



# KDADS STANDARD POLICY

<b>Policy Name:</b> Financial Management Service policy	<b>Policy Number:</b> M2018-038
<b>Commission:</b> Community Services and Programs Commission	<b>Date Established:</b> 3.18.2019
<b>Applicability:</b> FMS providers and MCOs	<b>Date Last Revised:</b>
<b>Contact:</b> KDADS Program Integrity Manager	<b>Date Effective:</b> 3.18.2019
<b>Policy Location:</b> <a href="https://kdads.ks.gov/commissions/home-community-based-services-(hcbs)/hcbs-policies">https://kdads.ks.gov/commissions/home-community-based-services-(hcbs)/hcbs-policies</a>	<b>Date Posted:</b> 3.25.2019
<b>Status/Date:</b> Final 3.18.2019	<b>Number of Pages:</b> 4
<i>Revision History</i>	

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## Purpose

The purpose of this policy is to establish the responsibilities of the Managed Care Organizations (MCO) and the Kansas Department for Aging and Disability Services (KDADS) with regards to Financial Management Service (FMS) providers.

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## Entities/Individuals Impacted

- **Financial Management Service providers**
- **Kansas Department for Aging and Disability Services**
- **Kansas Department of Health and Environment**
- **Managed Care Organizations**

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## I. Policy

A. The MCOs and FMS providers shall comply with the following guidelines.

### 1. Residual Funds

- a. The FMS provider shall account for and remit residual funds to KDADS.
- b. The FMS provider shall account for the payout of authorized overtime using residual funds in writing within ninety (90) calendar days following the end of the provider's fiscal year.
  - i. If, at the end of the provider's fiscal year, the FMS provider has residual funds on hand the provider shall remit 50% of the residual funds to the KDADS Program Integrity Manager with the accompanying attestation form.
  - ii. The remaining 50% of the residual funds may be carried over to the FMS provider's next fiscal year.
- c. Residual Funds shall be remitted to KDADS within six months from the end of the FMS provider's fiscal year. Checks shall be mailed to KDADS with attention to the KDADS Program Integrity Manager.
  - i. In the event the FMS provider's contract is terminated, the FMS provider shall remit all remaining residual funds to the KDADS Program Integrity Manager within 90 calendar days following termination of the contract.
- d. For further details on residual funds see the FMS provider manual Section VIII Quality Assurance and Program Integrity.

### 2. Annual Audit

- a. No later than six months following the end of the provider's fiscal year, the FMS provider shall have a Generally Accepted Accounting Principles (GAAP) audit completed by an independent, certified public accountant (CPA).
- b. The FMS provider shall submit the GAAP results, including all documentation and correspondence pertaining to the audit from the CPA, to the MCO.

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c. In the event the FMS provider’s contract is terminated, the FMS provider shall conduct and submit the results of a GAAP audit to the MCO(s) within six months following the termination.

d. In the event the GAAP audit is not submitted to the MCOs within six month following termination of the contract, the MCO(s) shall notify the KDADS Program Integrity Manager.

### 3. Stakeholder Meetings

a. A quarterly stakeholder meeting shall commence with the all the MCOs, FMS providers and KDADS.

i. Meeting dates shall be set at the beginning of the calendar year.

ii. The MCO shall offer an in-person and call-in attendance option for the quarterly meetings

### 4. Readiness Review

a. The MCO shall conduct a readiness review for each new FMS provider wishing to provide services in Kansas.

b. The MCO shall use the state-approved tool to conduct the readiness review.

c. The MCO shall send the results of the review along with the required documentation to the KDADS Program Integrity Manager for final approval prior to executing a contract with a new FMS provider.

### 5. Termination of FMS provider contract

a. The MCO shall terminate an FMS contract for reasons including but not limited to:

i. Non-compliance with to the following:

1. The requirement to use of EVV
2. The requirement to perform background checks
3. The requirement to maintain provider qualifications
4. State and Federal authorities

ii. Adjudication for Medicaid fraud, waste and abuse.

b. The MCO may terminate an FMS contract for non-compliance with other contract provisions.

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- c. The MCO shall have a process for notifying the FMS provider of non-compliance with or termination of their contract including an appeal and grievance process.
  - d. The MCO shall notify the KDADS Program Integrity Manager and KDHE Program Integrity at the onset of the notification and termination process.
    - i. In the event the FMS provider’s contract is terminated, the MCO shall notify KDADS, and all MCOs and CDDOs of the termination.
  - e. In the event an FMS provider contract is terminated,
    - i. the MCO shall follow its contractual obligations with the state related to offering FMS provider choice to participants
    - ii. The MCO shall monitor the outgoing FMS provider during the transition process to ensure all participants are transitioned to a new FMS provider prior to the termination of the FMS provider’s contract
    - iii. The MCO is ultimately responsible for ensuring participants receive the services in the scope, duration and amount as authorized in the Person-Centered Service plan.
    - iv. The MCO shall submit the FMS provider’s transition plan to the KDADS Program Integrity Manager prior to the beginning of the transition
6. KDADS shall be responsible for maintenance of the FMS manual including all revisions.

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## II. Definitions

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**Direct Service Worker-** the individual, not the agency, providing the service to the waiver participant.

**Generally Accepted Accounting Principles (GAAP)-** a collection of commonly-followed accounting rules and standards for financial reporting.

**Residual Funds-** Direct Service Worker reimbursement rate funds, not spent by the participants during the fiscal year, that are used to compensate and pay required tax and other State or Federal withholdings for the participant’s direct service worker. The participant may use the residual funds accumulated during the term of the contract to pay for overtime as authorized by the participant in accordance with state and/or federal law.

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**Related Information**

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**AU.FE.PD.TA.TBI Person-Centered Service Plan policy**

**IDD Person-Centered Service Plan policy**