

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
- Current Employer-Employee Agreements and/or Purchase of Services Agreements
- Current Self-Determination Agreement
- Other participant 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 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 FI's 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)

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

- _____ Manage the receipt and renewal workers' compensation insurance policies for 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.

Adapted from Protocol

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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.