does the VF/EA FMS organization have a documented and in place to monitor the processing of IRS Forms 1099-Misc for these independent contractors for maintaining documentation in each independent contractor's file?

KEY TASK TEN: Managing Invoices for Participant-directed Goods and Services Rendered and Included in Participants' Service Plans and Budgets

1. What system does the VF/EA FMS organization have in place for receiving, verifying, processing, and paying invoices for participant-directed goods and services rendered and included in participants' participant service plans and budgets?
2. What policies and procedures does the VF/EA FMS organization have for receiving, verifying, processing, and paying invoices for participant-directed goods and services rendered and included in participants' participant service plans and budgets?
3. What internal controls does the VF/EA FMS organization have documented and in place monitor the receipt, verification, processing, and payment of invoices for participant-directed goods and services rendered and included in participants' participant service plans and budgets?²⁷
4. What system does the VF/EA FMS organization have in place for developing and maintaining a database that is effective in processing invoices for participant-directed goods and services and tracking and responding to occurrences of invoices for goods and services that cannot be paid due to missing or erroneous information?
5. What policies and procedures does the VF/EA FMS organization have developing and maintaining a database that is effective in processing invoices for participant directed goods and services and tracking and responding to occurrences of invoices for goods and services that cannot be paid due to missing or erroneous information?
6. What internal controls does the VF/EA FMS organization have documented and in place to monitor the development and maintenance of a database that is effective in processing invoices for participant directed goods and services and tracking and responding to occurrences of invoices for goods and services that cannot be paid due to missing or erroneous information?

KEY TASK ELEVEN: Customer Service System

1. Describe the VF/EA FMS organization customer service system currently in place. It should

²⁷ Proper segregation of tasks is a particularly important internal control for these tasks.

include:

- Help desk open during regular business hours,
 - Toll-free phone number and TW number (or alternative method for communicating with participants that are hearing impaired),
 - Secure fax,
 - Web-based information regarding VF/EA FMS services,
 - internet/e-mail communication,
 - Methods for receiving and processing enrollment, employment and other information from participants and support workers,
 - Ability to provide translation and interpreter services (i.e., American Sign Language and services for persons with Limited English Proficiency),
 - Materials available in alternate formats,
 - Methods for receiving, returning, and tracking calls from participants and support workers during and after regular business hours,
 - Methods for receiving, responding to, and tracking complaints from participants and support workers within a reasonable time,
 - Methods for acting as a mandatory reporter, and reporting critical incidents, particularly for financial fraud and abuse issues, to the appropriate state agencies,
 - Develop and implement orientation and skills training for participants they represent, if required by the PDS program agency,
 - Participate in orientation and skills training conducted by another entity, as applicable and required by the PDS program agency,
 - Developed and implemented customer services training for VF/EA FMS organization (and or reporting agent staff as applicable) staff,
 - Develop participant/designated representative-employer satisfaction survey, as required by the PDS program agency,
 - Conduct participant/designated representative-employer satisfaction surveys at least annually and analyze and summarize results for submission to the designated PDS program agency as required by the PDS program agency,
 - Develop and implement a plan of correction process, based on the summary of annual participant satisfaction survey results to implement continuous quality improvement of VF/EA FMS organization operations, as appropriate, and
 - Developed and implemented policies and procedures that emphasize the application of the philosophy of participant direction and being culturally and linguistically sensitive in all business practices in order to communicate effectively with a diverse population of participants of all ages and with a variety of needs, disabilities, and chronic conditions.
2. What system, internal controls, and written policies and procedures does the VF/EA FMS organization have documented and in place for producing distributing and collecting Participant/Representative-Employer Enrollment Packets as described in Section II, Preparing and Distributing Program Participant/Representative-Employer Enrollment

Packets and Support Worker Employment and Participant-directed Goods and Services Vendor Engagement Packets, and monitoring the process as described in Section II?

3. What system does the VF/EA FMS organization have in place for implementing the components of its customer service system?
4. What policies and procedures does the VF/EA FMS organization have for implementing the components of its customer service system?
5. What internal controls does the VF/EA FMS organization have documented and in place to monitor the implementation of its customer service system?

KEY TASK TWELVE: Record Management Process

1. What system does the VF/EA FMS organization have in place for setting up and maintaining current participant, support worker, participant-directed goods and services vendor and VF/EA FMS organization files in a secure and confidential (in accordance with HIPAA and the HI-TECH Act, as appropriate) manner as required by federal and state rules and regulations (e.g., meet any applicable HIPAA requirements)?
2. What policies and procedures does the VF/EA FMS organization have for establishing and maintaining current participant, support worker, participant-directed goods and services vendor and VF/EA FMS organization files in a secure and confidential (in accordance with HIPAA and the HI-TECH Act, as appropriate) manner and for the proscribed period of time as required by federal and state rules and regulations (e.g., federal and state record retention rules and any applicable HIPAA requirements)?
3. What internal controls does the VF/EA FMS organization have documented and in place to monitor the establishment and maintenance of current participant, support worker, participant-directed goods and services vendor and VF/EA FMS organization files?
4. What system does the VF/EA FMS organization have in place for setting up and maintaining archived participant, support worker, participant-directed goods and services vendor and VF/EA FMS organization files in a secure and confidential (in accordance with HIPAA and the HI-TECH Act, as appropriate) manner as required by federal and state rules and regulations (e.g., meet any applicable HIPAA requirements)?
5. What policies and procedures does the VF/EA FMS organization have establishing and maintaining archived participant, support worker, participant-directed goods and services Vendor and VF/EA FMS organization files in a secure and confidential (in accordance with HIPAA and the HI-TECH Act, as appropriate) manner and for the proscribed period of time as required by federal and state rules and regulations (e.g., federal and state record

retention rules and any applicable HIPAA requirements)?

6. What internal controls does the VF/EA FMS organization have documented and in place to monitor the establishment and maintenance of archived participant, support worker, participant-directed goods and services vendor and VF/EA FMS organization files?
7. Does the VF/EA FMS organization have a disaster recovery plan for electronic and hard copy files in place?
8. What system does the VF/EA FMS organization have in place for testing, executing, and updating its disaster recovery plan for electronic and hard copy files?
9. What policies and procedures does the VF/EA FMS organization have for testing, executing, and updating its disaster recovery plan?
10. What internal controls does the VF/EA FMS organization have documented and in place for testing, executing, and updating its disaster recovery plan?

KEY TASK THIRTEEN: CONFIDENTIALITY

52. What system does the VF/EA FMS organization have in place to ensure that all participant Protected Health Information (PHI) and Personally Identifiable Information (PII) will be kept confidential and shared only with authorized persons for use in participant's plan development and execution?
53. What written policies and procedures does the VF/EA FMS organization have to ensure that all PHI and PII will be kept confidential and shared only with authorized persons for use in participant's plan development and execution?
54. What internal controls does the VF/EA FMS organization have documented and in place for monitoring all PHI and PII to ensure it will be kept confidential and shared only with authorized persons for use in participant's plan development and execution?
55. What system does the VF/EA FMS organization have in place to ensure that unacceptable use of participant PHI and PII does not occur?
56. What written policies and procedures does the VF/EA FMS organization have to ensure that unacceptable use of participant PHI and PII does not occur?
57. What internal controls does the VF/EA FMS organization have documented and in place for monitoring all participant PHI and PII to ensure there will be no unacceptable use of such information?

58. What system does the VF/EA FMS organization have in place to perform annual training to personnel regarding the protection of participant PHI and PII?
59. What written policies and procedures does the VF/EA FMS organization have for performing annual training to personnel regarding the protection of participant PHI and PII?
60. What internal controls does the VF/EA FMS organization have documented and in place for monitoring the annual training to personnel regarding the protection of participant PHI and PII?
61. What system does the VF/EA FMS organization have in place for ensuring to the greatest extent possible, upon termination of personnel, that any paper or electronic media containing participant PHI or PII is retrieved, destroyed, or not recoverable?
62. What written policies and procedures does the VF/EA FMS organization have for ensuring to the greatest extent possible, upon termination of personnel, that any paper or electronic media containing participant PHI or PII is retrieved, destroyed, or not recoverable?
63. What internal controls does the VF/EA FMS organization have documented and in place for monitoring the ensuring to the greatest extent possible, upon termination of personnel, that any paper or electronic media containing participant PHI or PII is retrieved, destroyed, or not recoverable??
64. What system does the VF/EA FMS organization have in place for making an initial report of any suspected loss or breach of PHI and/or PII to the SAIL contact or liaison within one hour of discovery and a full, detailed report that includes all pertinent details including a police report in the event of theft/crime?
65. What written policies and procedures does the VF/EA FMS organization have for making an initial report of any suspected loss or breach of PHI and/or PII to the SAIL contact or liaison within one hour of discovery and a full, detailed report that includes all pertinent details including a police report in the event of theft/crime?
66. What internal controls does the VF/EA FMS organization have documented and in place for monitoring the process of making an initial report of any suspected loss or breach of PHI and/or PII to the SAIL contact or liaison within one hour of discovery and a full, detailed report that includes all pertinent details including a police report in the event of theft/crime?
67. What system does the VF/EA FMS organization have in place for assuming responsibility for any costs associated with consumer notification and remediation incurred as the result of a breach of PHI or PII?

68. What written policies and procedures does the VF/EA FMS organization have for assuming responsibility for any costs associated with consumer notification and remediation incurred as the result of a breach of PHI or PII?
69. What internal controls does the VF/EA FMS organization have documented and in place for monitoring the assumption of responsibility for any costs associated with consumer notification and remediation incurred as the result of a breach of PHI or PII?
70. What system does the VF/EA FMS organization have in place for ensuring personnel are aware of the contractual requirements regarding participant PHI and PII?
71. What written policies and procedures does the VF/EA FMS organization have for ensuring personnel are aware of the contractual requirements regarding participant PHI and PII?
72. What internal controls does the VF/EA FMS organization have documented and in place for monitoring that personnel are aware of the contractual requirements regarding participant PHI and PII?

KEY TASK FOURTEEN: Preparing and Submitting Required Reports to PDS Program Agency, Participants and Other Designated Participants/Entities

What system does the VF/EA FMS organization have in place to prepare and submit the required reports to operating agency, participants and other designate participants/entities as required by the operating agency?²⁸

What policies and procedures does the VF/EA FMS organization have for preparing and submitting the required reports to operating agency, participants and other designate participants/entities as required by the operating agency?

What internal controls does the VF/EA FMS organization have documented and in place to monitor the preparation and submission of required reports to PDS program agency, participants and other designate participants/entities as required by the PDS Program agency?

KEY TASK FIFTEEN: Participants Changing VF/EA FMS Organizations at the Beginning or During a Calendar Tax Year

²⁸ The VF/EA FMS organization will want to identify the reports it (or its reporting agent or subagent) will produce for its, the PDS program agency, information and assistance providers, the VF/EA FMS organization and for enrolled participants and their representatives. These requirements will vary by PDS program.

When a participant changes VF/EA FMS organization in a calendar tax year a bifurcated federal and state tax year, as applicable, occurs. This is not ideal, and it is highly recommended that whenever possible, participants change VF/EA FMS organization effective January 1st.²⁹

The transition from one VF/EA FMS organization to another often occurs in a straightforward manner for state income tax withhold and employment tax purposes since usually they are filed and paid for each participant using his/her own state income tax withholding and/or state unemployment tax account numbers.³⁰ However, the current VF/EA FMS organization must make sure to retire any state Powers of Attorney or Authorization it might have for the particular participant for SIT and SUI filing and payment purposes once all state taxes are filed and paid for the periods in which the current VF/EA FMS organization served the participant, The new VF/EA FMS organization then must make sure it obtains the necessary state Powers of Attorney or Authorization it needs for SIT and SUI to represent the applicable participant from the date that they begin performing as the participant's agent. Coordination between the current (old) and new VF/EA FMS organization is key.

A particularly thorny issue is how to manage Federal tax filings and payments and how to issue IRS Forms W-2 when two VF/EA FMS organizations process payroll for a support worker who does not earn the FICA wage threshold amount under either VF/EA FMS organization but in total earns the FICA wage threshold amount or more for the calendar year. In this situation, the two VF/EA FMS organizations need to determine who will file and pay Federal taxes for the support worker for the calendar year. One VF/EA FMS organization should file an IRS Form 941X for the appropriate period and provide the other VF/EA FMS organization with the taxes so that VF/EA FMS organization can pay FICA and FUTA for the calendar year and issue an IRS Form W-2 for the support worker, again coordination and communication between the two VF/EA FMS organizations is key to successfully complete the tasks.

The VF/EA FMS organization must have systems in place and written policies, procedures, and internal controls for the tasks they must perform when transferring a participant from one VF/EA FMS organization to another. This means the VF/EA FMS organization should have these for when they are enrolling a participant who has transferred to them from another VF/EA FMS organization and when a participant is transferring from them to another VF/EA FMS organization.

The following are tasks that a VF/EA FMS organization must perform when a participant

²⁹ This means the current (old) VF/EA FMS organization processes the payroll for the last payroll that is issued for support workers in the current calendar tax year and the new VF/EA FMS organization processes payroll for the first payroll for support workers in the new calendar year.

³⁰ A small number of state departments of revenue allow the VF/EA FMS organization to obtain a special state income tax (SIT) employer registration number to file and make SIT payments on behalf of all participants it represents as agent (for a publicly-funded PDS program(s) in the aggregate. In these states, the VF/EA FMS organization must contact the state department of revenue to determine how the transition from one agent to another must occur, particularly during a bifurcated tax year.

transfer from on VF/EA FMS organization to another at the beginning of a calendar tax year.

1. What system and written plan does the VF/EA FMS organization have documented and in place for transitioning out as the VF/EA FMS organization for the PDS program per PDS program agency requirements?
2. What policies and procedures does the VF/EA FMS organization have for transitioning out as the VF/EA FMS organization for the PDS program per PDS program agency requirements?
3. What internal controls does the VF/EA FMS organization have documented and in place for transitioning out as the VF/EA FMS organization for the PDS program per PDS program agency requirements?
4. What system and written plan does the VF/EA FMS organization have documented and in place for enrolling a participant transferring from another VF/EA FMS organization per PDS program requirements?
5. What policies and procedures does the VF/EA FMS organization have for enrolling a participant transferring from another VF/EA FMS organization per PDS program requirements?
6. What internal controls does the VF/EA FMS organization have documented and in place for enrolling a participant transferring from another VF/EA FMS organization per PDS program requirements?

Appendix B

Personal Choices Case Manager Job Description

Job Summary

Under the administrative direction of the SAIL Director, the Personal Choices Case Manager enrolls participants, counsels, and educates participants about their rights and responsibilities and provides consultation and assistance as participants develop their support plan and budget. Case managers assess quality of services and the need for continuation of service. The case manager maintains detailed service records and prepares reports to the Alabama Department of Senior Services.

Duties

- Receives referrals from Medicaid Waiver case managers, social workers, home health agencies, and other caregivers.
- As openings occur, contacts potential participants to discuss program requirements, participant responsibilities and, if appropriate, plan for an in-home visit.
- Visits participant's homes to provide orientation and training relative to the responsibilities and requirements of the Personal Choices program.
- Assists and guides participant in the development of their personal support plan, which addresses methods to meet their personal assistance and related health care needs. The plan must also ensure appropriate supports are available for back up, if needed.
- Evaluates and approves the personal support plan when all service and safety measures are in compliance and the budget has set up a spending plan based on reasonable costs and allocation of dollars.
- Forwards personal support plan to the Personal Choices Program Manager at the Alabama Department of Senior Services for approval.
- After application is approved, sends notification to the Financial Management Service Agency (FMSA).
- Monitors monthly budget expenditure reports from the FMSA to ensure adherence to the approved personal support plan and to detect spending patterns that may indicate issues with care, health, or safety.
- Makes monthly calls to each participant to assess quality of self-directed care, provide support as needed and to assure essential needs are being met.
- Conducts monthly visits to further assess quality of care and participant safety.
- Maintains records on each participant enrolled in the Personal Choices program. This record includes documentation of each participant contact, progress notes, and monitoring contacts in narrative form. Record must also include signed copies of the

participant's Freedom of Choice and Informed Consent forms as well as the Personal Support Plan and Representative Designation, if applicable.