



The Commonwealth of Massachusetts
Executive Office of Health & Human Services
Department of Developmental Services
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Mr. David Kassel
Communications Director
Massachusetts Coalition of Families and Advocates, Inc.
112 West Bare Hill Road
Harvard, MA 01451

Dear Mr. Kassel:

This letter is in response to your email of 4/22/2015 in which you raise certain concerns regarding the payment by DDS for "fiscal management services" for persons who participate in self-directed programs, including self-directed goods and services for adults (APP), families of children with autism (ASD), families of children with disabilities enrolled in the Department of Elementary and Secondary Education (DESE)/ DDS program.

"Self-directed or "participant-directed" services and supports have been available to individuals eligible for services from the Department for well over a decade. The Centers for Medicaid and Medicare Services (CMS), the federal agency that provides federal reimbursement for the majority of services funded by DDS, has encouraged states to develop such services and, more recently, the provisions of the Affordable Care Act mandate as a condition of participation in the program that participants be given the opportunity to self-direct their services. More recently, in August of 2014, the Massachusetts Legislature, after years of advocacy by families of persons with disabilities, enacted a self-determination bill that requires that self-determination be offered to all individuals served by DDS. Finally, research suggests that individuals who self-direct may experience greater satisfaction in the receipt of services than those who do not.

Financial Management Services ("FMS") are a critical support for self-direction, especially under the Medicaid §1915(c) HCBS waiver framework because the §1915(c) waiver authority does not permit making payments for services directly to a waiver participant, either to reimburse the participant for expenses incurred or enable the participant to directly pay a service provider. Instead, payments must be made through an intermediary organization that performs financial transactions (paying for goods and services or processing payroll for participants' workers included in the participant's service plan) on behalf of the participant.

The Centers for Medicare and Medicaid Services (CMS) defines Financial Management Services as:

A service/function that assists the family or participant to: (a) manage and direct the distribution of funds contained in the participant-directed budget; (b) facilitate the employment of staff by the family or participant by performing as the participant's agent such employer responsibilities as processing payroll, withholding and filing federal, state, and local taxes, and making tax payments to appropriate tax authorities; and (c) performing fiscal accounting and making expenditure reports to the participant and/or family and state authorities.

The core functions performed by the FMS include the processing of payments to self-directed employees (and arranging for the payment of workers compensation and tax withholding), in addition to paying for purchased goods and services and ensuring program integrity through documentation of such expenditures. These tasks require monitoring of the hours worked and all purchases made, not simply cutting a standard weekly paycheck.

In Massachusetts, the FMS entity, PPL, also performs additional functions such as those listed in the DDS 2008 RFR, some of which you identify in your letter.

The following is a list of tasks, which is not exhaustive, performed by PPL on behalf of the department and the participants in self-directed programs:

- Systems and operations to support both the Budget Authority and Employer Authority models
- The PPL Web Portal provides a platform for participant and workers timesheet submission, online budget management in real time, and reporting tools.
 - Manage timesheets submission against program requirements and authorized budgets to issue payment directly to workers based on program check run schedule
- Tax compliance to establish individuals as Employers of Records through administering the necessary state and federal requirements to act as the agent for each employer.
 - Manages employment accounts and workers compensation policies
 - Withholds, deposits and reports state and federal taxes per individual Federal Employer Identification Number (FEIN)
 - Payroll and Accounts payable processing for employee and workers
- Customer Service Center handles calls from DDS Support Brokers, program participants, their representatives, and providers. PPL supports calls related to enrollment, employment set-up, credentialing, paperwork, budget management and status, timesheet, payment status, and technical support.
- Reporting on program expenditures, budget utilization, Medicaid claims reports, individual monthly reports to participants, incident reporting, and fraud and abuse.
- Support Brokerage training
- Annual satisfaction surveys

In addition, PPL maintains a list of qualified providers who are available to the individuals who wishes to self-direct; screens potential employee-applicants for criminal background information

and assuring they meet other minimum requirements; tracks all complaints from individuals and referring them to DDS; and protecting program participants from abuse and neglect.

These functions of the FMS are fully described in the 2008 RFR which constitutes an integral part of the contract DDS has with the selected FMS bidder, PPL. Your statement that payments to the DDS FMS, PPL, “appear to be largely check-processing and basic accounting services in connection with three self-directed services programs [,]” is therefore inaccurate. The functions performed by the FMS far exceed the type of services which could be provided by a payroll processing or accounting company.

Further, your assumptions that the “scope of work” documents define the performance standards for the FMS is inaccurate; consistent with state procurement law, the 2008 RFR, together with other contract documents, define the FMS performance requirements, not simply the scope of work, and the functions performed by the FMS have expanded, not been reduced, since 2008.

You also inaccurately state that only 1,000 individuals have utilized self-direction during this period. During each of the two fiscal years in question, due to the movement of individuals on and off the waiver, over 300 families were enrolled as participants in the self-direction program for families of children with Autism, for example, and accessed the FMS service. The adult self-direction program has also grown so that it now serves over 500 individuals in a fiscal year. The DESE/DDS self-direction program has remained at a low level, due to individuals not electing self-direction.

You note that, according to your review of records available online, DDS paid PPL fees of \$969,282 in FY2014; given that total expenditures handled by PPL for FY 2014 were approximately \$15,118,949.28, the fees amounted to approximately 6%. Finally, fees paid for FMS services do not come out of the individual’s budget.

Expenditures to the FMS have grown, not surprisingly, along with the numbers of individuals and families utilizing self-direction. Further, as self-direction continues to expand, as would seem to be indicated by both national and state trends towards this service model, the costs per participant of the FMS services should decrease as the cost of infrastructure can be spread across greater numbers of participants.

For more information of the role and requirements of a FMS, we encourage you to visit the National Resource Center for Participant-Directed Services (NRCPS) (www.bc.edu/nrcpds). This is the nationally recognized organization for self-directed programs that provides detailed information on what a FMS agency does and why they are required.

Very truly yours,



Marianne Meacham
General Counsel

Cc: Elin M. Howe, Commissioner