

Michigan Self-Determination in Long-Term Care

Overview of the Fiscal Intermediary Readiness Review Protocol

A fiscal intermediary is a neutral and independent entity that assures financial accountability for waiver funds when individuals receiving MI Choice Waiver services elect to participate in Michigan Self-Determination in Long-Term Care. The methods for implementing arrangements that support self determination are incorporated into the Choice Voucher System (for detailed information, please see the Choice Voucher System Technical Advisory).

The fiscal intermediary handles the funds comprising a participant's individual budget developed through the person-centered planning process. The fiscal intermediary makes payments to providers when authorized by the participant and serves as employer agent for participants who directly employ workers. A fiscal intermediary may also provide a variety of supportive services that assist participants in using the Choice Voucher System and managing their own supports. Fiscal Intermediary Services has been approved as a waiver service in the Amendment to the MI Choice waiver approved in October 2006.

Each waiver agent is required to contract with one or more agencies to provide fiscal intermediary services. The LIST OF FISCAL INTERMEDIARY FUNCTIONS (Appendix I of the Choice Voucher System) provides technical guidance regarding the functions of the waiver agent, the fiscal intermediary and participant in the Choice Voucher System. It describes in detail the functions of the fiscal intermediary, the waiver agent and participants; the allocation of responsibilities among these parties; and the minimum qualifications of a fiscal intermediary. The FISCAL INTERMEDIARY READINESS REVIEW provides a complete list of functions that are performed by the fiscal intermediary. To qualify as a fiscal intermediary, an agency must satisfactorily complete the Readiness Review document and verify that it has a system and written policy and procedures in place and internal controls documented for monitoring each of the functions listed. If corrective action is need, the plan for correction must be identified within the Readiness Review.

When examining the qualifications of a potential fiscal intermediary and negotiating a contract, a waiver agent should carefully review and assess the completed Readiness Review document and perform a site visit to verify the responses in the Readiness Review document. Waiver agents may find that Interview Protocol is helpful to document the readiness and challenges of a potential fiscal intermediary. Waiver agents can use the prototype Fiscal Intermediary Agreement (Section F of the Choice Voucher System) to develop the fiscal intermediary arrangements that meet the needs of participants and incorporate those arrangements into a Fiscal Intermediary Arrangement developed by its local counsel.

**MI Self-Determination in Long-Term Care
Fiscal Intermediary Readiness Review**

Name of Fiscal Intermediary Reviewed: _____

Address: _____

Phone: _____

A. Status of Physical Plant, Equipment, Information Systems Technology and Customer Service System

A.1 _____ Is the physical plant's location, size, equipment (including computer hardware and software) adequate to effectively operate Fiscal Intermediary (FI) services?
_____ Yes _____ No

If not, why and what is the FI's plan for correcting the situation?

A.2 _____ Is the FI effectively executing the philosophy of participant direction and being culturally sensitive in all business practices in order to communicate effectively with a diverse population of participants of all ages and with a variety of disabilities and chronic conditions?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

A.3 _____ Does the FI communicate effectively with participants who have a variety of functional impairments, including the need for large print/alternative formats, telecommunication devices for hearing and speech impaired, and access to translation services and to an interpreter?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

A.4 _____ Are the necessary technologies and accommodations in place adequate to effectively operate FI services?

- _____ Toll free number (or other method for free calls from participants)
- _____ Internet web site
- _____ E-mail communication option
- _____ TDD line
- _____ Fax (minimum 28.8 - standard)
- _____ Alternate/large print capabilities
- _____ Foreign language/American sign language capabilities

If not, why and what is the FI's plan for correcting the situation?

A.5 _____ Does the FI return calls within 24 and at most 48 hours from the time the message is recorded?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

A.6. _____ Does the FI have a communication, corrective action, and complaint tracking system for program participants and workers that addresses the following issues and is automated so that information can be analyzed by program participant, issue and over time?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

A.7. _____ Does the FI notify program participants and Waiver Agent staff in a timely manner in the event a payroll is processed and disbursed late (i.e., over five days)

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

A.9. _____ Does the FI process program participants' representatives including:

- Making sure the representative is not a paid service provider for the program participant, and
- When the representative is the common law employer of the workers (does not have an executed federal, and state, as required, Power of Attorney) and when the representative is not the common law employer of the workers (has a federal and state, as required, Power of Attorney).

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

A.10. _____ Does the FI obtain and evaluate participant feedback, experience and satisfaction with the receipt of FI services, have alternative methods for collecting this information (e.g., more than mail surveys) and use this information to make improvements to systems, policies and procedures? _____ Yes _____ No

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

B. Staffing

B.1 _____ Does the FI have an organization chart for the organization and for the FI function? _____ Yes _____ No

Attach a copy of all relevant organizational charts.

If not, why and what is the FI's plan for correcting the situation?

B.2 _____ Are the key management and staff in place and is the level of staffing (FTEs) and staff qualifications and experience sufficient to provide effective FI services? _____ Yes _____ No?

Attach job descriptions of all FI management and staff positions and resumes of existing staff.

If not, why and what is the FI's plan for correcting the situation?

B.3 _____ Has the FI had any trouble recruiting FI staff and does the FI foresee any challenges in recruiting staff in the future? _____ Yes _____ No

If yes, how does the FI plan to address these challenges?

C. Coordination and Communication with Waiver Agent Support Coordinators

C.1 _____ Does the FI communicate effectively with the Support Coordinators and avoid duplication of activities in supporting participants in understanding and implementing arrangements?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

C.2 _____ Do the FI's policies and procedures clearly describe the FI's and Support Coordinators' role and responsibilities related to the MI Self-Determination in LTC Supports and Services Program, program participants and workers?

- _____ Yes _____ No

If not, why and what is the FI's plan for correcting the situation?

C.3 _____ Does the FI receive information including Medicaid identification numbers, service plans and individual budget from the Waiver Agent regarding participants who enroll in and disenroll from the Michigan Self-Determination in LTC Program?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

C.4 _____ Does the FI notify a program participant's Supports Coordinator when FI staff becomes aware of an issue related to a program participant's performance (e.g., untimely timesheet filing or over reporting of worker's hours) and/or any incidences of financial fraud/abuse or a program participant's inability to perform required tasks?

- _____ System in Place
- _____ Written Policies and Procedures In Place

_____ Internal Controls Documented for Monitoring
If not, why and what is the FI's plan for correcting the situation?

D. Administration - FI Policies and Procedures Manual, Quality Management Plan and Staying Up-to-Date with Federal and State Rules and Regulations Pertaining to Vendor FIs and Household Employers and Employees

D.1. _____ Has the FI developed a comprehensive FI Policies and Procedures Manual that documents all FI tasks, includes all applicable federal and state forms and documented internal controls for each FI task?

_____ Yes _____ No

If not, why and what is the FI's plan for correcting the situation?

Attach copy of the manual.

D.2. _____ Does update its FI Policies and Procedures Manual as needed and at least annually in an accurate, complete and timely manner? _____ Yes _____ No

_____ System in Place
_____ Written Policies and Procedures In Place
_____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

D.3 _____ Does the FI review and update all IRS forms, instructions, notices and publications related to FIs, household employers and employees and for withholding, filing and paying federal income tax withholding and employment taxes (FICA and FUTA) and managing advanced payments of federal earned income credit (EIC) on behalf of the program participants it represents and their workers (Key web site www.irs.gov)?

_____ System in Place
_____ Written Policies and Procedures In Place
_____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

D.4 _____ Does the FI review and update all applicable US Citizenship and Immigration Services (US CIS) rules, forms (i.e., US CIS Form I-9, *Employment Eligibility Verification*) and instructions. (Key web site: www.uscis.gov)?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

D.5 _____ Does the FI review and update all applicable federal Department of Labor rules, forms and instructions related to household employers and domestic service employees and Federal Fair Labor Standards/wage and hour rules (Key web site: www.dol.gov)?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

D.6 _____ Does the FI review and update all applicable Michigan Department of Labor & Economic Growth rules, forms and instructions related to household employers and domestic service employees and related to State wage and hour rules (Key web site: www.michigan.gov/cis)?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

D.7 _____ Does the FI review and update all Michigan Department of Labor & Economic Growth Unemployment Insurance Agency rules, forms and instructions for registering and retiring program participants as employers, and for withholding, filing and paying state unemployment insurance taxes for each participant it represents in accordance with information presented on state web sites and in department handbooks/manuals (Key web site: www.michigan.gov/uia)?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan to correct the situation?

D.8. _____ Does the FI report program participants' new hires through the Michigan New Hires Operations Center (Key web site www.newhire-usa.com/mi)?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

D.9 _____ Does the FI review and update all rules, forms and instructions for registering and retiring program participants as employers, and for withholding, filing and paying state income tax withholding for each program participant it represents in accordance with information provided on the MI Department of Treasury web site(s) and in department handbooks/manual(s) (Key web site: www.michigan.gov/treasury)?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

D.10 _____ Does the FI identify program participant's back-up workers for payroll purposes?

- _____ System in Place

- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

E. Administration – Record Management Process

E.1 _____ Does the FI establish and maintain current program participant, worker and FI files on site in a secure and confidential manner as required by federal and state rules and regulations (e.g., program records kept in a secure place with restricted access using a password protected computer system)?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan to correct the situation?

E.2 _____ Does the FI establish and maintain archived program participant, worker and FI files in a secure and confidential manner as required by federal and state rules and regulations either on or off site (e.g., program records kept in compliance with secure place with restricted access using a password protected computer system) and maintain them for seven years either on or off site?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan to correct the situation?

E.3 _____ Does the FI ensure that access to Medicaid information will be limited to FI office staff and that it will take prudent safeguards to protect unauthorized disclosure of the Medicaid information in its possession and comply with HIPAA as applicable?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan to correct the situation?

E.4. _____ Has the FI developed a disaster recovery plan for electronic information and the related policies, procedures and internal controls included in the FI Policies and Procedures Manual? _____ Yes _____ No

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring
- _____ Approval by Waiver Agent

If not, why and what is the FI's plan to correct the situation?

E.5. _____ Has the FI developed a system and a written policy and procedure and internal control for maintaining other records and information required by the contract with the Waiver Agent?

- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring
- _____ Approval by Waiver Agent

If not, why and what is the FI's plan to correct the situation?

F. Administration – Processing Payroll and Invoices Preparing and Submitting Required Reports to State Government and Program Participants/Representatives

F.1 _____ Does the FI process payroll and pay other invoices in an efficient manner?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring
- _____ Approval by Waiver Agent

If not, why and what is the FI's plan to correct the situation?

F.2. _____ Has the FI developed the format for and submitted a sample monthly report of financial activities to each program participant with a copy to the Waiver Agent?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring
- _____ Approval by Waiver Agent

If not, why and what is the FI's plan to correct the situation?

F.3 _____ Does the FI report the information required by the MDCH/Office of LTC Supports and Services to the Waiver Agent?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan to correct the situation?

G. Enrollment of Participants and Workers

G.1. _____ Does the FI have a standard orientation protocol for program participants (by phone or in-person), as requested by the program participant or representative, to be implemented by FI staff?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan to correct the situation?

G.2. _____ Does the FI ensure that each program participant understands the role of the FI in the Michigan Self-Determination in LTC Program?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan to correct the situation?

G.3. _____ Does the FI evaluate all FI orientation materials and its standard orientation protocol?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan to correct the situation?

G.4. _____ Has the FI developed program participant enrollment and worker employment packets that contains the following information and is it in a user friendly format:

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan to correct the situation?

Attach a copy of each of the packet.

G.5 _____ Does the FI produce and distribute Program Participant Enrollment and Worker Employment Packets and collect, review and process the information contained in these packets? _____ Yes _____ No
_____ System in Place
_____ Written Policies and Procedures In Place
_____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan to correct the situation?

H. Waiver Agent Approval to Be an FI

H.1 _____ Is the FI enrolled with the Waiver Agent as a Medicaid provider with an executed contract to provide FI services? _____ Yes _____ No

If not, why and what is the FI's plan for correcting the situation?

H.2 _____ Does the FI have a separate FEIN specifically to file the IRS Forms 2678, 8821 and selected federal tax forms on program participants' behalf?
_____ Yes _____ No

If not, why and what is the FI's plan for correcting the situation?

H.3 _____ Has the FI executed an IRS Form 8655, *Reporting Agent Authorization* between itself and its reporting agent, if the FI has engaged a reporting agent to process payroll on its behalf and for maintaining the applicable documentation in the FI's file?

_____ Yes _____ No

If not, why and what is the FI's plan for correcting the situation?

H.4 _____ Does the FI revoke IRS Form 8655 with a reporting agent when appropriate and for maintaining the applicable documentation in the FI's file?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

H.5 _____ Does the FI attach a federal employer identification number (FEIN) for each program participant it represents and for maintain copies of the IRS FEIN notification and the filed Form SS-4, *Application for Employer Identification Number* in each program participant's file?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

H.6 _____ Does the FI retire individuals' FEINs when they are no longer employers (and stating specifically in the letter when the program participant is deceased)?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

H.7_____ Does the FI monitor the FEIN process, including attaching and retiring FEINs and making sure all relevant documentation is maintained in each program participant's file?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

H.8_____ Does the FI prepare, submit and maintain copies of a signed IRS Form 2678: *Employer Appointment of Agent*, Request for Approval Letter (multiple individuals may be listed on one letter) to the IRS for maintaining IRS Approval Notification for each program participant it represents?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

H.9_____ Does the FI submit the IRS Form 2678 and IRS Request for Approval Letter, receipt of IRS FI Authorization Notice from the IRS and documents revoking the IRS Form 2678 in accordance with IRS requirements and the maintenance of all relevant documentation in each program participant's file?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

H.10 _____ Does the FI file a signed IRS Form 8821, *Tax Information Authorization* with the IRS for each program participant it represents in order to communicate with the IRS on the program participant's behalf regarding federal employment tax issues and to maintain copies of the Form in each program participant's file?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

H.11 _____ Does the FI file IRS Form 8821 renewals for each applicable program participant at the appropriate time?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

H.12 _____ Does the FI revoke the IRS Form 8821 for each program participant when the FI no longer represents the individual and to maintain the relevant documentation in program participants' files?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

H.13 _____ Does the FI file the Michigan Department of Treasury Form 518, *Registration for Michigan Taxes* and Attaching state income and unemployment tax registration numbers for each program participant it represents and maintain the appropriate documentation in program participants' files?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

H.14 _____ Does the FI retire the state income tax registration number for each program participant it represents using the MI Department of Treasury Form 163, *Notice of Change or Discontinuance* and for maintaining the appropriate documentation in program participants' files? _____ Yes _____ No

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

H.15 _____ Does the FI retire the state unemployment tax registration number for each program participant it represents using the MI Department of Labor and Economic Growth Form 1772, *Discontinuance or Disposition of Business* and for maintaining the appropriate documentation in program participants' files?

- _____ System in Place
- _____ Written Policies and Procedures In Place
- _____ Internal Controls Documented for Monitoring

If not, why and what is the FI's plan for correcting the situation?

*Adapted from Protocol
Drafted by Sue Flanagan, Ph.D., M.P.H.
The Westchester Consulting Group*

Appendix I: Fiscal Intermediary Readiness Review Additional Information

A.6 Items for Tracking in Communication/Complaint System

- _____ Date and time of call
- _____ Name and title of persons/entities placing and receiving the call
- _____ Issue/complaint raised by caller
- _____ Level/severity of the issue/complaint
- _____ Corrective action taken/resolution and date
- _____ If issue/complaint was reported to the participant's Supports Coordinator, Waiver Agent and/or MDCH staff through their incident reporting or another reporting system (i.e., health/safety or fiscal/fraud issue)

E.1 Components of Participant and Worker Files

Program Participant File

- Program participant's name
- Program participant's address
- Program participant's phone number
- Program participant's Medicaid Identification Number
- Program participant's emergency contact person
- Employer-Employee Agreement
- MI MDCH Prototype Agreements, as applicable
- Program participant's budget and all updates (related to what the FI is authorized to pay)
- Program participant's service plan and all updates
- Emergency back-up staff names and relationship to the program participants
- Representative information and relationship to the program participant,
- Copy of program participants' Form SS-4 and federal employer identification number (FEIN)
- Copy of completed and signed Form 2678, *Employer Appointment of Agent*, Request for Approval to be the Agent Letter and IRS Notice of Approval
- Copy of letter retiring program participant's FEIN
- Copy (as applicable) of IRS Form 2678 revocation letter, revoked IRS Form 2678, and any related correspondence from the IRS
- Copy of completed and signed IRS Form 8821, *Tax Information Authorization*
- Copy of IRS Form 8821 renewal (as applicable) and any related correspondence from the IRS
- Copy of IRS Form 8821 revocation (as applicable) and any related correspondence with the IRS

- Copy of the two MI Department of Treasury Power of Attorney Forms 3863 and Form 151
- Copy of forms revoking the two MI Department of Treasury Power of Attorney Forms 3863, and Form 151.
- Copy of form revoking program participants' state income tax registration number (MI Department of Treasury Form 163, *Notice of Change or Discontinuance*)
- Copy of form revoking program participants' state unemployment tax registration number (MI Department of Labor and Economic Growth Form 1772, *Notice of Discontinuance*)
- Copies of all participant-specific state unemployment insurance benefits payments
- Copies of completed and filed forms (or electronic filing documentation) for filing state income tax withholding (MI Department of Treasury Form 160, *Combination Return for MI Taxes* or Form 165, *Annual Return for Sales, Use and Withholding Taxes*, as applicable)
- Copies of completed and filed annual reconciliation (or electronic filing documentation) for state income tax filing, as required
- Copies of all state income tax payments (or electronic payment documentation)
- Copies of all state unemployment tax filings and payments (or electronic filing and payment documentation)
- Copies of IRS Forms W-3 (if IRS Forms W-2 filed via paper rather than electronically)
- Copies of documentation related to any FICA refunding (employer portion) processed and returned to the State
- Copies of workers' compensation insurance policies, premium invoices and documentation of payment
- Invoices and payments made to vendors for approved goods and services
- Number of workers hired and related payroll expense by month and year to date.

Worker File as Part of Participant File

- Worker employment applications
- Medicaid Provider Agreement
- National Provider Identifier (NPI), if applicable
- Worker's name, address, social security number (and verification), FEIN (as applicable) and occupation of workers
- Worker's emergency contact information and relationship, if any, to the program participant
- Documentation verifying worker's social security number
- Dates of employment for each worker
- Copies of worker's criminal background check results and relationship to program participant (checking that they are not legally responsible individuals who do not qualify to be paid service workers)
- Copy of IRS Forms W-4, *Employee's Withholding Allowance*
- Copy of the MI Department of Treasury Form W-4, *MI Employee's Withholding Allowance Certificate*

- Copy of IRS Forms W-5, *Earned Income Credit Advance Payment* (as applicable)
- Copy of the USCIS Form I-9
- Copy of worker's time sheets
- Copy of completed MI New Hire Reporting Form and related documentation
- Copies of documentation regarding any judgments, garnishments and tax levies or any related holds on the worker's pay as may be required by federal or state government
- Copies of workers' IRS Forms W-2 and W-2(c), as applicable
- Documentation regarding any FICA refunds processed (employee portion) and copies of cancelled refund checks
- Documentation of requests for verification of workers' wages requested by federal and state agencies
- Documentation of any workers' compensation insurance claims filed by worker
- Documentation of submission of workers returned/not cancelled payroll checks, FICA refund checks or any other payments due to the Department of Treasury related to State's Unclaimed Property Law (Act 29 of 1995)

FI File

- Copy of FI Agreement with Waiver Agent(s)
- Copy of IRS Form 8655, *Reporting Agent Authorization*, if the FI is using a reporting agent
- Documentation regarding the IRS Form SS-4 to receive the FI's separate FEIN, Notification from the IRS and the retirement of the FI's separate FEIN, when/if applicable
- Aggregate filings of IRS Forms 941(FICA [social security and Medicare] and federal income tax withholding) and the individual withholding and filing back-up for each program participant/worker
- Aggregate payments of FICA and federal income tax withholding and the individual payment back-up for each program participant/worker
- Documentation of the receipt of aggregate FICA refunds and documentation on the individual-level related to FICA refunds (employers and employees)
- Aggregate filings of IRS Forms 940 (FUTA) and the individual withholding and filing back-up for each program participant
- Aggregate payment of FUTA and the individual payment back-up for each program participant
- FI's documentation related to being a Medicaid provider, including billing information
- Other documentation, as applicable.

E.4 Disaster Recovery Plans

Disaster recovery plans should address, at a minimum:

- The rapid return to limited operation
- The accuracy of software and data at return to operation
- The ability to return to full capacity as soon as possible

F.1 Checklist for Payroll and Invoice Payment-Related Tasks

- _____ Attach program participant's Medicaid funds from the Waiver Agent after services have been rendered via electronic transfers
- _____ Disburse Medicaid funds and tracking them in the aggregate and by program participant
- _____ Establish and maintain program participants', workers' and FI files
- _____ Perform or arrange for criminal background checks on each worker hired by the participant
- _____ Verify that each worker hired by a participant is not a legally responsible person or the participant and that the worker is in compliance with MDCH provider requirements
- _____ Verify that a Medicaid Provider Agreement has been signed by each worker and vendor
- _____ Verify workers' social security numbers
- _____ Collect and maintain copies of the Form I-9 in each workers' file
- _____ Collect, verify, process and maintain copies of workers' time sheets
- _____ Verify worker's relationship to program participant to determine if they can be paid providers based on MDCH program and to apply IRS family member FICA and FUTA withholding and payment rules, when applicable
- _____ Verify workers' hourly wages for regular and overtime are in compliance with federal and state DoL wage and hour rules for domestic service workers
- _____ Compute, withhold, file, and track federal income taxes for program participants quarterly in the aggregate using the FI's separate FEIN and using the IRS Form 941, *Employer's Quarterly Federal Tax Report*
- _____ Deposit federal income tax withholding in the aggregate using the FI's separate FEIN and in accordance with IRS depositing rules
- _____ Compute, withhold, and file Social Security and Medicare taxes (FICA) quarterly, in the aggregate using the FI's separate FEIN, using the IRS Form 941, *Employer's Quarterly Federal Tax Report* and maintaining copies of documentation in FI files
- _____ Deposit FICA in the aggregate, using the FI's separate FEIN per IRS depositing rules and maintaining copies of documentation in FI files
- _____ Compute, withhold, file FUTA annually in the aggregate using the FI's separate FEIN and the IRS Form 940 or 940 EZ and maintaining copies of documentation in the FI's files
- _____ Deposit FUTA in the aggregate using the FIs separate FEIN quarterly in accordance with IRS depositing rules and maintaining copies of documentation

in the FI's files

- _____ Process and track federal advanced Earned Income Credit (EIC) for applicable workers and maintain copies of documentation in workers' files,
- _____ Compute, withhold and file state unemployment insurance taxes for each participant and maintaining documentation in the file, using the MI Department of Labor and Economic Growth Forms UIA Form 1017, *Wage Detail Report* and UIA Form 1020, *Employer' Quarterly Tax Report*, quarterly for each program participant and maintaining documentation in each program participant's file
- _____ Pay state unemployment insurance taxes for each participant in accordance with MI Department of Labor and Economic Growth regulations and maintaining documentation in each program participant's file
- _____ Compute, withhold and file state income taxes, electronically, per MI Department of Treasury Form 160, *Combination Return for MI Tax* (monthly or quarterly) or Form 165, *Annual Return for Sales, Use and Withholding Tax* as required and maintaining documentation in each program participant's file
- _____ Pay state income tax withholding for each participant in accordance with MI Department of Treasury regulations and maintain documentation in each participant's file
- _____ Process all judgments, garnishments, tax levies or other related hold on workers' pay as may be required by federal or state governments and maintaining copies of documentation in workers' files
- _____ Generate and disburse payroll checks to all participants' workers for whom the FI has received an executed Medicaid Provider Agreement with in the time period required by the MI Department of Labor and Economic Growth
- _____ Process and refund (employer-portion) over collected FICA to the state in accordance with the December 18, 2000 IRS letter and maintaining applicable documentation in FI's files and maintaining copies of documentation (including cancelled checks) in program participants' files
- _____ Process and refund (employee portion) of over collected FICA to applicable workers in accordance with the December 18, 2000 IRS letter and maintain copies documentation (including cancelled checks) in workers' files
- _____ Prepare, file and distribute IRS Forms W-2, Wage and Tax Statement and IRS Forms W-3, Transmittal of Wage and Tax Statement (of IRS Forms W-2 filed via paper) in accordance with IRS instructions for agents,¹
- _____ Verify worker employment status when he/she claims he/she is an independent contractor (filing of Form SS-8 and receipt of the positive IRS ruling for the worker)
- _____ Attach IRS Form W-9 from legitimate independent contractors and maintain copies in workers' files
- _____ Process and maintain copies of completed and filed IRS Forms 1099-Misc to independent contractors who earn more than \$600 in a calendar year and maintain copies of documentation in workers' files
- _____ Submit any unclaimed funds to all entities (i.e., workers or vendors) to the Department of Treasury (administers Michigan's Unclaimed Property Law)
- _____ Manage the receipt and renewal workers' compensation insurance policies for

¹ Forms W-2 must be filed electronically if 250 or more are filed by an FI.

program participants and providing wage information to insurer(s) to determine worker's benefits, when applicable

_____ Process and pay vendor invoices for approved goods and services after attaching a Purchase of Service Agreement

_____ Assist participants in executing workers' compensation insurance policies, pay the associated premiums, provide wage information to insurance carriers and maintain copies of documentation in each program participant's file, as applicable

_____ Verify requests for wage information from federal and state agencies

_____ Flag for the Waiver Agent and the program participant any deviation in an individual budget of ten (10) percent either in under or over expenditure at any time

_____ Perform a review of a 10 percent sample of budgets by the Waiver Agent

_____ Reconcile all accrued expenses/accounts in the period defined in the FI Agreement following the end of the fiscal year

_____ Attach a full record review from an independent accounting firm annually

G.4 Components of Enrollment Packets

Participant Enrollment Packet

- FI Welcome Cover Letter
- Brochure as developed by the FI that includes:
 - Key FI Staff and Contact Information
 - Toll Free Number, web address, email
 - Hours of Operation
 - Role and Responsibilities of FI
 - Role and Responsibilities of Program Participant
 - Employment Status of Worker
- Checklist for Employer
- Semi-completed IRS Form SS-4, *Application for Federal Employer Identification Number*
- Semi-completed IRS Form 2678, *Employer Appointment of Agent* and instructions
- Semi-completed IRS Form 8821, *Tax Information Authorization* and instructions
- Form IRS Form SS-8, *Determination of Worker Status for Purpose of Federal Employment Taxes and Income Tax Withholding*
- Michigan Department of Treasury Power of Attorney Forms
 - Semi-completed Form 3683, *Payroll Service Provider Combined Power of Attorney Authorization and Corporate Officer Liability COL Certificate for Business*
 - Semi-completed Michigan Department of Treasury Form 151, *Power of Attorney*
- Semi-completed Michigan Department of Treasury Form 518, *Registration for Michigan Taxes*
- Schedule for Receipt of Invoices and Payment of Approved Goods and Services
- Self-addressed stamped envelope
- Employer-Employee Agreement as provided by Waiver Agent
- MI Prototype Agreements as applicable

Worker Employment Packet

- Worker Employment Application and instructions
- Medicaid Provider Agreement

- NPI Application, if applicable²
- Notice and Form for Pre-Employment Background Check
- IRS Form W-4, *Employee Withholding Allowance Certificate*
- Michigan Form W-4, *Employee's Withholding Allowance Certificate*
- Michigan New Hire Reporting Form
- IRS Notice 797, *Possible Federal Tax Refund Due to the Earned Income Credit (EIC)* (Type at bottom "If you think you qualify to receive federal advanced earned income credit, please contact _____ and request that an IRS Form W-5 be sent to you to complete and return to _____")
- Semi-completed US CIS Form I-9, *Employment Eligibility Verification*, and instructions
- Employee Emergency Notification Form and instructions
- Time sheets and instructions
- Employee Timesheet Submission and Payday Schedule
- Notice of availability of direct deposit and form, if applicable

H.2 Separate FEIN

FIs only have one separate FEIN that they use to file and pay all federal taxes for all participants they represent in all programs and states)?

² There is a question whether workers who are hired by program participants and representatives directly would need to Attach a National Provider Identifier (NPI). This issue is currently being examined by MSCH policy staff.