

COMMUNITY HEALTHCHOICES (CHC)

OPERATIONS MEMORANDUM #2021-04

SUBJECT: Financial Management Services (FMS) Reporting Requirements

TO: CHC Managed Care Organizations (MCOs)

FROM: Bureau of Policy Development and Communications Management

DATE: December 16, 2021

PURPOSE

The CHC Agreement, in Section V.A.16 – “Participant Self-Directed Services” and Exhibit CC – “Financial Management Services,” details a Participant’s right to choose to self-direct their own waiver services as identified in Section E-1.g of the CHC 1915(c) Waiver.

CHC-MCOs are required to provide FMS to Participants across the Commonwealth through qualified Fiscal/Employer Agent(s) (F/EA). The CHC-MCOs are responsible for FMS functions and processes for direct care workers employed by Participants under either self-directed model--the Participant-Directed Employer Authority model or Budget Authority model called Services My Way. F/EA functions and processes include processing timesheets, paying direct care workers, and managing all required tax withholdings, including Federal Insurance Contributions Act (FICA) taxes. This Operations Memorandum outlines the reporting requirements associated with the CHC-MCOs’ oversight of FMS activities.

PROCEDURES

Effective April 1, 2022, FMS oversight functions will transition from the Department of Human Services (Department) to the CHC-MCOs. As part of the transition, the attached reporting requirements from the CHC-MCOs to the Department will become the responsibility of the CHC-MCOs on the effective date of the transition.

If choosing to subcontract this administrative service, CHC-MCOs must coordinate with the selected entity to ensure all required reporting elements are transmitted to the CHC-MCOs in a timely manner to meet the Department's reporting deadlines. CHC-MCOs are required to submit monthly and bi-annual reports, as described in the FMS Reporting Checklist, found in [\(redacted due to internal information\)](#), which reflect progress in meeting all contractual obligations as detailed in Exhibit CC– “Financial Management Services” of the CHC Agreement. An online portal must be maintained to allow both Participants and those involved in their service delivery access to documents, time entry, utilization and budget information, access to pay stubs and tax documents, lists of employees, and the ability to communicate with F/EA. CHC-MCOs are required to utilize the reporting templates developed by the Department located in [\(redacted due to internal information\)](#). The CHC-MCO must take the necessary steps to address any areas of non-compliance, including the completion of remediation and/or Quality Improvement Plans (QIPs) identified on the reporting templates. The Department will review this information and intercede when necessary with corrective actions to the CHC-MCOs to ensure compliance.

NEXT STEPS

1. Review this information with appropriate staff.
2. Contact the Bureau of Policy Development and Communications Management if you have questions.

ATTACHMENTS

Attachment 1: [Financial Management Services Reporting Checklist](#)