

THE NEW JERSEY CASH AND COUNSELING PROGRAM: PRACTICAL ISSUES

Presented at:

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Workshop

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Community Access Unlimited

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The New Jersey Cash and Counseling Program: *Personal Preference*

- One of the three original Robert Wood Johnson (RWJ) Cash and Counseling Demonstration Programs
- Provides personal assistance services and supports to Medicaid eligible individual using a participant-directed approach under a Medicaid 1115 Research and Demonstration Waiver
- Currently serving 350 program participants
- 2000 additional program participants expected to be enrolled by the end of 2008

What Kind of Financial Management Service Model is Community Access Unlimited?

- Vendor Fiscal/Employer Agent (F/EA) operating under section 3504 of the IRS code, Revenue Procedure 70-6 and Proposed Notice 2003-70
- CAU is the Agent to program participants who are the common law employers of their personal care workers
- CAU manages both workers' payroll and the payment of goods and services related to program participants' personal care needs that are approved in their Cash Management Plans and provides consultant and employer skills training to program participants

Why Use the Vendor F/EA Financial Management Service Model?

- Maximizes program participants' independence and control while ensuring federal and state tax, labor and worker's compensation insurance compliance and program accountability
- Facilitates person-centered planning
- Provides program participants with fiscal support, consultation and employer-related skills training, as requested
- Clarifies and strengthens the employer-employee relationship between the program participant and the personal assistance worker

CAU's Responsibilities As A Vendor F/EA For The NJ Personal Preference Program

- Receive, disburse, and track Medicaid funds
- Establish and maintain records and files
- Receipt of service authorizations
- Process Agent and human resource documentation (IRS Forms 2678, 8821, SS-4 (and receipt of program participant's FEIN), W-4, and US CIS Form I-9)
- Manage federal and state tax withholding, filing and payments
- Process and disburse payroll
- Manage year-end tax-related tasks (IRS Forms W-2; FICA refunds)
- Process and pay invoices for goods & services included in the program participant's Cash Management Plan
- Electronically submit Medicaid claims
- Provide ongoing fiscal support, consultation and employer skills training, as needed
- All other fiscal duties, as required

IRS-Related Issues CAU Has Experienced As A Vendor F/EA

- Changes in IRS policy related to Vendor F/EA filing and paying FUTA
 - 2000 to 2002, IRS required Vendor F/EAs to file FUTA in the aggregate using their separate FEIN
 - Vendor F/EAs received FUTA balance due notices that had to be rectified
 - 2002 to 2005, IRS required Vendor F/EAs to file FUTA in the individual for each program participant it represents.
 - Program participants received notices requesting documentation of FICA filing that had to be rectified
 - 2006 forward, IRS will require Vendor Fiscal/Employer Agents to file FUTA in the aggregate using their separate FEIN

IRS-Related Issues CAU Has Experienced As A Vendor F/EA (continued)

- Reimbursement of overcharged FICA to Employees and their employers for employees who earned less than \$1400 in the year.
- Electronic filing of W-2 forms even though all Participants are separate employers.
- All IRS mailings to individual participants because there is no way for the Third Party Designee to receive mailings directly unless it holds legal Power of Attorney.
- Current accounting and payroll software available do not address all of the federal reporting requirements for Vendor F/EAs.
- Federal requirements generate a lot of paper.

State Tax-Related Issues CAU Has Experienced As A Vendor F/EA

- Annual Filing of NJ 927H because of Household employer status.
- Ongoing interaction with NJ DoL auditors.
- Ongoing work with NJ Delinquency Unit concerning yearly and not quarterly filing of NJ 927H. Designation with NJ Div. of Employer Accounts.

State Worker's Compensation Insurance-Related Issues CAU Has Experienced As A Vendor F/EA

- No group coverage possible in NJ due to the separate employer status of all PPP participants. NJ WC Ins. is owner-defined and site specific.
- Automatic application for NJ State Plan coverage at initial visit unless documentation of alternative coverage is presented.

State Worker's Compensation Insurance-Related Issues CAU Has Experienced As A Vendor F/EA (continued)

- Advise Participants to use the separate coverage available through the state plan rather than their own Homeowner's. Less risk to Homeowner's Insurance.
- Follow-up!! Receipt of the new policy from the Participant once he or she receives it.
- Policy renewal

Summary Key Issues For Vendor F/EAs

- Know your state's requirements. No two states are the same when it comes to:
 - Income tax withholding and unemployment tax withholding, filing and payment requirements
 - State Power of Attorney requirements for Vendor F/EAs to represent program participants
 - Labor laws related to household/domestic employees (i.e., Companionship and Live-In Exemptions)
 - Insurance requirements (i.e., Worker's Compensation, Disability)
 - Locality taxes and issues

Summary Key Issues For Vendor F/EAs

(continued)

- Identify key staff at federal and state tax, labor and worker's compensation agencies to communicate with and educate them (including audit staff) about the what a Vendor F/EA is and the section of the IRS code it operates under, the role and responsibilities of a Vendor F/EA and the state human service program(s) your Vendor F/EA provides services for. Discuss ways in which paperwork might be reduced for both parties.
- Develop a comprehensive Vendor Fiscal/Employer Agent policies and procedures manual and update it at least annually, and more frequently as necessary to ensure that all Vendor Fiscal/Employer Agent procedures are being performed in an accurate, timely and consistent manner.
- Stay up-to-date with federal and state tax, labor and worker's compensation rules, forms, instructions and publications. Are you using the most updated versions of all federal and state forms?

Summary Key Issues For Vendor F/EAs (continued)

- No accounting/payroll software currently meets all of Vendor F/EA needs. Be ready to work with software vendors to customize their products to meet your needs.
- Find ways to effectively manage the paper associated with operating as a Vendor F/EA.