

Introduction

Massachusetts has an established network of fiscal intermediaries¹ that provide fiscal services for over 10,000 individuals currently served through the consumer-directed Personal Care Attendant (PCA) program. Although fiscal responsibilities present in the PCA program also exist in the Pilot, additional fiscal responsibilities exist related to flexible budgets not currently performed for the PCA program. The main responsibilities of a fiscal intermediary under the flexible budget model include:

- Assurance of participants' compliance with federal and state tax requirements, including the payment of unemployment taxes and workers' compensation (same as PCA program)
- Payment of participants' workers as approved through timesheets (same as PCA program)
- Processing and payment of requested purchases as outlined in approved spending plans
- Reconciliation of payments with approved spending plans and available funds,
- Provision of fiscal reporting and monitoring documents, such as timesheets spending plans, and monthly utilization reports in an accessible format
- Payment of and appropriate documentation of funds provided on an emergency basis as needed

The execution of these responsibilities, implementation challenges, and possible solutions are discussed below. Estimates of the time and cost to implement the fiscal intermediary role will be discussed in the Financial Implications section of the evaluation.

Compliance with Federal and State Tax Requirements

Given Massachusetts' experience related to the Personal Care Attendant program and Massachusetts' Department of Mental Retardation's utilization of an Intermediary Service Organization (ISO) model for individual budgets for some DMR consumers, the Commonwealth has a significant infrastructure already in place from which to build upon. At the same time, it is important to recognize that state and federal labor laws have a direct impact on self-direction models. The need to stay abreast of any changes, e.g., worker's compensation requirements is essential. Furthermore, the additional fiscal responsibilities related to a flexible budget model suggest a fiscal readiness assessment would be beneficial prior to larger implementation of this model.

¹ Fiscal intermediaries are agencies that are responsible for the employer-related fiscal requirements for PCA program participants.

Payment of Participants' Workers

Hiring individual workers, similar to the option in the PCA program, is an option also available to Real Choice Pilot participants. As true with the current PCA program, many fiscal forms need to be completed to ensure enrollment and timely payment of workers in the Real Choice Pilot. One difference between the Real Choice Pilot and the PCA program is that Pilot-funded workers have more flexibility to perform the tasks needed by the participant (such as transportation and shopping), and participants can choose a pay rate for workers that they feel is adequate.² In addition, individuals may choose to hire workers individually or through an agency. Individual budgets may be used for one time purchases that assist participants with their employment responsibilities (such as computers and fax machines). Regardless of the worker duties or whether participants choose to obtain technology to support their employer responsibilities, the community liaison's responsibility is to inform the participants of the purpose of these fiscal forms and assist with the form completion as necessary.

The Pilot encountered minimal challenges when providing payroll service for directly hired and agency-based workers. During the first year of the Pilot, most direct workers submitted timesheets appropriately. The fiscal intermediary received workers' timesheets from participants and sent checks to the *participants* who would then pass them on to their worker. Payment for workers hired through agencies was provided to the agency, rather than to the individual.

The Real Choice Pilot experienced similar challenges already identified and addressed in the current PCA program. Specifically, a few workers did not receive their paycheck on time due to the fiscal intermediary not having the participant's correct address. A direct deposit account was set up for one worker to ensure prompt future payment. Future implementation of this model may avoid similar challenges by encouraging direct deposit. Another source of late payment included timesheets not being submitted properly by participants. This challenge was addressed through re-training of community liaisons (who then were responsible for re-training participants).

Payment of Non-Worker Purchases

Another feature that makes the Real Choice Pilot model different from the current PCA program is the ability to purchase items and services other than the hiring of a direct worker. These items and services help to meet the needs of the individuals to remain independent as long as possible in the community, and are linked to the unmet needs identified in the participants' assessments. Examples of purchases include transportation (public, cabs, and hired individual drivers), home modifications (bathroom modifications), and equipment (scooters). More

² Option to do so is available under the waiver as long all state and federal labor laws are upheld; state may choose to determine range.

detailed information on the services purchased is provided in the Spending Plans section of the evaluation.

When making these purchases, participants had several purchasing options that are described below. Depending on the purchase or the participant's preference, one option was often more practical or easier than another. Regardless of how the purchase was made, it was important that participants were offered a variety of purchasing options to minimize the need for out-of-pocket payments, given that individuals who are served by this Pilot (and MassHealth recipients in general) have low-incomes. Below is a review of various types of purchases, participants' purchasing options, and payment mechanisms used by the fiscal intermediary.

- *Transportation:* For transportation needs that were consistent or ongoing, e.g., transportation to the same location on a routine basis, participants were able to use an invoice method to avoid out-of-pocket expenses. However, for unplanned transportation, payment out-of-pocket was often made.³ Consequently, if cab companies willing to invoice the fiscal intermediary directly for both planned and unplanned trips can be identified, access to transportation without out-of-pocket expenses could be possible. Proper planning and investigative work by the participant and/or by the community liaison could lead to finding transportation providers willing to invoice for both planned and unplanned transportation.
- *Retail Purchases:* Participants were generally able to purchase items in retail stores by requesting an invoice and having the fiscal intermediary generate a check. On occasions, however, some major retailers refused the check cut by the fiscal intermediary. Some even refused to generate an invoice. For these occasions, alternative payment methods were used (see below).
- *Gift Registry:* Individuals also had the option to register in-store for a gift registry in which the fiscal intermediary could then purchase items online and have them shipped directly to the individual. This allowed for flexible shopping while ensuring no out-of-pocket expense. However, one challenge with this purchasing method is to consistently ensure that receipts are submitted to the fiscal intermediary once the participant has actually received the purchase.
- *Internet Purchases:* Participants who had difficulty shopping at stores were encouraged to make purchases via the Internet. Like gift registries in stores, Internet purchasing would allow the fiscal intermediary to pay for the items that the participant chose with no up front cost to the individual while allowing for significant flexibility in purchasing. Internet purchasing, however, required that the participant send the fiscal intermediary a list of

³ Some Independence Plus models (such as the one found in Florida) allow for a petty cash option for a small percentage of the individual budget to pay for such purchases. This Pilot attempted to identify creative methods in which to pay for purchases through the fiscal intermediary without providing a petty cash option.

the exact items requested and their prices. Therefore, purchase of these items could be expeditious. This method was often done through by using the “shopping cart” option or a “gift registry” option on a website. Implementation barriers included a lack of access to computers⁴ and incomplete information on items being sent to the fiscal intermediary. Incomplete information led to follow-ups for the fiscal intermediary that was time-consuming and consequently delayed the payment process. The fiscal intermediary worked with CHPR and the support brokerage agencies to draft a written Internet purchasing policy to make the process more efficient. Community liaisons and participants were informed of this policy and purchasing requests were not processed without the required information. For use of Internet purchasing on a large scale, a policy will need to be in place for expenses related to returns as well as shipping and handling.

- *Catalog Purchases:* Only rarely were purchases made via catalogs, and appeared to occur more so with individuals less familiar with Internet purchasing. Purchasing via catalogs was a relatively easy process for the participants and the fiscal intermediary. Participants completed a catalog order form and send it to the fiscal intermediary, who would check purchases against spending plan and send the order form along with payment information. As with Internet purchasing and other purchases requiring shipping, a policy will need to be in place for expenses related to returns as well as shipping and handling.
- *Debit Cards:* Another method for retail purchases that could be examined for future implementation is the use of individual debit cards, provided there are methods to restrict its use for only approved purchases and spending limits. This method, although not Piloted through Real Choice, offers a flexible alternative to petty cash and could be particularly useful in cases when participants transition from nursing homes.

Distribution of Monthly Budget Utilization Statements

Recipients of Statements: A key question during the start-up phase of the Pilot was who should be receiving monthly budget utilization statements (financial statements): only the participant or the participant *and* the support brokerage agency and/or community liaison. There may be philosophical differences that impact this decision. Given that it is a consumer-directed program, one may assume the consumer should be the only recipient of the statements. However, the advantages of having a second reviewer (i.e. the support brokerage agency and/or the community liaison specifically) are that the community liaison/support brokerage agency can assist in the prevention of over-utilization or identification of under-utilization of budgeted funds (a significant role of the support brokerage

⁴ Community liaisons were encouraged to work with the individual to locate public locations for computers (such as libraries and independent living centers). Also, individuals could work with their community liaisons to determine if there were funds in their budget to purchase a personal computer to shop at home. To address this need, one-time technology scholarships were recently provided by CHPR to individuals.

agency). This monitoring could also help the support brokerage agency identify any training needs related to the participants' efficient use of budgets. Even with support brokerage agencies' receiving monthly statements, the level of monthly statement monitoring provided by the community liaison and/or support brokerage agency may differ depending on the needs of the participants.

Timeliness of Statements: In the Pilot, it was the policy for *participants* and their community liaisons to receive monthly statements that would outline their annual budget, their financial transactions for the month, and the outstanding budget balance. The timely distribution of these monthly statements in an easy-to-read and accessible format is critical to assisting participants to remain within their budget and make informed decisions. During the implementation of the Pilot, it was found that monthly statements were occasionally not provided in a timely manner. As a result, some participants were uninformed about their remaining budget, which led to under or over-spending in some instances. Through discussions among CHPR, the support brokerage agencies, and the fiscal intermediary, the need for the statements to be available to participants and community liaisons consistently by the third week of every month was identified.

Accessibility of Statements: In addition to clarification of timeliness of statement and the role of the community liaison to assist in monitoring spending, the assurance of easy-to-read and accessible formats for statements was an additional challenge. Through communications among CHPR, the support brokerage agencies, and the fiscal intermediary, efforts were made to make the statement user-friendly and accessible. Accessible formats used over the first year included large print and Spanish. It is essential to the success of the model that the accessibility needs of each individual be assessed and reviewed by the community liaison and relayed to the fiscal intermediary. All forms should be provided in required formats to allow for informed decision making.

Monitoring Payments against Spending Plans and Budgets—Challenges and Solutions

The monitoring of spending plans and the clarification necessary for purchases have been the most time consuming responsibilities of the fiscal intermediary. If documents are not prepared appropriately prior to sending to the fiscal intermediary, purchasing can be delayed and significant fiscal intermediary resources may be used for clarification and processing payments. During these times, it is essential that the fiscal intermediary and the community liaisons adhere to their distinct roles to avoid further delays of payment and any unnecessary resource strain on the fiscal intermediary. Areas to be considered in the design of a larger model related to payments of participants' purchases are provided below.

Appropriateness of Purchase: At times, the fiscal intermediary had questions regarding whether to reimburse an item due to different concerns. One concern

was whether an expense was justifiable, particularly purchases that were high in cost. Such a concern was discussed in conjunction with support brokerage agencies and CHPR. Although it was suggested that each spending plan category be limited to a specific dollar amount, this idea was not adopted because of concerns that the dollar amounts could be arbitrarily determined and that such a solution would not be responsive to different populations with different needs.

Moving forward, it appears that more exploration and discussions are needed at the policy level pertaining to the definition of what is “appropriate”. It is essential to note the complexity of this decision given the flexibility and consumer direction philosophy on which the model is built. Regardless, the community liaison should monitor purchases to ensure they connect directly to the unmet need as identified in the spending plan. Given their lack of involvement in assessment and spending plan development processes, the fiscal intermediaries’ role should be to flag unallowable expenses submitted and identified through comparison with the spending plan (not to determine appropriateness).

Another difficulty in reimbursement was related to spending plans being vague (categories with very little detail confusing the fiscal intermediary about the purchase fit) or too detailed (an exact list in a spending plan of items to be purchased leading to no flexibility if the item was changed slightly or was at a different cost). To address this challenge, participants were encouraged to attach a list of potential purchases, rather than providing itemized lists of purchases on actual spending plans. The level of detail required for spending plans is an area that should continue to be examined.

Furthermore, close communication between the participant and the community liaison during the development, modification, and implementation of the spending plan is essential to ensure purchases are consistent with the spending plan itself *before* payment is requested from the fiscal intermediary. Although fiscal intermediaries recommended that the community liaison approve expense reports before they were submitted, about it was unclear how this process aligned with the philosophy of self-direction.

Keeping Track of Spending Plan Changes: Because spending plans were constantly modified to varying degrees, the fiscal intermediary could not always easily identify whether a spending plan item was still up-to-date. This confusion suggests that a more streamlined process is needed to identify the most updated spending plans. To address this need, CHPR, the support brokerage agencies, and the fiscal intermediary worked together to develop a process for ensuring clear communication on spending plan modifications. A potential additional solution for larger implementations may be to restrict modifications of spending plans to once a month and to date each page or section of the spending plan (providing the fiscal intermediary with those pages/sections when they change). Web-based or electronic formats for spending plan development and

modification, monthly reporting, and any other fiscal forms would also allow changes to be made and communicated quickly. Above all, it is important that all parties (participants, community liaisons, and the fiscal intermediary) have copies of the most recent spending plan to ensure informed decision-making and timely purchases.

Intersection of Fiscal Intermediary and Support Brokerage Roles

Role confusion among key individuals—the participants, support brokerage agency (including community liaisons), and the fiscal intermediary staff—has been a challenge within the Pilot. This challenge appears to be exacerbated by the flexibility and the multiple components and parties involved in the model. For example, some participants contacted the fiscal intermediary for questions that should have been directed to their community liaisons, e.g., whether they could purchase certain items with their budget.

By the same token, due to a lack of consistent involvement of some community liaisons, the fiscal intermediary took on tasks that should have been more appropriately addressed by the participants and their community liaisons, e.g., determining whether a specific purchase was allowable based on the approved spending plan. Although it was recognized that participants have the right to contact the fiscal intermediary with questions, the observed scenarios suggest that the fiscal intermediary staff (as well as the community liaisons) need to be prepared to devote sufficient resources to understanding their assigned roles and responsibilities and to re-directing participants to their community liaisons, when the need arises.

Ongoing training of all parties (consumers, community liaisons, and fiscal staff) on fiscal processes and paperwork will most likely be necessary, particularly in the early phase of any broader implementation. For example, ongoing support and supervision of community liaisons will help answer questions related to purchases and spending plan utilization. The key in future implementations will be to ensure that the fiscal intermediaries understand their role versus that of the community liaisons', and to ensure that participants, community liaisons, and fiscal intermediaries understand policies and procedures regarding fiscal processes.

Conclusions and Lessons Learned

The role of the fiscal intermediary is critical in the implementation of this consumer-directed flexible budget model. Through collaboration with the support brokerage agencies, the fiscal intermediary was able to facilitate a variety of payment mechanisms that provided participants more flexibility in how they obtained spending plan goods in a way that did not require up front payment. For future large scale implementation, guidance to fiscal intermediaries, community liaisons, and participants on fiscal processes should be as clear and

comprehensive as possible, e.g., outlining how the fiscal intermediary should respond to various scenarios. As challenges and lessons learned are identified during implementation, it is essential that the consumer-directed agencies work closely with the fiscal intermediary to strengthen forms and policies. In any new model, particularly one implemented on a state-wide basis, misunderstandings will inevitably arise and need clarifications. Whether or not monthly meetings among implementation staff are feasible, a process should be created to allow the entity administering the model to receive feedback and identify possible issues as promptly and systematically as possible to be able to address them.