Financial Management Services Agency (FMSA)
Fifth Annual Quality Improvement Training
December 12, 2013
Department of Aging and Disability Services (DADS) annual training for Financial Management Services Agencies (FMSAs).

The annual FMSA quality improvement training was established to ensure FMSA awareness of common operational challenges. The training is also designed to assist FMSAs to proactively address challenges before they become a complaint or a monitoring finding.
Laurie Hernandez, CDS Operations
Elizabeth Jones, CDS Policy
Lettie Davis, CDS Contract Monitor Supervisor
Freddy Lopez, CDS Program Monitor
Patricia Herrin, CDS Program Monitor
Christopher Robinson, CDS Program Monitor
Mark Fletcher, CDS Fiscal Monitor
Craig Williamson, CDS Fiscal Monitor
FMSAs PROVIDE A UNIQUE SERVICE

- Provide critical *on-going* support for those who use the CDS option.

- Conduct payroll and pay employer federal and state taxes on behalf of CDS employers.
To be a successful FMSA:

- Understand & operate according to CDS Option rules, program rules and federal regulations.

- Train **ALL staff** who perform CDS functions.

- Establish your own quality assurance standards and self-monitoring systems.

- **Communicate with your Employer.**
Training Objectives

- CDS Operational updates.
- Review recently implemented initiatives and upcoming changes affecting FMSAs
- Understand the contract monitoring process for FMSAs
- Understand the top FMSA monitoring findings & complaints against FMSAs
- Understand how your FMSA can avoid negative monitoring findings and address complaints
- Understand how to find and use available resources
- Question and Answer period at end of webinar
Update FMSA Contact Information- Please email the CDS mailbox (cds@dads.state.tx.us) your FMSA’s contact information, including an email address.

Please include the name of your FMSA when sending this information.

Please submit this information by December 31, 2013.
If you would like to post a toll-free 1-800 # to the DADS FMSA Choice List instead of your local phone number, please send a request to the CDS mailbox at cds@dads.state.tx.us

Please remember only one phone number will be listed.

Please send your request by January 3, 2014. Please include the name of your FMSA in your request.
CDS forms are currently being revised. Changes include name change (CDSA to FMSA), and content changes.

- **1735-TxHmL** has been updated to take out respite hour requirement. Please start using the revised form now.

- **1585, 1733-Nursing Exemption form- #10,11,12 have been removed from list.**

- More changes are coming. An alert will be sent out via FMSA distribution list, and a DADS alert informing all FMSAs CDS form and handbook revisions have been completed.

- The CDS Employer Handbook is currently being revised.
Starting January 2014, CDS policy, operations and contract monitoring staff will conduct quarterly conference calls with FMSAs to offer technical assistance and provide CDS updates.

FMSAs will have an opportunity to ask questions or seek clarification/guidance from CDS staff.

Participate is mandatory.

FMSA will be notified via email and DADS alert of the date and time of the scheduled calls.
RECENT AND UPCOMING POLICY CHANGES

ELIZABETH JONES
Effective September 1, 2013, CDS employers must pay at least $7.50 per hour to employees who provide the following services:

- **Primary Home Care (PHC) Services**, including Community Attendant Services (CAS) and Family Care (FC);
- **Personal Assistance Services in Community Based Alternatives (CBA)**; and
- **Respite and Flexible Family Support Services in the Medically Dependent Children Program (MDCP)**.
Changes to CDS budget workbooks for CBA, MDCP, and PHC/CAS/FC:

- an edit to ensure that the CDS employer allocates at least $7.50 per hour for attendants providing the affected services;

- the new rate for non-priority PHC, CAS and FC; and

- the new drop-down option to enter wage information for family members who meet the IRS federal and TWC state tax exempt criteria.
Added drop down option if the employee is exempt from FICA, FUTA or SUTA

Understanding who is exempt - IRS/TWC

Mandatory exemptions
Effective January 1, 2014, CDS employers must pay at least $7.50 per hour to employees who provide the following services:

- habilitation in the Community Living Assistance and Support Services Program;
- residential habilitation in the Deaf Blind Multiple Disabilities Program;
- supported home living in the Home and Community-based Services Program; and
- community support in the Texas Home Living Program.
Revised CDS budgets for CLASS, DBMD, HCS, TxHmL will be posted on the DADS website.

There are no rate increases.

FMSAs should begin now to work with CDS employers who pay less than $7.50 per hour.

**NO ACTION IS REQUIRED IF CDS EMPLOYER PAYS $7.50 OR MORE AN HOUR.**
Amendments to 40, Texas Administrative Code, Chapter 49, Contracting for Community Services, §49.72, adopted by HHSC on August 7, 2013 and January 1, 2014

Amendments the CDS rules, 40, TAC, Chapter 41, §41.505(a)(1) (relating to Payroll Budgeting), adopted by HHSC, effective January 1, 2014

FMSAs will be monitored on compliance.
## Expansion of the Employment Services Available Through the CDS Option

<table>
<thead>
<tr>
<th>Program</th>
<th>Supported Employment</th>
<th>Employment Assistance</th>
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<tbody>
<tr>
<td>DBMD IL</td>
<td>October 1, 2013</td>
<td>October 1, 2013</td>
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<tr>
<td>CLASS</td>
<td>February 1, 2014</td>
<td>September 1, 2014</td>
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<tr>
<td>MDCP</td>
<td>June 1, 2014</td>
<td>June 1, 2014</td>
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<tr>
<td>HCS</td>
<td>April 1, 2014</td>
<td>April 1, 2014</td>
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Supported employment is provided, in order to sustain paid employment, to an individual who, because of a disability, requires intensive, ongoing support to be self-employed, work from home, or performs in a work setting at which individuals without disabilities are employed.

Supported employment includes employment adaptations, supervision, and training related to an individual's disability.
Employment assistance is provided to an individual to help the individual locate paid employment in the community. Employment assistance includes:

- identifying an individual's employment preferences, job skills, and requirements for a work setting and work conditions;
- locating prospective employers offering employment compatible with an individual's identified preferences, skills, and requirements; and
- contacting a prospective employer on behalf of an individual and negotiating the individual's employment.
Employment assistance and supported employment service providers must satisfy one of the following combinations of education and experience:

**Option 1:**
- a bachelor's degree in rehabilitation, business, marketing, or a related human services field; and
- one year of documented experience providing employment services to people with disabilities in a professional or personal setting.

**Option 2:**
- an associate's degree in rehabilitation, business, marketing, or a related human services field; and
- two years of documented experience providing employment services to people with disabilities in a professional or personal setting.

**Option 3:**
- a high school diploma or GED; and
- three years of documented experience providing employment services to people with disabilities in a professional or personal setting.
EXPANSION OF CDS NURSING SERVICES IN THE HCS PROGRAM

- April 1, 2014

- RN, LVN, Specialized RN, Specialized LVN

- Hours will be indicated on the Individual Plan of Care (Care Screen C62)

- All nurses hired MUST complete Form 1747, Acknowledgment of Nursing Requirements
New rules go into effect January 1, 2015

CDS employers are allowed to use the companionship, although the definition of tasks that can be exempt are very limited.

DADS is participating in webinars hosted by DOL and NRCPDS to learn more about implementation.

DADS WILL PROVIDE MORE INFORMATION AT THE JANUARY QUARTERLY CALL. No action is required by FMSAs at this point.
Changes to Chapter 49 – Contracting for Community Services.

- All contracting requirements for FMSAs will be moved from the CDS Chapter (Chapter 41) to Chapter 49.
- When Chapter 49 becomes effective, all new FMSA contracts will become provisional.
- Chapter 49 established monitoring for FMSAs.
- February MCAC, March 6, DADS Council, Published in Texas Register for Comments and then effective September 1, 2014.
Part 1: Changes to CDS Employer Responsibilities, Nursing Requirements, Backup Plans.

- MCAC February
- DADS Council March 7, 2014
- Proposed Rules Posted for Comment in the Texas Register
- Effective September 1, 2014
Part II: Corrective Action Plans, Termination from the CDS option (including Medicaid fraud conviction), consolidation of case managers and service coordinator functions into one subchapter.

A couple of months behind Part I

- Effective October – November 2014
IRS UPDATE

- See Attached PDF file from the National Resource Center for Participant Directed Services Conference

- FMSAs can now obtain employer FEIN online!!
Employees working for CDS employer are household employees

- Household employees are normally subject to FICA if their wages in a year exceed a threshold amount ($1,800 for 2013)

- Employees are exempt from FICA if employee is:
  - the employer's spouse
  - the employer's child under the age of 21
  - employer's parent (with the exception of some services provided by grandparents in certain circumstances)
  - a person under the age of 18 if being a household employee is not the person's principal occupation
Regularly asked, “but what if we want to contribute to FICA?”

Regulation is clear that contributions are not to be made.

Opinion letter from IRS dated 10/3/2011 makes clear, in no uncertain terms:

Link to letter:
What are waiver assurances?

- Assurances are commitments the State makes to CMS regarding waiver operations.
- Assurances also address important dimensions of waiver quality.
- The waiver application provides details regarding how the waiver design ensures the assurances are met.
ASSURANCES REQUIRED BY CMS

1. Administrative Authority
2. Level of Care
3. Service Plan
4. Qualified providers
5. Health and Welfare
6. Financial Accountability
Performance measures are used to demonstrate compliance with assurances.

Each assurance has a set of performance measures that are reported to CMS.

FMSA monitoring results are used to determine if DADS is meeting performance measures.
QUALITY MEASURES FOR THE CLASS PROGRAM

- Number and percent of individual/employers using the CDS option that had a Medicaid provider agreement (FORM 1739) for each employee.

- Number and percent of FMSAs reviewed evidencing that quarterly expenditure reports were sent to the employers.

- Number and percent of monitored FMSAs whose claims paid in accordance with the employee’s established rate of pay and the service hours actually worked.
QUALITY MEASURES FOR THE CLASS PROGRAM

- Number and percent of FMSAs that attended all required training in accordance with state requirements and the approved waiver.

- Number and percent of FMSAs who filed taxes in accordance with 3504 of the IRS code.
FMSAs will be monitored for compliance for program and fiscal contract requirements.

Program and Fiscal review are conducted separately.

FMSAs will have two separate monitoring visits over a two year period.

FMSAs will be notified two weeks in advance of a monitoring visit.
TECHNICAL ASSISTANCE FOR COMMON PROGRAM AND FISCAL MONITORING DEFICIENCIES

CHRISTOPHER ROBINSON-PROGRAM MONITOR
COMMON PROGRAM REVIEW FINDINGS

- Incomplete Background Checks
- Improper Documentation
- Lack of Knowledge of CDS and Program Specific Rules
- Lack of Communication
Background Checks §41.323

- Ensure they are conducted timely
- Ensure use of new Form 1725
- Clarifies when to use secured website
Proper Documentation As Per:
§ 41.305 Appointment of Designated Representative (Form 1720)
§ 41.306 Proof of Guardianship
§ 41.323 Criminal History Report (Form 1725)
§ 41.327 Verification of Applicants (Form 1729)
§ 41.333 Service Agreements (1735, 1737, 1739)

- Reminder to use most current versions of all forms
- Ensure completed forms are made available
- Forms signed appropriately
- Update forms when changes occur
- Conduct Internal Quality Assurance Reviews
Knowledge of CDS and Program Specific Rules

Ensure knowledge of program specific addendums to Form 1735:

- Form 1735-CBA, Addendum – Community Based Alternatives (CBA)
- Form 1735-CLASS, Addendum – Community Living Assistance and Support Services (CLASS)
- Form 1735-DBMD, Addendum – Deaf Blind with Multiple Disabilities (DBMD)
- Form 1735-HCS, Addendum – Home and Community-based Services (HCS)
- Form 1735-MDCP, Addendum – Medically Dependent Children Program (MDCP)
- Form 1735-PHC, Addendum – Primary Home Care (PHC) Services, Community Attendant Services (CAS) and Family Care (FC)
- Form 1735-TxHmL, Addendum – Texas Home Living (TxHmL)-REVISED
Communication

- Very Important to keep communication open with employers.
- Important to communicate any changes or concerns with service coordinators and case managers.
- Important to notify DADS Contracts of updates such as changes to FMSA telephone numbers, addresses, or email.
FISCAL TECHNICAL ASSISTANCE

FISCAL MONITORING

Mark Fletcher and Craig Williamson
COMMON FISCAL REVIEW FINDINGS

- Completing Quarterlies
- Rate of Pay Changes
- Submitting Taxes Properly
- Accurate Budgets
- Timesheets
- Billing timely
Completing Quarterlies §41.317

- Quarterly reports to Employers, Case Managers and Service Coordinators.

- Evidence reports are distributed.
Rate of Pay Changes - Form 1730, Employee Wage and Benefit Plan

§ 41.505 (c)
- When pay rates increase or decrease
- Benefits

§ 41.403 (b)(3)
- Transfers - The transferring FMSA must send the receiving FMSA a copy of the 1730 within five days after request for transfer.
Submitting Taxes Properly
§41.309 (a)(8)

- Reporting to the IRS in aggregate
- Remember FUTA and SUTA
- IRS letters regarding income mismatches
Accurate Budgets §41.503

- During Transfers

- Billing Actual Services Provided, Not Budgeted Amount
TIMESHEETS

Timesheets §41.239

- Ensure Proper Documentation such as: authorized time sheets, W-4, Form 1730

- Use of Corrective Action Plans(§41.319) When Employees Do Not Submit Time Sheets Timely or Signed Appropriately
Billing Timely §41.239 and §41.337

- Billing must follow disbursements
- Billing must equal disbursements
Any questions or comments can be sent to the CDS mailbox at

CDS@dads.state.tx.us

2013 CDS Information Letters can be found at:

http://www.dads.state.tx.us/providers/communications/letters.cfm?ftype=CDS

CH. 41 CDS RULES

http://www.dads.state.tx.us/providers/CDS/Ch41CDS.pdf
IL 2013-73  Medicaid Coverage of Incontinence Care Supplies and Gloves  
(Replaces IL 13-71) 11/21/2013

IL 2013-69  Respite Rates for 1915(c) Medicaid Waiver Providers - Room and Board Charges 10/15/2013

IL 2013-64  Consumer Directed Services Recipient Fraud Reporting Procedures 9/20/2013

IL 2013-66  Expansion of the Consumer Directed Services Option to Employment Assistance and Supported Employment 9/18/2013

IL 2013-63  Approved Rates for the Texas Home Living Program, Effective September 1, 2013 9/12/2013

IL 2013-59  Notice of Direct Support Professionals Recognition Week 9/06/2013

IL 2013-54  Consumer Directed Services Budget Workbook Revisions Related to Rate Reductions Effective September 1, 2013, for Texas Home Living 8/30/2013
New Consumer Directed Services Bill Codes Available 8/30/2013

Reminder for Personal Assistance Services Billing: Do Not Bill When a Consumer is in an Institution 8/28/2013

Attendant Compensation for Certain Consumer Directed Services 8/21/2013

Fiscal Year 2013 Cutoff Dates for Year-end Closeout Processing 7/29/2013

Fiscal Year 2013 Cutoff Notice for Miscellaneous Claims 7/19/2013

Preparing for the Upcoming Fiscal Year 2013 Claims Billing Closeout 6/28/2013

QUESTIONS and ANSWERS

Please type in your questions