

# Provider Update Meeting October 23<sup>rd</sup> & 24<sup>TH</sup>, 2024

## CONSUMER DIRECTED SERVICES

# Requirements and Responsibilities for Taxes and CDS Reports

**Paragraph 5.25 of your company's Participation Agreement for Home and Community Based Services (HCBS) requires you to "...perform all services under this Agreement in compliance with this Agreement and in compliance with all applicable state and federal regulations lawfully promulgated. "**

# Requirements & Responsibilities

## Taxes

### 19 CSR 15-8.400 Vendors - Effective March 30, 2023

(3) Vendors shall perform, directly or by contract, payroll and fringe benefit accounting functions for consumers, including but not limited to—

(C) Ensuring all payroll, employment, and other taxes are paid timely.

1. The vendor shall be liable to the consumer for any garnishment action occurring as a result of the vendor's failure to timely pay payroll, employment, or other taxes on behalf of the consumer.

2. The vendor shall 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.

3. The vendor may be subject to a one thousand dollar (\$1,000) penalty per occurrence of the vendor's failure to timely pay payroll, employment, or other taxes on behalf of the consumer.

# Requirements & Responsibilities

## Taxes

### **RSMo 208.909 - Effective August 28, 2022**

6. (1) The vendor shall be liable to the consumer for any garnishment action occurring or that has occurred as a result of the vendor's failure to timely pay payroll, employment, or other taxes on behalf of the consumer under subsection 2 of this section. The vendor shall notify the consumer of any communication 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.

(2) The vendor may be subject to a one thousand dollar penalty per occurrence of the vendor's failure to timely pay payroll, employment, or other taxes on behalf of the consumer under subsection 2 of this section.

# Responsibilities - Filing Taxes

- As a CDS provider/vendor you are responsible for making sure taxes are properly filed and paid in a timely manner for the consumer/participant. This includes obtaining Federal, State and Local Employer Identification Numbers (EIN) on new and transferring consumers/participants.
- Taxes for the consumer/participant are to be paid under their own federal and state EINs and not the CDS provider/vendor's federal and state EINs.
- The consumer/participant federal and state EINs belongs to them. As a CDS vendor, you have no right to obstruct the transfer of their federal and state EINS should they decide to change providers.

# Responsibilities - Filing Taxes

- Department of Health and Senior Services on August 26,2020 issued a memorandum for HCBS-CDS regarding federal and state EIN numbers to be entered into Cyber Access. Information pertaining to said memorandum can be accessed at the following link:

<https://health.mo.gov/seniors/hcbs/hcbsmanual/pdf/hcbs08-20-01.pdf>

- The HCBS manual was updated, which provides information pertaining to CDS providers responsibilities regarding submission of assigned Federal or Missouri Employer Identification Numbers (EIN) and the Missouri Tax IDs for each CDS participant to be loaded into the HCBS Web Tool. A link to the HCBS manual is provided below:

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

# CDS required tax filings on behalf of the Consumer

- CP 575 or 147C Letter
- Federal 940 Employer's Annual Federal Unemployment (FUTA) Tax Return
- Federal 941- Quarterly or Federal 944 - Annually
- Missouri 941- Quarterly or Annually
- Division of Employment Security Contribution and Wage Report - Quarterly
- W3/W2 - Annually
- Missouri W3
- Local Annual Reconciliation - Kansas City/St. Louis
- Tax Coupon 8109 - Proof of Tax payments for the consumer

***Tax forms are forever changing so make sure you watch for updates***

# CDS Quarterly and Service Reports

**RSMo 208.918.2** ...a vendor shall comply with provisions of subsection 1 of this section and shall:

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

## **19 CSR 15-8.400 Vendors**

- (8) Vendors shall comply, either directly or by contract, with the following fiscal requirements:
  - (H) CDS Quarterly Financial and Service Reports shall be submitted to MMAC thirty (30) days after the end of each calendar quarter;



# CDS Required Reports

**CDS providers are required to complete and submit quarterly Financial and Service reports as follows:**

- January 1<sup>st</sup> through March 31<sup>st</sup> - Due by April 30<sup>th</sup>
- April 1<sup>st</sup> through June 30<sup>th</sup> - Due by July 31<sup>st</sup>
- July 1<sup>st</sup> through September 30<sup>th</sup> - Due by October 31<sup>st</sup>
- October 1<sup>st</sup> through December 31<sup>st</sup> - Due by January 31<sup>st</sup>

**Even if CDS services haven't been provided, reports are still required to be completed and submitted.**

# Annual Service Report

CDS providers are required to complete and submit Annual Service reports as follows:

If the fiscal year runs:

- January 1<sup>st</sup> through December 31<sup>st</sup> - Due 30 days after fiscal year ends - January 31<sup>st</sup> of the following year.
- July 1<sup>st</sup> through June 30<sup>th</sup> - Due 30 days after fiscal year ends - July 30<sup>th</sup> of the following year.

CDS providers may chose when their fiscal year starts and ends. The examples above are dates selected by most providers.

# CDS Quarterly and Annual Summary Report

On 3/15/2024 A from the Director went out to all providers regarding Quarterly financial and Annual Service reports. The following will provide CDS providers with information regarding the new process for completing the required CDS and Annual Service reports:

# CDS Annual Audit

**RSMo 208.918.2** ...a vendor shall comply with provisions of subsection 1 of this section and shall:

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

**19 CSR 15-8.400(8)** Vendors shall comply, either directly or by contract...

(J) 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.

1. Audit requirements for vendors—

A. An annual financial statement audit is required if the vendor's annual gross revenue is two hundred thousand dollars (\$200,000) or more.

B. An annual financial statement audit or annual financial statement review is required if the vendor's annual gross revenue is less than two hundred thousand dollars (\$200,000).

2. The audit report must be submitted to MMAC within one hundred fifty (150) days after the end of the vendor's fiscal year.

# CDS Quarterly - Annual Service Reports and Annual Audit

## 13 CSR 70-3.030 Administrative Actions

### (3) Program Violations.

(A) Administrative actions may be imposed by the MO HealthNet agency against a provider for any one (1) or more of the following reasons:

6. For providers of Consumer Directed Services (CDS), failure to submit to MO Medicaid Audit and Compliance (MMAC) a required CDS quarterly Financial and Services report, annual service report, or an annual financial statement audit or financial statement review;

# Consequences for not Paying Taxes Timely

**SENATE BILL 710 - went into effect August 2022**

“...shall ensure ALL payroll, employment, and other taxes are timely paid on behalf of the consumer AND the vendor shall be liable to the consumer for any garnishment action occurring or that has occurred as a result of the vendor’s failure to timely pay such taxes.

**The vendor may be subject to a \$1000 per occurrence penalty for failure to pay such taxes.”**

# Consequences

CDS Vendors who fail to submit quarterly reports, the annual service report, or the yearly financial statement or financial audit conducted by a CPA will be subject to administrative actions. MMAC will advise vendors, in writing, if reports are not received by their due date, to alert the vendors, and give them an opportunity to submit the reports.

# Consequences

**Administrative actions available to MMAC are:**

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



# Where to submit required documentation

Scan via EMAIL: [MMAC.CDS@DSS.MO.GOV](mailto:MMAC.CDS@DSS.MO.GOV) (Preferred)

FAX: 573-526-4375

USPS Mailing Address: P.O. Box 6500  
Jefferson City, MO 65102