

# Provider Review

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## Consumer Directed Services Taxes, Reports, and Consequences

Missouri Medicaid Audit and Compliance

Spring 2026



# Participation Agreement

Upon enrollment as a MO HealthNet Consumer Directed Services (CDS) provider, providers sign a Missouri Medicaid Audit and Compliance (MMAC) Participation Agreement.

Paragraph 5.25 of the Participation Agreement for Home and Community Based Services (HCBS) states that providers must:

“ ...perform all services under this Agreement in compliance with this Agreement and in compliance with all applicable state and federal regulations lawfully promulgated.”

# Provider Requirements & Responsibilities

**RSMo 208.909** (effective August 28, 2022) and **19 CSR 15-8.400** (effective March 30, 2023) require the following:

Providers (vendors) must perform, directly or by contract, payroll and fringe benefit accounting functions for consumers (participants), including but not limited to ensuring all payroll, employment, and other taxes are paid timely.

The provider must also notify the consumer of any communications or correspondence from any federal, state, or local tax authority of any overdue or unpaid tax obligation, as well as any notice of an impending garnishment.

# Provider Requirements & Responsibilities

## 3.25 Appendix 1 Consumer Directed Services Tax Information

Addresses the responsibilities of Consumer Directed Services (CDS) providers handling of participant's financial tasks ensuring all payroll, employment and other taxes are filed and paid timely using the consumer's Federal EIN and State EIN Tax ID numbers.

### **CDS Providers Requirements:**

- Accurately complete Internal Revenue Service (IRS) form Employer/Payer Appointment of Agent Form (IRS 2678) when initiating CDS or when the participant changes CDS providers. This form allows providers to manage federal employment tax responsibilities on behalf of the participant.
- All required tax activities are to be completed on time and the CDS provider is responsible for any garnishment actions due to provider failing to pay payroll, employment, or other taxes on the consumer's behalf.

# Provider Requirements & Responsibilities

- Notify the consumer of any communication from federal, state, or local tax authorities regarding overdue or unpaid taxes, including any notice of a potential garnishment.
- Complete required documentation in the HCBS electronic case record (Fusion). This includes:
  - Entering the tax ID information on the main participant's page under the 'HCBS Eligibility' section.
  - Upload proof of the information under the 'documents' tab using the 'EIN Tax Documents' category in the dropdown selection. Documents are to be uploaded into the electronic case record within ninety (90) days of the CDS start date. If information has already been uploaded by another CDS provider, they do not need to be uploaded again.



# Acceptable Documents For Verification

## ACCEPTABLE DOCUMENTS FOR VERIFICATION

Acceptable documents for the assignment of a Federal EIN:

- CP 575 or 147C Letter
- 940 Employer's Annual Federal Unemployment (FUTA) Tax Return
- 941 Employers Quarterly Federal Tax Return
- 8109 Tax Coupon
- A letter from the IRS with the Tax ID number and legal name
- Any IRS document that has the legal name and TAX number preprinted

**NOTE: W-9 forms or digital copies not on official letterhead are not acceptable for verification.**

# Acceptable Documents For Verification

Acceptable documents for the assignment of a Missouri EIN/TIN:

- A copy of the notice from the MO Department of Revenue
- MO 941 Employer's Return of Income Taxes Withheld
- MO W-3 Transmittal of Tax Statements

**NOTE: If a document includes both the FEIN and MO EIN/TIN, no further documentation of either is required.**

<https://health.mo.gov/seniors/hcbs/hcbsmanual/pdf/3.25appendix1.pdf>

# Provider Requirements & Responsibilities for Filing Taxes

- CDS providers must obtain the Federal, State, and Local Employer Identification Numbers (EINs) on new and transferring consumers.
- The consumers Federal and State EINs belong to the consumer. CDS providers must not obstruct the transfer of the consumers Federal and State EINS should the consumer decide to change providers.
- CDS providers are responsible for ensuring taxes are filed properly and paid in a timely manner for the consumer.
- Taxes for the consumer are to be paid under the consumers own Federal and State EIN and not the CDS providers Federal and State EIN.

# MMAC Audit Review of Tax Filing forms for CDS Participants

MMAC will request the following tax filing forms from CDS providers when performing audit reviews:

## **Employer/Payer Appointment Agent Form – IRS 2678**

### **Quarterly:**

- Division of Employment Security Contribution and Wage Report
- Federal 941 (Unless provider submits Federal 944 Annually)
- Missouri 941 (Providers may also submit annually)

### **Annually:**

- Federal 940 Employer's Annual Federal Unemployment (FUTA) Tax Return
- Federal 944 (Unless provider submits Federal 941 quarterly)
- Missouri 941 (Providers may also submit quarterly)
- W3/W2
- Missouri W3
- Tax Coupon 8109 – Proof of tax payments for consumer
- Kansas City/St. Louis providers: Local Annual Reconciliation

*Providers should consistently monitor tax updates for changes.*

# Quarterly and Annual Service Reports

Per [RSMo 208.918.2 \(1\)](#), providers must:

Demonstrate sound fiscal management as evidenced on accurate quarterly reports and an annual financial statement audit.

Per [19 CSR 15-8.400\(8\)\(H\)](#), providers must comply either directly or by contract with the following fiscal requirement:

CDS Quarterly Financial and Service Reports must be submitted to MMAC 30 days after the end of each calendar quarter.

# Required Reports

Regardless if CDS services are provided during the quarter, CDS providers are required to complete and submit quarterly Financial and Service reports by the following due dates:

Quarter	Due Date
January 1 <sup>st</sup> through March 31 <sup>st</sup>	<b>April 30<sup>th</sup></b>
April 1 <sup>st</sup> through June 30 <sup>th</sup>	<b>July 31<sup>st</sup></b>
July 1 <sup>st</sup> through September 30 <sup>th</sup>	<b>October 31<sup>st</sup></b>
October 1 <sup>st</sup> through December 31 <sup>st</sup>	<b>January 31<sup>st</sup></b>

# Annual Service Report

CDS providers are required to complete and submit Annual Service Report for the past calendar year January 1<sup>st</sup> through December 31<sup>st</sup>.

The Annual Service Report must be submitted with your 4<sup>th</sup> quarter CDS Financial and Service Report both being due no later than **January 31<sup>st</sup>** of the following year.

# Annual Audit

Per **19 CSR 15-8.400(8)(J)**, providers must submit an annual audit or review by a properly licensed independent practitioner (certified public accountant licensed in the state of Missouri) pursuant to applicable federal and state laws and regulations, including any audit parameters as established by DHSS.

**Providers with an annual gross revenue of \$200,000 or more** must have an annual financial statement audit.

**Providers with an annual gross revenue of less than \$200,000** must have an annual financial statement audit or annual statement review.

The audit report must be submitted to MMAC within 150 days after the end of the provider's fiscal year.

# Annual Audit

The examples below are dates common to most providers.

- If the providers fiscal year runs January 1<sup>st</sup> through December 31<sup>st</sup>, the Annual Audit is due **May 31<sup>st</sup>** of the following year.
- If the providers fiscal year runs July 1<sup>st</sup> through June 30<sup>th</sup>, the Annual Audit due **November 30<sup>th</sup>** of the same year.

# Consequences for Failure to Pay Consumer Taxes

19 CSR 15-8.400 Vendors (3)(C)(1)(3) Ensuring all payroll, employment, and other taxes are paid timely

If a provider fails to pay payroll, employment, or other taxes timely on behalf of the consumer, they are liable to the consumer for any garnishment actions.

Providers may be subject to a \$1,000 penalty per occurrence of their failure to timely pay payroll, employment, or other taxes on behalf of the consumer.



# Consequences for Not Submitting Reports/Audits

Per 13 CSR 70-3.030(3)(A)(6), administrative actions may be imposed by MHD against a provider for failure to submit to MMAC a required CDS quarterly Financial and Services report, annual service report, or an annual financial statement audit or financial statement review.





## Recap of Consequences

- If a provider fails to pay payroll, employment, or other taxes timely on behalf of the consumer, they are **liable to the consumer for any garnishment actions**.
- Providers may be subject to a **\$1,000 penalty per occurrence** for their failure to timely pay payroll, employment, or other taxes on behalf of the consumer.
- **Administrative actions** may be imposed against a provider for failure to submit to MMAC a required CDS quarterly Financial and Services report, annual service report, or an annual financial statement audit or financial statement review.

# Administrative Actions

Administrative actions that MMAC may take for failure to follow these requirements include:

- Education
- Recoupment
- Suspend MO HealthNet Payments
- Suspend MO HealthNet Participation
- Termination

# Forms and Documentation Submission

For HCBS provider forms, including the CDS quarterly reports visit [HCBS Provider Forms](#).

<https://mmac.mo.gov/providers/provider-enrollment/home-and-community-based-services/provider-contracts-forms/>

Providers should submit their documentation using one of the following methods:

Method	Description
Email (preferred)	<a href="mailto:MMAC.CDS@dss.mo.gov"><u>MMAC.CDS@dss.mo.gov</u></a>
Fax	(573) 526-4375
Mail	MMAC PO Box 6500 Jefferson City, MO 65102

For questions, contact [MMAC.CDS@dss.mo.gov](mailto:MMAC.CDS@dss.mo.gov) or call toll-free (833) 818-1183.