

Navigating Financial Management Services (FMS)

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Participants of the **Self-Determination Program (SDP)** are required to use a **Financial Management Service (FMS)** provider. Participants pay the FMS provider a fee from funds allocated through their individual budgets.

The FMS provider is an individual or entity vendored by Regional Center(s) with the responsibility to:

- Uphold the Self-Determination Principles of Freedom, Support, Authority, Responsibility and Confirmation
- Maintain separate accounting of funds for each participant
- Help participants to manage and direct funds in individual budgets
- Ensure participants have the financial resources to implement Individual Program Plans throughout the year and that payments are within amounts authorized in individual budgets

The FMS provider supports participants with paying bills for goods and services or hiring employees.

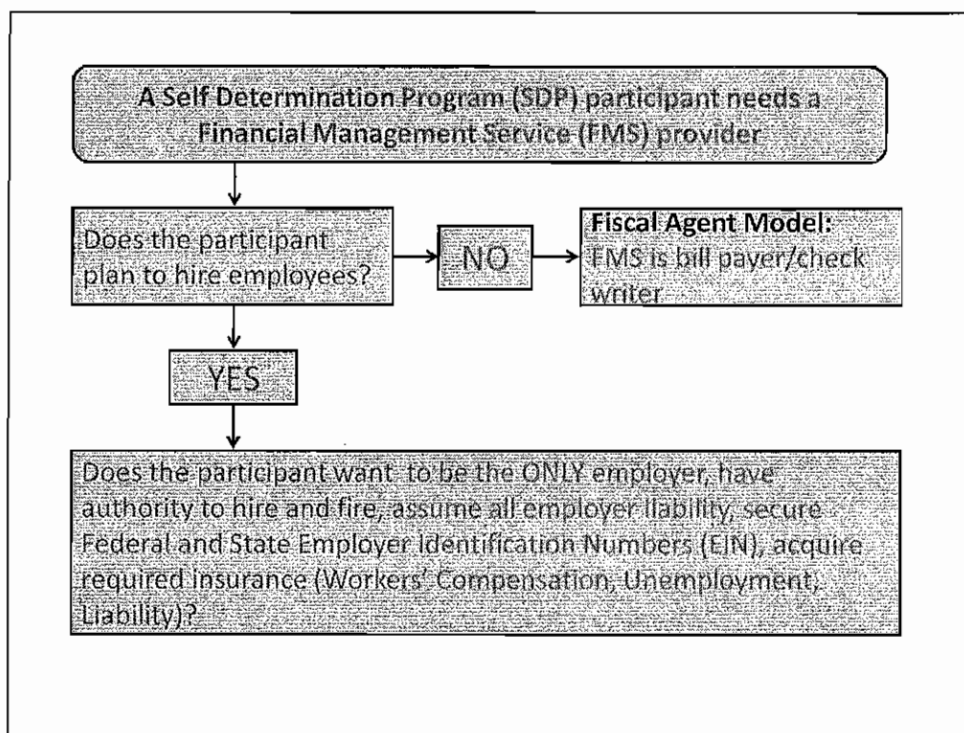
There are three FMS models:

- Fiscal Agent
- Fiscal/Employer Agent (F/EA)
- Co-Employer

The types of supports offered by the FMS provider vary in each model' participants select the model that best fits their individual needs and wants as well as their plans for using the funds in their individual budgets. FMS providers may offer one, two or all three of the FMS models.

Depending on the model, the FMS provider:

- Receives, tracks and disburses funds based on the participants' approved plans and individual budgets
- Processes payroll, withholds taxes
- Ensures compliance with laws
- Assists in verifying provider qualifications
- Prepares and distributes monthly individual budget statements/expenditure reports
- Maintains source documentation





Fiscal/Employer Agent (F/EA) Model

- Participant has employer responsibility, participant is Employer of Record and the managing employer FMS provider assists participant with specific employment tasks and processes payroll/withholds taxes
- Participant has authority to hire and fire within SDP protocols and labor laws, FMS provider supports participant with understanding relevant protocols/laws
- Participant has primary employer liability, FMS provider operates in accordance with Internal Revenue Code Section 3504
- Participant has their own Federal and State Employer Identification Numbers (EIN)
- Participant acquires required insurance and typically pays out of individual budget, FMS provider verifies insurance
- Participant's employees may be exempt from certain tax requirements, FMS provider assists participants with those determinations

Fiscal Employer Agent Typical Enrollment Forms

Form	Purpose
Roles and Responsibilities Agreement	Establishes F/EA roles and Participant roles and responsibilities in a self-directed program
Form 257B	Employer/Payer Appointment of Agent
Form SS-4	Application for Employer Identification Number (EIN). The EIN is required by the IRS for tax reporting and filing.
Confidential Information Release Authorization	Establishes the release of HIPAA protected information to authorized individuals or parties.
Guardianship Documents OR Power of Attorney (POA) Documents	Court Documents; Needed to formally establish Guardianship OR POA
Form 2848	Power of Attorney and Declaration of Representative
Participant Reimbursement and Payroll Payment Schedule	Signifies the dates when time reports/invoices are due and checks are cut
Participant Handbook	Explains the program and outlines the rights and responsibilities of the participant
OSHA Standard Precautions	Education
Standard Precaution for Bloodborne Transmission	Education
F/EA Portal Enrollment Flyer	Education
Worker's Compensation Insurance Pool	Optional Insurance ; Program Specific

NO Co-Employer Model

- Participant shares employer responsibility with the FMS provider, FMS provider is the Employer of Record, participant is the managing employer.
- Participant has authority to hire and fire within SDP protocols, labor laws, and FMS provider criteria
- FMS provider has primary employer liability
- FMS provider has Federal and State Employer Identification Numbers (EIN)
- FMS provider maintains required insurance, participant pays for insurance costs out of individual budget
- Participant's budget may need to cover employee Medical Insurance costs

Questions?



Two Different Models of Financial Management Services

FMS Co-Employer

- The FMS is the "primary" employer
- The FMS provides worker's compensation coverage
- Less paperwork for the participant
- The participant may share liability with the FMS for labor claims (*depending on the FMS agency and the claim*)

FMS Fiscal Employer Agent (F/EA)

- The Participant is the sole employer
 - Liable for worker's compensation insurance/claims, labor claims, ACA, etc. (*The FMS will assist with these claims*)
- The FMS helps to obtain a Federal Employer Identification Number (FEIN) and CA EDD number for the participant
 - The Participant has to fill out these forms: SS-4, 2678, DE-1HW
- The FMS maintains joint liability (with the participant) for paying federal and state employer taxes

BOTH Models

- The Participant decides how the budget is used to purchase services within the confines of their IPP
 - The Participant is the "managing" employer
 - Responsible for recruiting, hiring, training, scheduling, & firing workers
 - Sets workers' wages (within the confines of their budget)
 - Authorizing and submitting time sheets
 - The FMS handles all payroll processing and maintains all financial records
 - The FMS submits monthly budget reports to the RC and participant
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Excerpts from SB 468 that describe the role of the financial management services

(1) "Financial management services" means services or functions that assist the participant to manage and direct the distribution of funds contained in the individual budget, and ensure that the participant has the financial resources to implement his or her IPP throughout the year. These may include bill paying services and activities that facilitate the employment of service and support workers by the participant, including, but not limited to, fiscal accounting, tax withholding, compliance with relevant state and federal employment laws, assisting the participant in verifying provider qualifications, including criminal background checks, and expenditure reports. The financial management services provider shall meet the requirements of Sections 58884, 58886, and 58887 of Title 17 of the California Code of Regulations and other specific qualifications established by the department. The costs of financial management services shall be paid by the participant out of his or her individual budget, except for the cost of obtaining the criminal background check specified in subdivision (w).

(u) The financial management services provider shall provide the participant and the regional center service coordinator with a monthly individual budget statement that describes the amount of funds allocated by budget category, the amount spent in the previous 30 day period, and the amount of funding that remains available under the participant's individual budget.

(v) Only the financial management services provider is required to apply for vendorization in accordance with Subchapter 2 (commencing with Section 54300) of Chapter 3 of Title 17 of the California Code of Regulations, for the Self-Determination Program.

