Self-Determination Program Financial Management Services Vendor Standards

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INTRODUCTION

The Self-Determination Program (SDP) Financial Management Services (FMS) Vendor Standards establish the requirements, policies, and guidelines that all SDP FMS vendors must adhere to when providing SDP financial management services to participants. These standards will be used as a factor in determining the SDP FMS vendor's eligibility. The vendoring regional center, San Diego Regional Center (SDRC), will use these standards to routinely monitor and evaluate SDP FMS vendors.

STANDARD 1: ELIGIBILITY

SDP FMS vendors must:

1.1 Comply with the Department of Developmental Services' (Department) vendorization requirements.

1.2 Be eligible to provide Medicaid-funded services.

1.3 Provide and update documentation to the vendoring regional center, SDRC, as needed, enabling the regional center to verify that the SDP FMS vendor, its employees and contractors are not:

- Listed on the U.S. Department of Health & Human Services Office of Inspectors General's List of Excluded Individuals/Entities;
- Listed on California Department of Health Care Services Medi-Cal Suspended and Ineligible Provider List;
- Subject to a disclosure required under Title 17 of the California Code of Regulations Section 54311(a)(6):

  "(6) The name, title and address of any person(s) who, as applicant or vendor, or who has ownership or control interest in the applicant or vendor, or is an agent, director, member of the board of directors, officer, or managing employee of the applicant or vendor, has within the previous ten years:

  (A) Been convicted of any felony or misdemeanor involving fraud or abuse in any government program, or related to neglect or abuse of an elder or dependent adult or child, or in any connection with the interference with, or obstruction of, any investigation into health care related fraud or abuse; or

(B) Been found liable in any civil proceeding for fraud or abuse involving any government program; or
(C) Entered into a settlement in lieu of conviction involving fraud or abuse in any government program." (Title 17 of the California Code of Regulations section 54311(a)(6).)

Any person or entity required to make this disclosure who fails to make this disclosure is disqualified from SDP FMS vendorization.

1.4 Have a minimum of 12 months of experience providing financial management services under Medicaid-funded Self-Direction programs, which may include participant-directed services.

1.5 Accept a monthly rate per participant that does not exceed the rate schedule published on the Department's website.

1.6 For SDP FMS vendors offering Sole Employer and/or Co-Employer models, accept the employer burden amount approved by the Department including any other applicable employment-related costs.

STANDARD 2: FINANCIAL SOLVENCY

SDP FMS vendors must:

2.1 Demonstrate initial financial solvency with documentation of an available line of credit or a cash/capital reserve of at least $500,000.

2.2 Provide documentation demonstrating ongoing financial solvency sufficient to cover at least four weeks of payroll and bill payments.

2.3 Annually provide, SDRC, with documentation demonstrating compliance with fiscal solvency standards, including copies of required insurance endorsements (e.g., liability insurance policies covering fraud, theft, errors and omissions, and business interruption) that meet or exceed the coverage limits set by SDRC. A user regional center may require insurance coverage beyond SDRC's coverage limits only if that additional requirement has been approved by the user regional center's board of directors.

2.4 Establish and maintain an accounting system that produces financial statements which are accurate, reliable, secure, and compliant with Generally Accepted Accounting Principles. Maintain separate accounts of funds used for each participant or family member and retain all source documentation related to the authorized services and expenditures.

2.5 Annually obtain an independent audit or independent financial review as required by Welfare and Institutions Code (WIC) section 4652.5 and provide a copy of it to SDRC.

2.6 Submit to the participant's regional center accurate invoices in a timely manner for SDP FMS vendor services no later than 30 calendar days after the service has been provided.

2.7 Submit accurate invoices to the participant's regional center in a timely manner for reimbursement of services and supports provided and paid on behalf of each participant no later than 30 calendar days after the SDP FMS vendor has made payment.

STANDARD 3: QUALIFICATIONS

SDP FMS vendors must:

3.1 Possess knowledge of the California service delivery system, which includes the Lanterman Act, the regional center system, the California SDP requirements, and the principles of self-determination.

3.2 Establish the ability to carry out all SDP FMS responsibilities specified in WIC section 4685.8, Department directives, federal and state laws, regulations, and SDP waiver requirements, as follows:

- Documented organizational policies and procedures that describe how SDP FMS vendor duties will be performed.
- Staffing qualifications that match the responsibilities outlined in WIC section 4685.8, including experience with payroll systems, tax filing, financial management, and person-centered practices.
- Evidence of operational systems such as accounting platforms, payroll systems, Electronic Visit Verification (EVV) capability, secure data management, and customer service processes.
- A program design that describes how the SDP FMS vendor will meet each required SDP function and maintain compliance.
- Internal quality assurance procedures to monitor compliance.

3.3 Collaborate effectively with other parties including, but not limited to, individuals, families, service providers, regional centers, and the Department when providing SDP FMS services.

3.4 Employ qualified staff to prepare financial statements, individual budget reports, and tax reporting forms; reconcile bank statements; and correctly bill each participant's regional center.

3.5 SDP FMS vendors that offer Sole Employer or Co-Employer models must employ employees who have at least one year of experience in processing payroll and withholding; filing and paying applicable federal, California state, and local employment-related taxes and insurance; and preparing and filing required tax reporting forms. These employees must meet one or more of the following:

- A certified payroll professional;
- A certified public accountant who has at least one year of experience verifiable by a third party;

- An individual with a bachelor's degree in accounting and at least one year of professional working experience in the field of accounting.

3.6 Provide orientation and ongoing training for all employees:

- The orientation must be provided within 30 calendar days of hire and include, at minimum:
  - The SDP FMS vendor's policies include compliance with all SDP FMS vendor requirements and other relevant policies including, but not limited to, federal and state laws, regulations, and SDP waiver requirements.
  - Person-centered practices and the principles of the SDP.
  - Effective and respectful communication with people from diverse backgrounds including individuals with developmental disabilities and their families.
  - The roles and relationships of regional centers and the SDP FMS vendor.
  - Identification and reporting of Special Incidents.

- The initial and ongoing training must include, at minimum:
  - The Department's SDP Directives.
  - Knowledge of Individual Program Plans (IPPs), Individualized Family Service Plans (IFSPs), individual budgets and spending plans within the SDP.
  - Training on common operational issues encountered by SDP FMS vendors, including frequent errors to avoid, best practices, and lessons learned from prior SDP FMS implementation and oversight.

STANDARD 4: GENERAL COMPLIANCE

SDP FMS vendors must:

4.1 Establish, maintain, and comply with applicable federal and state laws, regulations, and business practices including, but not limited to:

- The Lanterman Developmental Disabilities Services Act;
- The Federal Health Insurance Portability and Accountability Act (HIPAA);
- Confidentiality requirements in state law;
- All state and federal abuse, neglect, and financial abuse requirements including, but not limited to:
  - The Elder and Dependent Adult Abuse Reporting Act (WIC section 15630)
  - Child Abuse and Neglect Reporting Act including Penal Code Section 11164
- Antidiscrimination laws;
- Reporting all suspected incidents of fraud, waste, and/or abuse to the participant's regional center and cooperating fully with investigations;
- An information security system policy that protects and includes all participant data and includes a process for notifying the participant's regional center and vendoring regional center, SDRC and any other required authorities in case of a potential data breach;
- A disaster recovery and business continuity plan that describes how business operations, including vendor payments for services and supports, and payroll will continue in the event of a natural disaster, severe weather, or unexpected event;
- The 21st Century Cures Act, Section 12006 (including Electronic Visit Verification);
- A record retention policy as specified in: Title 17 of the California Code of Regulations section 54326;
- Federal Fair Labor Standards Act, Fair Labor Standards Act Home Care Final Rule, and California Division of Occupational Safety and Health (Cal/OSHA) and California labor laws including overtime, minimum wage, and rest and meal break requirements.

4.2 Comply with all vendor requirements outlined in Title 17 of the California Code of Regulations section 54327, including reporting to the participant's regional center any special incidents, such as suspected incidents of abuse, neglect or financial

exploitation known to the SDP FMS vendor or reported to the FMS vendor by the participant, a service provider, or other person.

4.3 Follow reporting protocols outlined in Title 17 of the California Code of Regulations section 54327 and the Department's Vendor Guidelines for Reporting Special Incidents 2025. This includes providing initial notification of the special incident to the participant's regional center immediately, but not more than 24 hours after learning of the special incident, submitting a written report within 48 hours of learning of the special incident, and cooperating fully with an investigation.

- A participant is considered to be under vendored care at all times, even during periods when the SDP FMS vendor does not have staff physically present with the participant.
- The SDP FMS vendor must report every special incident it learns of, regardless of whether its own staff observed the incident directly. In addition, submitting a special incident report to the participant's regional center does not, by itself, satisfy any separate mandated reporting obligation the SDP FMS vendor or its staff may have under other abuse reporting statutes.

4.4 Comply with the reporting requirements in the Elder and Dependent Adult Abuse Reporting Act (WIC section 15630) or the Child Abuse and Neglect Reporting Act including Penal Code section 11164. This may include reporting directly to Adult Protective Services, Child Protective Services, the Long-Term Care Ombudsman or law enforcement.

4.5 Provide, upon request, verification of compliance with all SDP requirements including federal and state laws, regulations, SDP waiver requirements, Department directives and the SDP FMS Vendor Standards. Applicable requirements are found in Title 17 of the California Code of Regulations sections 58884, 58886, and 58887.

4.6 Complete all reporting required by the Department, the participant's regional center and SDRC, including providing accurate monthly individual budget statements to the participant and the participant's regional center, and the grievance and complaint report required under Standard 5.5, within the required timeframes.

4.7 Provide the Department with access to each participant's monthly individual budget statement, including details by service code, through the SDP FMS vendor's online portal.

4.8 SDP FMS vendors must refrain from engaging in any activities that may create a conflict of interest, as defined in Standard 10.5. This includes, but is not limited to, the following situations:

- Providing paid services to SDP participants beyond financial management services as defined by state law, state and federal regulations, the SDP waiver, and Department directives.
- Participating in or making recommendations during a person-centered planning team meeting regarding a participant's services when the vendor stands to benefit financially from the recommendations.
- Holding direct or indirect influence or a financial interest in any entity that receives payment from the participant's SDP funds.

4.9 Provide data requested by the Department within 30 calendar days of the request. At least once per calendar year, provide the Department with data including, but not limited to, a list of onboarded and active providers, a list of active providers by service code, total amounts paid to those providers broken down by regional center, and the information the SDP FMS vendor used to confirm each provider's qualifications.

STANDARD 5: GRIEVANCES AND COMPLAINTS

SDP FMS vendors must:

5.1 Establish and provide all participants receiving services, and any other parties upon request, with a copy of its grievances process. This must include information that participants and their employees may file grievances regarding services or concerns with the SDP FMS vendor or its staff, and that the SDP FMS vendor will investigate and resolve grievances within a timeline defined in that grievance process, not to exceed 60 calendar days, and develop a corrective action plan for any substantiated grievance.

5.2 Maintain confidentiality for all grievance investigations pursuant to WIC section 4514. Provide the participant who filed a grievance with written information about its resolution and a detailed description of any corrective action plan.

5.3 Provide participants with information about developmental disabilities service system rights violations complaint processes, identified in the Department's page Appeals and Complaints.

5.4 Assist participants by redirecting them to the appropriate entity if the participant has a grievance and/or complaint about entities or individuals outside of the SDP FMS vendor.

5.5 Timely report and track grievances and complaints. Every six months, prepare a grievance and complaint report that summarizes all grievances and complaints and the actions taken by the SDP FMS vendor to address them. Provide a copy of the report to the Department, the participant's regional center, and the vendoring regional center, SDRC.

STANDARD 6: CUSTOMER SERVICE

SDP FMS vendors must:

6.1 Establish a process and timelines for receiving, tracking, and responding to all calls, emails, mail, and other communication. A copy of the process and timelines must be provided to the participant, the participant's regional center and vendoring regional center, SDRC, the participant's providers and/or employees, and be posted on the SDP FMS vendor's website.

6.2 Track compliance with timelines for receiving and responding to urgent and non-urgent calls, emails, mail, and other correspondence. Conduct quality reviews of customer service every six months, including, but not limited to, response time, customer satisfaction and performance metrics.

6.3 Provide participants and their employees with a toll-free phone line, email address, and secure platform to communicate with the SDP FMS vendor.

6.4 Accept phone calls from Federal Communications Commission-certified Video Relay Service providers. Utilize this free service or other communication accommodations (e.g. text, interpreters for in-person meetings) to communicate with participants and families who are Deaf, Hard of Hearing, or Deafblind.

6.5 Provide translation and interpreter services for participants and families whose preferred language is not English.

STANDARD 7: ENROLLING THE PARTICIPANT AND SERVICE AGREEMENT

SDP FMS vendors must:

7.1 Obtain and follow the participant's Individual Program Plan, certified individual budget, and certified spending plan.

7.2 Provide a Participant Enrollment Packet based on the participant's selected FMS model, which contains all forms and relevant information required for the participant to successfully enroll with the SDP FMS vendor. This information must include, but is not limited to:

- The monthly individual budget statement provided by the SDP FMS vendor and responsibilities for reviewing the certified individual budget authorizations.
- Requirements for adjustments to the individual budget and certified spending plan, and SDP FMS vendor specific processes for these adjustments.

7.3 Establish and sign a written Service Agreement with each participant that provides plain language and easy-to-understand information about the SDP FMS vendor's services, including, but not limited to:

- The specific services the SDP FMS vendor will provide based on the participant's selected FMS model, how the services will be delivered (in person, virtual, or hybrid), and the length of time services will be provided.
- The process to review and/or modify any changes to the SDP FMS vendor's services.
- The HIPAA Notice of Privacy Practices as required by HIPAA explaining the participant's rights to privacy and how the SDP FMS vendor may or may not use their health information.
- Information about the SDP FMS vendor's policies regarding confidentiality, EVV, Cal/OSHA, and the Fair Labor Standards Act for participants who are employing workers.
- The responsibilities of the participant and the SDP FMS vendor, and any applicable shared responsibilities between the participant and the SDP FMS vendor.
- Information about the required monthly individual budget statement, the participant's responsibilities in reviewing the statement and how to access help in reviewing the statement.
- Information and procedures about Special Incident Reports (SIRs), how to file a grievance about the SDP FMS vendor, or complaints/concerns about service providers or others assisting the participant in the SDP including:

    - How to identify and report special incidents. For SIR training materials visit the Risk Management & Mitigation page.
    - How to identify, prevent, and address fraudulent activities, and misuse of funds.
- The Department-approved monthly SDP FMS vendor administrative rates, employer burden percentage for the SDP FMS vendor, and other Department-approved employment-related costs that apply to the services the participant purchases.
- For participants who have selected the Sole Employer or Co-Employer FMS model, information about the participant's responsibility for obtaining an Employer Identification Number, a California payroll reporting agent and Counseling Service agent, and an Internal Revenue Service-approved agent for Home Care Services recipients.
- Information about SDP FMS vendor hiring practices, including when service providers and the participant's employees can begin providing services, criminal background checks, payroll cycle, and the responsibilities of the participant and the SDP FMS vendor during the hiring process.
- Information about the SDP FMS vendor terminating services, including the requirement that the SDP FMS vendor will provide a 60-calendar-day notice when financial management services, including, but not limited to service model types, are being discontinued or modified, unless the participant's IPP team identifies a health and safety risk requiring shorter notice. If shorter notice is used, the SDP FMS vendor must simultaneously notify the participant's regional center and SDRC.
- Information about the termination of SDP FMS vendor services, including the requirement that the SDP FMS vendor will provide a 30-calendar day notice if there is a termination of Vendorization.
- Information about how the SDP FMS vendor will assist the participant in transferring to a new SDP FMS vendor if the SDP FMS vendor or participant discontinues services. This includes, but is not limited to, what will occur to any accrued benefits for the participant's employees.
- Information and contact to the Office of the Developmental Services Ombudsperson.

7.4 Provide the participant or the participant's legal representative and the participant's regional center with a signed copy of the Service Agreement prior to beginning or modifying services.

STANDARD 8: INDIVIDUAL BUDGET AND SPENDING PLAN

SDP FMS vendors must:

8.1 Confirm the participant's certified spending plan includes applicable costs, including employer taxes, required sick time, SDP FMS vendor-approved employer burden costs, and that the costs are within the authorized spending plan.

8.2 Notify the participant and the participant's regional center within five business days of identifying the need for modifications to the certified spending plan, including if there is a request to fund/purchase an unauthorized request not included in the spending plan.

8.3 Prior to submitting any invoice or paying for any service, confirm the following:

- The qualifications of all service providers, including any required licenses, certifications, education, experience, and background checks as applicable.
- The proposed rates and wages are reasonable, comply with state and local minimum wage requirements, and comply with Department regulations.
- All services and supports are identified in the participant's IPP and certified spending plan, and that there are funds available to spend.
- All services and supports included in the certified spending plan are allowable based on Department directives and federal Medicaid criteria, including, but not limited to, eligibility for federal financial participation, the Home and Community-Based Services settings requirements, and the SDP waiver.
- Complete a quality assurance review every six months of invoices and time entries from a sample of participants for accuracy and timeliness. A sample must be 10 percent of total participants supported, or no less than 20 participants. Within 30 calendar days of the review, report each participant's findings to that participant and that participant's regional center, and report the overall quality assurance findings to the Department.

8.4 Track expenditures, including time entries. Monitor spending and notify the participant, the participant's regional center, and other parties about overspending or underspending and any potential unauthorized services in the required monthly individual budget statements within five business days of the discovery.

STANDARD 9: ESTABLISHING THE PARTICIPANT-EMPLOYER

SDP FMS vendors must:

9.1 Prior to enrollment, provide the participant with an orientation. The orientation must include the participant's responsibilities and the SDP FMS vendor's responsibilities in the SDP based on the FMS model selected by the participant, including Service Agreements.

9.2 In addition to being compliant with section 7.3 of these standards, establish and consistently use a participant-employer enrollment packet that includes all forms and information required for participants to become familiar with the role of an employer, including information required by federal, state, and local agencies.

9.3 Provide initial and ongoing training and support on the participant-employer enrollment packet. This must include, but is not limited to, the participant-employer's responsibilities to comply with EVV, Cal/OSHA, labor laws such as the Fair Labor Standards Act and California requirements for minimum wage, overtime, rest and meal breaks, paid and unpaid leave, as well as workplace compliance topics, including sexual harassment prevention, anti-discrimination, pay equity, and California Fair Chance Act.

9.4 Provide initial and ongoing training to participants on vendor-specific software, along with support and disability-related accommodations as needed. Train and support participant-employers on requirements for employers and employees.

9.5 Comply with requirements to obtain applicable employer account numbers with the Internal Revenue Service, and applicable state agencies on behalf of the participant-employer, and comply with federal, state and local requirements for the participant to be established as an employer. This must include, but is not limited to, required Internal Revenue Service forms, registration with the California Employment Development Department and the California Department of Industrial Relations, and meeting Counseling Service agent requirements established by the State and federal governments.

9.6 Comply with federal and state requirements including enrollment of participants as employers with tax agencies. This must include, but is not limited to, designation of agent by application, required federal forms, application for Employer Identification Number, Employer/Payer Appointment of agent, other state registration and authorization forms, and a Participant-Employer Agreement.

STANDARD 10: ESTABLISHING THE PARTICIPANT'S SERVICE PROVIDERS: REGIONAL CENTER VENDORS, LOCAL BUSINESSES OR COMMUNITY RESOURCES, AND SELF-DETERMINATION PROGRAM PROVIDERS

SDP FMS vendors must:

10.1 Assist the participant and validate compliance with the classification of service providers as an independent contractor rather than an employee.

10.2 Document completion of the annual assessment process by the participant's regional center that determines services are provided in settings that meet the Centers for Medicare & Medicaid Services Home and Community-Based Services' settings requirements.

10.3 Verify the service provider selected by the participant is compliant with section 1.3 in these standards.

10.4 Assist the participant in verifying the service provider qualifications including the status of any required license, certification, education and/or experience as defined by the SDP waiver and Department directives.

10.5 Identify and notify the participant and the participant's regional center within five business days of identifying any potential conflicts of interest with a service provider. Conflicts of interest include situations in which a person who helps make decisions for the participant is also employed by the participant, and/or benefits financially from another service being provided to the participant.

10.6 Educate the service provider on the following Special Incident reporting protocols outlined in Department's Vendor Guidelines for Reporting Special Incidents 2025 and cooperate fully with an investigation.

10.7 Assist the participant in verifying that the proposed service provider rate is reasonable for the identified service.

10.8 Provide the participant and the service provider with a packet that contains all forms and information relevant to establishing a service provider relationship, such as service agreement templates, roles and responsibilities for each party, invoicing and payment information, and relevant forms required by state and federal tax agencies for independent contractors. Establish and use a standard process for collecting and processing forms and information in the packet received from participants and service providers.

10.9 Report each new independent contractor relationship meeting the reporting threshold to California's Employment Development Department within 20 days of entering into the contract or making the payment that meets the threshold, whichever is earlier, using Form DE 542.

STANDARD 11: ESTABLISHING THE PARTICIPANT'S EMPLOYEES, INCLUDING ELIGIBILITY AND QUALIFICATIONS

SDP FMS vendors must:

11.1 Verify the potential employee is not placed on the same lists identified in Standard 1.3, and does not meet the exclusion criteria listed within Title 17 of the California Code of Regulations section 54311(a)(6).

11.2 Identify and notify the participant and the participant's regional center within five business days of identifying any potential conflicts of interest with a potential employee or employee, as defined in Standard 10.5.

11.3 Assist the participant in verifying the qualifications of the potential employee, including the status of any required license and certification.

11.4 Assist the participant in verifying the potential employee's proposed rate of pay is reasonable for the service they are providing.

11.5 Assist the participant in obtaining any required criminal background checks for the participant's potential employees, including compliance with section 1.3 of these standards.

11.6 Assist the participant, as needed, and validate if a potential employee meets the classification as an independent contractor or employee by providing information about employment status tests, and assistance completing required state and federal employment forms.

11.7 Identify any potential employee's familial relationship to the participant-employer and living arrangements to determine eligibility for tax and workers' compensation requirements.

11.8 Confirm the employee application and hiring packets include all federal and state forms and information relevant to establishing the potential employee as an employee.

11.9 Require the use of federal and state forms to establish the potential employee as an employee including, but not limited to, Form I-9, Employment Eligibility Verification, Withholding Allowance Certificate, Background Check Authorization and Social Security Number Verification.

11.10 Assist the participant in hiring employees, onboarding employees and using any specific SDP FMS vendor software platforms.

11.11 Provide confirmation to the participant when employees are cleared to work following completion of any criminal background check, clearance from the Department, and receipt of a service authorization consistent with the spending plan and other required SDP FMS vendor documents.

11.12 Educate the employee on the federal requirement that any employee paid to provide Medicaid Waiver services is required to report any events that could impact an individual's health or safety. Inform them of the SDP FMS vendor's process to report these identified incidents.

11.13 Communicate to employees the applicable state and federal requirements, including policies related to workers' compensation, accurate completion of time entries (reflecting overtime and breaks), and timely submission.

11.14 Report all new hires to the Employment Development Department (EDD), California New Employee Registry within 20 calendar days of the employee's start-of-work date.

11.15 Collect and process timesheets of employees providing services to the participant.

STANDARD 12: TRANSFERRING OR TERMINATING PARTICIPANTS

SDP FMS vendors must:

12.1 Establish and consistently use a standard process for transferring participants to another SDP FMS vendor within 60 calendar days after receiving a transfer request from a participant. This must include, but is not limited to:

- Providing the participant's records, including, but not limited to, certified individual budget, certified spending plan information, amount spent and amount remaining in the budget, and service provider and employee records to the new SDP FMS vendor within 30 calendar days of receiving the request.
- Coordinating the pay dates with the new SDP FMS vendor for a smooth transition for the participant and the participant's service providers and employees.
- Paying the participant's service providers and employees without interruption for approved services rendered during the transfer.
- Providing all required identification numbers and payment reports to the new SDP FMS vendor, which includes all necessary employee and employer records information. This includes, but is not limited to, what will occur to any accrued benefits for the participant's employees.
- Revoking all applicable authorizations for participants transferred to a new SDP FMS vendor after tax filings and other reporting have been completed.

12.2 Establish and utilize a standard process for terminating participants. The process must provide at least 60-calendar-day notice to the participant, unless the participant's IPP team identifies a health and safety risk requiring shorter notice or the SDP FMS vendor's vendorization is being terminated. If shorter notice is used, the SDP FMS vendor must simultaneously notify the participant's regional center and SDRC. If the SDP FMS vendor's vendorization is being terminated under Title 17 section 54370, the SDP FMS vendor must notify each participant in writing, along with the participant's regional center, and SDRC, within five business days after the SDP FMS vendor receiving written notice that its vendorization will be terminated. The participant decides whether to transition to another available SDP FMS vendor. This includes, but is not limited to:

- Provide all final expenditure reports and a year-to-date statement of expenditures to the participant, the participant's regional center, and the Department no later than 30 calendar days from the participant's last day of service, once all invoices, vendor payments, and taxes have been paid on behalf of the participant.
- Completion of all final tax returns and other required reporting.
- Revoking all applicable service authorizations for participants after tax filings and other reporting have been completed.

STANDARD 13: WORKERS' COMPENSATION

SDP FMS vendors must:

13.1 Confirm that the participant-employer has classified all non-exempt employees correctly and covered them under the appropriate Workers' Compensation policy before they begin work.

13.2 Establish and consistently use a process for submitting Workers' Compensation claims on behalf of the participant-employer and/or in a co-employment relationship.

13.3 Comply with all Workers' Compensation audits.

13.4 Respond to requests from individuals, families, community members and service providers concerning Workers' Compensation, including, but not limited to, inquiries from the California Department of Industrial Relations and the State Compensation Insurance Fund within their required timeframes.

STANDARD 14: PAYMENTS

SDP FMS vendors must:

14.1 Establish and use a process for immediate resolution of overpayment or underpayment of invoices, receipts, or wages, including when the participant's budget or certified spending plan reaches a zero or negative balance. Report any discrepancies to the participant, the participant's regional center and the vendoring regional center, SDRC.

14.2 Establish and use a process for replacing a lost or stolen check.

14.3 Complete a quarterly review of all payments of invoices, receipts, and wages to confirm accuracy and timeliness. Report any discrepancies to any impacted participant, the participant's regional center and the vendoring regional center, SDRC.

14.4 Document, verify, and record receipts and invoices required for tracking and paying expenditures on behalf of the participant. Maintain source documentation of all payments made on behalf of the participants.

14.5 Confirm that payments for services do not include reimbursements for goods purchased by a service provider on behalf of the participant, or payments for services not provided directly by the service provider.

14.6 Confirm that invoices for out-of-state services are only paid when there is documented approval from the participant's regional center or the Department as required by state law.

14.7 Verify accuracy of billing compared to certified spending plans and consistency with state and federal requirements.

14.8 Timely pay for services and support based on complete and accurate invoices, receipts, and a completed, valid payment request form, within 30 calendar days.

14.9 Review and verify the accuracy of time entries including rest periods, meal breaks, and overtime, prior to paying for services. Verify that time entries include only authorized services within the participant's certified spending plan, including compliance with spending plan established rates and state and federal rules including payment of any required overtime and penalties.

14.10 Communicate with the participant and/or the participant's employees when a time entry cannot be paid due to missing or erroneous information. Utilize a standard process for correcting erroneous time entries and maintain documentation of corrections.

14.11 Require use of EVV consistent with state and federal requirements and Department directives. Support participant-employers and their employees using the EVV system, including using any vendor-specific software platforms.

14.12 Issue payments to the participant's service providers and/or employees based on time entries received as required by state and federal law.

14.13 Maintain source documentation of all wage payments made on behalf of participants.

STANDARD 15: BILLING

SDP FMS vendors must:

15.1 Submit accurate and complete claims to the participant's regional center within 30 calendar days for services purchased on behalf of participants.

15.2 Confirm all claims are consistent with the Department's and regional center's billing requirements.

15.3 Confirm all claims are consistent with the participant's spending plan and supported by receipts, invoices, time entries, and other documentation required by the participant's regional center(s).

15.4 Maintain all service claims and supporting documentation for at least five years from the date of the final payment in the applicable State fiscal year. If an audit or appeal is in process before the five-year retention period ends, or afterward, retain the documentation until the issue is fully resolved. Store electronic records in a format that accurately reflects the original documents and verify they remain accessible.

15.5 Request reimbursement from the regional center only after the service provider has been fully paid for the claimed amount. Do not submit reimbursement requests for anticipated or pending payments, such as authorizing a participant to use an assigned credit card or for employee time entries that have not yet been processed through payroll, as these do not constitute actual payment to the provider.

STANDARD 16: PAYING AND FILING TAXES AND OTHER TAX RESPONSIBILITIES

SDP FMS vendors must:

16.1 File, monitor, and reconcile taxes by the applicable federal and state statutory due dates on behalf of each participant using a Co-Employer or Sole Employer model as required by federal and state laws. Taxes include federal withholding taxes, Federal Insurance Contributions Act contributions, California payroll taxes including personal income tax, state disability insurance, and unemployment insurance.

16.2 Deposit and file local taxes, when applicable, on behalf of participant-employers.

16.3 Complete a quarterly and annual audit of filings and deposits for all federal and state payroll taxes. File required annual reports verifying the accuracy of taxes paid.

16.4 Manage non-resident taxes for employees who live in a state other than California while following state law and Department guidelines for out-of-state services. Out-of-state services must be approved by the Department in advance. Services in the border areas of a state adjacent to California must be approved by the participant's regional center Executive Director.

16.5 Timely respond to and complete on behalf of a participant-employer, prior to the due date:

- Employment Development Department requests for information.
- Social Security Administration requests for information.
- Requests from federal, state, and local tax agencies.

16.6 Process wage garnishments as required by federal and state law.

16.7 Obtain and maintain current completed state Power of Attorney forms as required.

16.8 Identify employees who have earned less than the Federal Insurance Contributions Act threshold in gross wages, issue refunds as necessary, and submit required tax forms.

16.9 Issue employee W-2s as required by federal and state law, including W-2s for individuals who qualify for Difficulty of Care for federal and state tax purposes based on the guidance in IRS Notice 2014-7.

16.10 Submit W-2 information to the Social Security Administration and Employment Development Department.

16.11 Issue other federal and state required tax forms including, but not limited to, forms related to health insurance coverage when applicable.

16.12 Issue Form 1099 to vendors, SDP providers, and other non-employees who provided services to participants.

16.13 Regularly monitor uncashed checks and comply with California's dormancy period and unclaimed property rules.

16.14 Establish and consistently use a policy for writing off bad debts.

Questions?

Contact the Department of Developmental Services' Self-Determination Program Branch

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