



**STATE OF ARKANSAS**

**DEPARTMENT OF HUMAN SERVICES (DHS)**

**DIVISION OF**

**Aging and Adult Services**  
**(the Division)**

**REQUEST FOR PROPOSALS**

**DAAS-2005-01**

**for**

**IndependentChoices Demonstration Project**

**July 1, 2004**

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Request for Proposals

IndependentChoices Demonstration Grant (name)

#DAAS-2005-01 (number)

July 1, 2004

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# SECTION 1

## INTRODUCTION

### 1.1 Purpose

The purpose of this Request for Proposal (RFP) is to seek qualified contractors including accounting, payroll or other related agencies to submit competitive proposals to be a *Fiscal Agent Agency* for the Arkansas **Independent Choices Demonstration Project**. Exhibit A identifies the regions and indicates in June 2004, the number of Independent Choices active participants in each county offered per region. One qualified contractor will be selected for each of the three available regions. Respondents may develop proposals for one or more regions. If the proposal is for more than one region, the regions included in the proposal must be clearly stated in the cover letter.

### 1.2 Background

In October 1996, DHS, Division of Aging and Adult Services (DAAS) and the Division of Medical Services (DMS) received a grant from the Robert Wood Johnson Foundation and the U.S. Department of Health and Human Services. The purpose of the grant was to develop and implement the Arkansas **Independent Choices Demonstration Project** (Demonstration Project), formerly referred to as The Cash and Counseling Demonstration Project. An 1115 Waiver has been approved by Health Care Financing Administration (HCFA) (now the Centers for Medicare and Medicaid Services (CMS)) and the Demonstration Project was implemented in December 1998. The 1115 Demonstration and Evaluation Waiver was amended and extended in October 2002 to grant Arkansas approval to operate the program without randomization of enrollees.

The Demonstration Project is a program of consumer-direction stemming from a national initiative using a "Cash and Counseling" model. The "cash" portion of the project refers to the cash allowance each participant is offered to purchase and manage his/her personal assistance services. "Counseling" refers to services provided to participants to enable them to make informed decisions that work best for them, are consistent with their needs, and reflect their individual circumstances.

The National Institute on Consumer-Directed Long-Term Services defines consumer direction as:

"A philosophy and orientation to the delivery of home and community-based services whereby informed consumers assess their own needs, determine how and by whom these needs should be met, and monitor the quality of services received. Consumer direction may exist in differing degrees and may span many types of services. It ranges from individuals independently making all decisions and managing services directly to individuals using an advocate or representatives of their choice to manage needed services. The unifying force is that individuals have primary authority to make

choices that work best for them, regardless of the nature or extent of their disability or the source of payment for services.”

The many benefits credited to consumer-direction include:

- Increased consumer control, empowerment and independence
- Increased access to the level of personal assistance service needed and approved
- Greater flexibility in service delivery provided by making available a broader range of service options and enabling services to be tailored to individual needs and preference;
- Decreased administrative expense and bureaucracy

Empirical evidence of the success of this program is provided in the evaluation of this program completed by Mathematica Policy Research, Inc. Mathematica completed the evaluation of the controlled experiment, which compared enrollees who received the cash allowance to enrollees who continued to receive agency services. Results of this evaluation may be reviewed in the on-line publication of *Health Affairs* at [www.healthaffairs.org](http://www.healthaffairs.org). Continuing to verify these benefits and identifying other factors both positive and negative, related to self-management, are two of the goals of ***IndependentChoices***.

IndependentChoices has been in operation for 5½ years. During that time 3,202 people have voluntarily enrolled.

### ***Program Overview***

*IndependentChoices* targets persons who are receiving or are eligible for Medicaid Personal Care Services. Currently, this optional program under the Medicaid State Plan offers support services in the home or in the community setting. To receive Personal Care, a Medicaid eligible person must have a prescription for services from his/her primary care physician and be unable to perform at least two activities of daily living. In the traditional model services are generally provided by licensed Personal Care Agencies. There are 144 such agencies in Arkansas. The average care plan is for approximately 32 hours per month. The number of hours of Personal Care Services is based on an assessment of the client’s functional, social and physical limitations and is limited to 64 hours per month. Extensions to the benefit limit may be requested.

In the *IndependentChoices* Demonstration Project, selected persons receive a cash allowance rather than the traditional agency model of Personal Care. The cash allowance is expended based on a Cash Expenditure Plan developed by the participant with advice and support from the Counseling Agency. The intended use of the cash allowance is to purchase personal assistance or related items. Purchases enhancing the independence of the project participant are considered an appropriate use of the funds. Exhibit C lists items considered as appropriate. Based on historical information from Medicaid and applying a discount amount (determined from a review of the care plan hours compared to the actual delivered services) the average cash allowance for a Demonstration Project participant is approximately \$ 398.00 per month.

The participant's cash allowance is issued electronically to the Fiscal Agency once each month by the Medicaid Fiscal Agent, Electronic Data Systems (EDS). Disbursing the cash allowance is based on the participant's cash expenditure plan.

The cash may be disbursed using either one or a combination of the following:

1. **Personal Assistance Services** – Participants may purchase personal assistance services from any individual he/she wishes to hire except relatives who are legally responsible for the participant (e.g. spouses). Persons serving as representatives may not be hired assistants. The participant may pay the assistant(s) directly or have the Fiscal Agent issue payroll checks based on time sheets completed by the assistant and approved by the participant and sent to the Fiscal Agent. Payroll checks will be issued on the 8<sup>th</sup> and 23<sup>rd</sup> of each month by the Fiscal Agent. All mandatory state, local and federal reporting and payment requirements must be considered, whether the participant wishes to perform these tasks (Option 1) or the fiscal agency performs these tasks (Option 2).
2. **Purchase of Other Personal Assistance Services/Items** – Participants may wish to purchase other services or items related to their personal assistance. The amount of the cash allowance identified in the expenditure plan for this purpose will be disbursed to the participant twice each month by the Fiscal Agent. The participant may wish to expend all payments for these items or he/she may wish to transfer the responsibility for the payment of specific items to the Fiscal Agent. The fiscal agent will issue five (5) checks each month at no cost to the participant. Any check written in excess of five (5) checks each month will be at the cost of the participant. A reasonable fee may be established by the fiscal agent and approved by DAAS.
3. **Savings Accounts** – Participants may wish to save their monthly allowance for a specific item or service related to personal assistance (e.g. assistive devices, home modifications, etc.). Depending on the preference of the participant, savings accounts may be:
  - a. Managed by the Fiscal Agent (Option 2). If the participant selects the Agent to manage the funds, savings may be co-mingled with other participant accounts but must be individually tracked each month, with accrued interest identified. Monthly accrued interest will be distributed among all participants each month. The Agent will disburse the savings to the participant within three working days of the request.
  - b. Managed by the participant (Option 1). Participant cash allowance savings must be maintained in an account separate from other general income and may never be co-mingled with other participant income. Any accrued interest will belong to the participant. The cash allowance will be disbursed from the Agent directly into the savings account of the participant. The participant will be required to document the amount of the savings account periodically as specified in the DAAS Operations Manual. The Operations Manual is under the process of being reviewed by Centers for Medicare and Medicaid Services. The current version may be viewed on-line at [www.independentchoices.com](http://www.independentchoices.com)

Funds will be forwarded by the Fiscal Agency to the participant under option 1 or 2 twice each month. The participant will be expected to document expenditures in a reasonable manner. 10% of the total cash allowance or up to a maximum of \$75.00 may be issued by the participant as discretionary use and will require no documentation.

To be eligible to participate in **IndependentChoices**, a participant must: (1) be 18 years old or older, (2) be eligible for Medicaid, (3) be receiving personal care or be medically eligible to receive personal care services, (4) be willing to participate in the project and understand the rights, risks and responsibilities of managing their own care with a cash allowance, or (5) if unable to make decisions independently, have a willing representative decision maker who understands the rights, risks and responsibilities of managing the care of the participant with a cash allowance. Participants in the Developmentally Disabled Services Waiver (DDS) are excluded from the Demonstration Project. Participation in this Project shall not affect a participant's receipt of Medicaid services other than Personal Care services. Participation will not affect ElderChoices Waiver services.

Project participants could lose eligibility for Personal Care during the month due to death, extended hospitalization, admissions to a nursing facility, loss of Medicaid eligibility, move out of state, medical improvement, etc. At no time will the participant receive more than one-half of his/her monthly cash allowance. DAAS will seek a refund of allowance accumulated prior to or paid after the date of ineligibility.

**IndependentChoices** assures non-discrimination and equal opportunity in compliance with all applicable Federal laws, regulations, Executive Orders and Civil Rights rules or regulations and the policies of the Arkansas Department of Human Services on Equal Opportunity and Affirmative Action.

At this time, the Counseling Agency is responsible for the participant's enrollment into the **IndependentChoices** program. Individuals meeting participant eligibility requirements may enroll. Individuals interested in enrolling in this program are instructed to call the program toll-free telephone number answered by DAAS staff. Basic eligibility for program will be established and potential enrollment referrals will be made by DAAS to the appropriate Counseling Agency. Telephone and personal contacts with the Counseling Agency will determine the individual's ability to understand the risks, rights and responsibilities of managing personal assistance with an allowance. Individuals may be asked to complete a self-assessment with the Counselor at the time of the home visit to assure that they are able to direct their own services. Individuals who are not comfortable with this responsibility or who are determined to be unable to understand the responsibility and who still wish to participate will be asked to identify a willing and appropriate representative.

Those individuals and their representatives wishing to enroll in the Project will complete DAAS enrollment forms. The enrollment form will acknowledge their voluntary participation in the Project and acknowledgement of how the delivery of personal care services will be modified. The Counselor will also explain to potential participants that this Project affects only their Personal Care Services and no other Medicaid Service. Any provider chosen by the participant for other in-home services will remain unaffected.

### ***Summary of Counseling Agency's Role***

The counseling agency is responsible for performing (1) enrollment of new participants; (2) orientation to the project and the concept of consumer-direction; (3) skills training on how to recruit, interview, hire, evaluate, manage or dismiss assistants; (4) consumer-directed counseling support services; (5) monitoring of ***IndependentChoices*** participants/representatives; (6) management reports to participants and to DAAS; and (7) the functional, social and physical assessment at the six-month reassessment or annual reassessment if waiver participant or sooner if changes warrant a review.

The Counseling Agency will support the work of the Fiscal Agency by distributing all necessary Federal and State forms required for the enrolling participant to be a "Household Employer", as well as New Hire Packet(s) for the enrolling participant's employee to complete. The Counseling Agency will provide the Fiscal Agency with pertinent ways to communicate with the participant. The Counseling Agency will forward the employer/employee forms to the Fiscal Agency upon receipt. The Fiscal Agency will review the completeness and accuracy of the forms and, if complete, make application for FEIN numbers. The Fiscal Agency will contact the Counseling Agency to inform of the status of the forms received. DAAS will issue a seven day notice to agency providers to discontinue agency services for those persons receiving personal care through an agency. The Counseling Agency will then contact the new participant and complete a Cash Expenditure Plan and the participant inform the Counselor when he/she is for ready consumer direction, with the Counselor giving DAAS a 10 day notice of consumer direction. The Counseling Agency will advise the Fiscal Agency by email the date the participant's consumer-direction will begin and will forward a copy of the participant's Cash Expenditure Plan. Consumer-Direction begins when the participant exchanges and receives their personal care from someone not associated with a personal care agency provider.

### ***Summary of Fiscal Agency's Role***

DAAS will contract with Fiscal Agencies to provide bookkeeping and financial management services. Agencies may provide all of the required services in-house or they may choose to subcontract with another entity to provide some financial management services. All subcontracts must be approved in writing by DAAS prior to taking effect. In cases where a subcontract exists, the primary Fiscal Agencies will be responsible for the services provided by and the performance of the subcontractor. A contractor may submit proposals for one or more regions. If a proposal for more than one region is submitted, the regions that the proposal includes must be identified in the cover letter.

The Fiscal Agent agency will be responsible for the following: (1) receive and review all necessary Federal and State forms required for the enrolling participant to be a "Household Employer", as well as New Hire Packet(s) from the enrolling participant's employee; (2) the ability to communicate and assist consumers in the completion of these forms if needed; (3) resend and monitor receipt of forms as needed; (4) accept the participant's allowance from the Medicaid fiscal agent once monthly; (5) properly post allowance income and expenditures and develop a monthly report on carry-over balance; (6) dispersing the allowance as directed on the expenditure plan; (7) withholding and paying state and federal payroll taxes as required; (8) informing the counselor and DAAS when a participant has 30 days of their allowance remaining at the end of the month and the Cash Expenditure Plan indicates no savings plan; (9) notify DAAS and provide a corrective action plan in the event a participant's allowance ever becomes less than zero; (10) making refunds to Arkansas Medicaid as requested on all unused balances at the time of disenrollment; (11) provide monthly management reports to participants and to DAAS; (12) respond to requests for income verification; (13) provide to DAAS by the end of January an annual report of the previous years activity. The report will give, by participant by month, the amount of the allowance received, the wages paid to participant's employee, taxes withheld, and in descriptive terms how the allowance was spent; (14) mail out the appropriate W-2's if the employee's wages were \$1,400 or more during the year; (15) willing to make financial records available via web-based technology once DAAS selects a provider for this service.

### ***Payment for Fiscal Agent Services***

The Medicaid Fiscal Agent, Electronic Data Systems (EDS), will pay the contractor(s) in accordance with the terms of the agreement between DAAS and the contractor. A management fee based on this procurement process will be paid to each regional contractor retrospectively for each active participant who consumer-directs their care with a cash allowance during the month of payment. The payment will be remitted to each contractor in an automated form.

The contractor shall be paid a monthly management fee for each IndependentChoices participant actively self-directing in their region(s). The contractor shall accept these fees as payment in full inclusive of all administrative costs, transportation costs, overhead, and profit for all counseling activities required under this contract. The contractor understands that receipt of first management fee services for November 2004 will not be received until the week of December 5, 2004 and respondent must be capable of sustaining its business operations until this time.

## **Summary of the Participant in IndependentChoices**

The role of the participant in IndependentChoices is much greater than in the traditional service delivery model. With consumer-direction come flexibility, choice, independence and responsibility.

Each participant or representative, if one is used, regardless of which option is chosen, will have the following responsibilities under the Project:

- Recruit, hire and manage personal assistance assistants other related workers and engage all non-labor related vendors.
- Review and sign each assistant's time sheet for accuracy. It is the participant's responsibility to submit timesheets to the agency within the required period.
- Establish work schedules.
- Train and supervise workers.
- Discharge personal assistance assistants and other related workers when necessary in accordance with Federal and State Department of Labor rules and regulations.
- Develop and implement a back-up/emergency plan to meet their needs for personal assistance.

### **Each Participant Will Have the Following Responsibilities under Option One.**

**Option One** participants are required to keep records and comply with all documentation and reporting requirements. Participants must report any changes in Medicaid eligibility, medical conditions, functional capabilities, or living arrangement that may affect their Care and/or Expenditure Plans. Participants will also have the option of purchasing agency-based personal care assistant services when needed, based on the funding available as outlined in their Expenditure Plan. Finally, they will be responsible for all penalties or late charges that may be assessed.

- Establish a record for each new hire and process and maintain record of all required employment forms and for the required length of time.
- Establish a designated bank account for depositing their cash allowance and arrange for the electronic transfer of the cash allowance from the Fiscal Agent, or retain savings in a personal account.
- If hiring an assistant, obtain a federal employee identification number through the completion of an IRS Form SS-4: *Application for Employer Identification Number*.
- Pay personal care assistants and other related workers in compliance with minimum wage and overtime requirements of the Federal Department of Labor *Fair Labor Standards Act* and the Arkansas Department of Labor.
- Manage personal care assistants and other related workers' payroll activities including: Federal and State employer-related taxes and required insurance for their workers such as: (1) Social Security and Medicare taxes (FICA), (2) Federal and State unemployment taxes (FUTA and SUTA), and (3) Federal and State income tax withholding as requested by the worker and prepare and distribute payroll checks.

- Verify personal assistants' and other related workers' citizenship or legal alien status through the completion of the INS Form I-9: *Employment Eligibility Verification* and submit the completed Form I-9's and supporting documentation to the Counseling Agency (who will review and forward to the Fiscal Agency).
- Distribute notices and make advanced payments when requested of Federal Earned Income Credit (EIC) to eligible personal care assistants and other related workers.
- Generate and issue IRS Forms W-2 and W-3 and related documentation annually by January 31 to personal care assistants and other related workers who meet the statutory threshold income amount (\$1,400 or more) during the calendar tax year.
- Generate and issue IRS Form 1099-Misc, *Miscellaneous Income* to report payments of \$600 or greater made in a calendar year for services rendered to non-employee workers (e.g., independent contractors).
- Submit payroll records and justification of the uses of the cash allowance to the Fiscal Agency for review for accuracy and completeness on a quarterly basis.

**Each Participant will have the following Responsibilities under Option Two.**

- Obtain the employment application package from the Counseling Agency, and have their personal assistance assistants and other related workers complete the required forms. The Counseling Agency should contact the participant if the necessary payment documentation or information is incorrect or incomplete.
- Assure that time sheets are completed, confirm the accuracy of time sheets by signing them, and submit time sheets to the fiscal agent for payroll payments.
- Participants will maintain work invoices for all goods and services received.

***Summary of the Arkansas Division of Aging and Adult Services Role***

The Arkansas Division of Aging and Adult Services (DAAS) is the State Project Office for the Arkansas IndependentChoices Demonstration Project. As such DAAS will be responsible for the following list of tasks.

- Monitor the Agencies to the degree necessary to ensure compliance with the spirit of consumer-direction, the evaluation process and that appropriate fiscal and programmatic procedures are maintained.
- Monitor the Project cost-neutrality as specified by CMS.
- Serve as the liaison between the Counseling and Fiscal Agencies; Medicaid Management Information Service, and Arkansas Medicaid's fiscal intermediary, presently, EDS.
- Distribute an operations manual.
- Monitor the process to reimburse the Counseling and Fiscal Agencies for services provided to each participant.

## ***Waiver Period***

The Centers for Medicare and Medicaid Services (CMS) issued the initial 1115 Demonstration Waiver approval in October 1998 to the Arkansas Department of Human Services and amended the waiver and extended the approval period in October 2002. The period of approval was extended until October 2006, with renewals an option subject to CMS approval. Provided the Project meets the terms and conditions of approval, cash allowance may be paid for the entire approved period.

### **1.3 Overview of DHS Organization and Operations**

DHS is the largest State agency in Arkansas with over 7,500 employees. This division is one of fifteen Divisions and Offices that comprise DHS. The Divisions provide services to the people of Arkansas and the Offices provide necessary support to the Divisions and the Department.

### **1.4 Scope of Service**

The contractor is to provide bookkeeping, financial management, and monitoring for ***IndependentChoices*** participants and their representatives; disburse cash allowances; provide a full range of fiscal, payroll, and bill paying services; and develop and maintain tracking information and reports for participants and DAAS.

### ***General Requirements***

The State of Arkansas may make such reasonable investigation as deemed proper and necessary to determine the ability of the contractor, and any proposed subcontractor(s), to perform the work and furnish the deliverables. The contractor shall submit to the State all requested information and data for this purpose. The State reserves the right to inspect respondents' and any proposed subcontractor(s)' physical facilities prior to the award in order to satisfy any questions regarding the contractors' capabilities.

Each proposal must include the documentation that the following qualifications and responsibilities will be met and describe the specific design of how each responsibility and requirement will be met.

## **TECHNICAL REQUIREMENTS**

### **Background, Experience and Qualifications**

***Each respondent will be evaluated based upon its ability to do the following:***

- B-1** Demonstrate knowledge of Federal and State tax, labor, unemployment and workers' compensation insurance rules and regulations pertaining to employment of household/domestic service employees, independent contractors, when

- appropriate, and the federal and state requirements that must be met to be a fiscal agent in the State of Arkansas (see Exhibit B).
- B-2** Demonstrate that the respondent and any proposed subcontractor(s) have the ability to communicate effectively with participants who have a variety of functional impairments, including the need for large print, or telecommunications devices for the hearing and speech impaired and access to a translation service and to an interpreter.
  - B-3** Demonstrate the ability to be culturally sensitive in all business practices and effectively relate to participants of a diverse population.
  - B-4** Verify that the respondent and any proposed subcontractor(s) are registered with the Office of the Secretary of State to transact business in the State of Arkansas.

### **Administration, Management and Staffing**

***Each respondent will be evaluated based upon its ability to do the following:***

- A-1** The agency directly responsible for fiscal agent functions must obtain a separate federal employer identification number to be used in all activities associated with serving as a household employer agent for IndependentChoices participants. Provide intent to obtain this FEIN number for use with IndependentChoices fiscal activities.
- A-2** Provide the name of the Region(s) that the respondent is proposing to provide fiscal services to.
- A-3** Provide intent to enroll as an Arkansas Medicaid Provider to receive funds on behalf of the participant and be reimbursed for fiscal services. Establish a non-interest bearing account for receipt of these funds.
- A-4** Federal funds deposited into the banking institution belong to the Arkansas Medicaid recipients participating in the IndependentChoices program. A Memorandum of Understanding of this fact must take place between the Fiscal Agent and the banking institution chosen for receipt and disbursement of participant funds. Provide understanding that a contract for Fiscal Agent services will not be signed by DAAS until these documents are in place. (See Exhibits F and G.)
- A-5** Provide documentation and plan of the Agency's ability to hire and train a sufficient number of professional and non-professional fiscal staff to comply with all services and responsibilities.
- A-6** Maintain a toll-free number. A representative of the agency must be available between the hours of 8:00 AM and 4:30 PM Monday through Friday. State holidays may be recognized and the Governor's inclement weather policy will be followed. When the contractor is unavailable, the Agency should maintain a voice messaging capacity. Calls shall be returned within one working day from the time the message is recorded. Information about the toll-free number including the hours the representative is available and the response period for messages and mail inquiries, should be sent as a supplement with the Agency's first correspondence to all participants and assistants.

- A-7** Operate, at a minimum, a 28.8 speed fax machine 24 hours each day and have at least two desk top computers with an Internet connection and e-mail address. Provide intent to have these machines operational for IndependentChoices use.
- A-8** Demonstrate an effective disaster recovery plan for restoring software and master files; hardware backup if management information systems are disabled.
- A-9** Demonstrate that the respondent and any proposed subcontractor(s) maintains the confidentiality of all participant records and transactions in accordance with federal and state laws and regulations including the Health Insurance Portability and Accountability Act. Ensure that access to Medicaid information will be limited to the area of the office within the Agency with a function need for the information.
- A-10** Demonstrate the ability to maintain a set of policies and procedures that define the tasks encompassing the Fiscal Agent's responsibilities. Please describe the main topics that will be a part of this Policy and Procedure Manual.
- A-11** Present a Quality Management Plan acceptable to DAAS that ensure all responsibilities contained I this RFP are accomplished within required time periods and according to best practice standards for consumer-directed payroll and tax management services. This plan will be periodically reviewed to evaluate effectiveness in meeting responsibilities. The Quality Management Plan should contain clearly defined goals and standards for each service and/or responsibility.
- A-12** Demonstrate an effective plan to detect abuse, neglect or exploitation and report those instances immediately to DHS – Adult Protective Services. According to Arkansas Criminal Law 5-28-101 et seq., fiscal counselors having knowledge of exploitation or abuse are considered persons required to report abuse.

### **Project Understanding**

***Each respondent will be evaluated based upon its ability to do the following:***

- P-1** Demonstrate how all fiscal agent duties will be managed at the respondent's or subcontractor's own site(s) and how the entities will manage participant's cash allowances, and provide all required training, evaluating, payment, payroll, bill paying, accounting/bookkeeping, document review and report generating tasks on the site of the respondent and/or proposed subcontractor(s).
- P-2** Demonstrate how the Agency will ensure that participants who decide to manage the cash allowance without direct fiscal agent involvement (Option 1) will be trained on all payroll, bill paying, and reporting tasks and to evaluate their ability to assume these responsibilities. (The results and recommendations must be presented to DAAS Project Staff. The DAAS Project Director or designee will make the final decision for participants to serve as their own fiscal manager.)
- P-3** Demonstrate the process that the Agency, assisting participants who utilize direct fiscal agent involvement (Option 2), will utilize to obtain (See Exhibit B) State of Arkansas Limited Power of Attorney, execute IRS Forms 8821, obtain a FEIN for each participant served by completing and submitting the IRS Form SS-4, obtain approvals from the IRS to become the participant's employer agent by completing and submitting a signed IRS Form 2678, and submit State forms ESD Ark-201 and AR-4ER filings.

- P-4** Demonstrate the process the fiscal agency will use to establish, manage and maintain accounts for each participant served.
- P-5** Demonstrate the ability to maintain all records and information required by DHS and DAAS, including but not limited to: copies of phone logs, summaries of complaints with resolution noted, verification of participant payment of FICA, FUTA/SUTA, federal (if requested) and state income tax and wages in compliance with federal and state DoL rules and in the form and manner prescribed by state agency staff. Participant and assistant records must be available for immediate review by DAAS as necessary.
- P-6** Demonstrate the respondent's plan to ensure that compliance with Exhibit B between the participant and representative and each of their employee's is maintained.
- P-7** Demonstrate the ability to receive and process time sheets from participants.
- P-8** Demonstrate the respondent's ability to generate two payrolls each month after making appropriate deductions for income tax, FICA, FUTA, SUTA and other withholdings according to federal and state regulations. Withholdings may include all judgments, garnishments, tax levied or any other related holds o the funds of the assistants as may be required by local, state or federal law.
- P-9** Demonstrate the process the fiscal agent will use to file and deposit state and federal employment taxes and insurance (e.g., FICA, FUTA and SUTA), state and federal income and employment taxes in accordance with regulations.
- P-10** Demonstrate the process that will be used to assure timely notification to participants and DAAS staff in the event payroll or monthly cash allowance funds are generated/distributed late or disbursement of cash grants, payroll and requests for discretionary cash may be over five (5) days late.
- P-11** Demonstrate the respondent's ability to create monitoring reports after the last payroll of the prospective cash allowance that can inform DAAS which clients have a balance of more than 30 days accrued. The accrued balance will not include money in the dedicated interest bearing savings account per the participant's Cash Expenditure Plan.
- P-12** Demonstrate the ability to establish, manage and maintain savings records for any participant requesting this service. (The Agency must respond within three (3) working days to consumer requests fro cash from their Agency maintained account.) The Agency must be capable of transferring consumer funds to their private bank account or, in the event the participant does not have a bank account, using an alternative mechanism to transfer funds to the participant.
- P-13** Demonstrate the mechanism to inform eligible assistants of their rights related to Earned Income Credit (EIC). The Agency must be able to generate advanced payment to eligible assistants as required by federal law.
- P-14** Demonstrate the fiscal agent's ability to generate a special, late payroll for a participant who has not submitted a worker's timesheet for any number of approved reasons.
- P-15** Demonstrate the ability to process payment of invoices provided by the participant to secure items or services related to personal assistance needs.
- P-16** Demonstrate the respondent's ability to monitor nonuse or under-utilization of the cash allowance and how and when a participant's under-utilization will be

communicated to DAAS. Describe how the contract will track and monitor if recurring.

- P-17** Demonstrate the respondent's ability to monitor or prevent overuse of the cash allowance. Describe how deficit spending of the cash allowance will be prevented.
- P-18** Demonstrate that the respondent and any proposed subcontractor(s) can develop a process to identify potential misuse of participant's allowance and notify DAS of those situations within two (2) working days.
- P-19** Demonstrate the ability to reconcile participant's monthly allowance, payments paid on behalf of participants or payroll checks to assistants. Reconciliation information must be available for review by DAAS, as requested.
- P-20** Demonstrate the ability to provide reports in a form and timeframe to DAAS. These reports are the quarterly report as identified in Exhibit E and monthly reports that identify only those participants who may either under-utilize or over-utilize his or her cash allowance.
- P-21** Demonstrate the ability to respond to request(s) for verification of income covering multiple years.
- P-22** Demonstrate the process to be used to prepare and file annual IRS Forms W-2 and W-3.
- P-23** Demonstrate the process to be used to refund over-collected employment taxes (e.g., FICA and FUTA) when an assistant(s) does not earn the threshold wage amount.
- P-24** Describe the respondent's ability to meet the requirements of Attachment C (Performance Based Contracting) giving clear descriptions of how each requirement will be accomplished.
- P-25** Describe the software that will be used in the accounting process of managing participant's funds.

## **1.5 Minority Business Policy**

Minority participation is encouraged in this and all other procurements by state agencies. "Minority" is defined by Arkansas Code Annotated §1-2-503 as "black or African American, Hispanic American, American Indian or Native American, Asian, and Pacific Islander." The Division of Minority Business Enterprise of the Department of Economic Development conducts a certification process for minority businesses. Respondents unable to include minority-owned businesses as subcontractors may explain the circumstances preventing minority inclusion.

## **1.6 Letter of Intent to Propose**

Respondents that intend to submit a proposal in response to this RFP shall submit a letter of intent to the Issuing Officer identified in RFP section 3.1. The Issuing Officer must receive the letter of intent no later than 4:30 PM on July 8, 2004. The Issuing Officer will accept a copy of the letter of intent sent by FAX or e-mail, but the respondent shall also ensure the Issuing Officer receives the original signed letter within three days of the FAX or e-mail.

The Issuing Officer will send subsequent mailings related to this RFP, including answers to questions and any amendments to the RFP, only to respondents that submitted timely letters of intent.

## **SECTION 2**

### **RFP SCHEDULE OF EVENTS**

#### **2.1 RFP Schedule of Events**

The following timetable is anticipated for the procurement process. All times refer to C.S.T. time in Little Rock, Arkansas.

<b>Event</b>	<b>Date</b>
RFP issued	July 1, 2004
Due date for letters of intent to propose	July 8, 2004 (12:00 PM)
Due date for written questions	July 15, 2004 (12:00 PM)
Due date for answers to questions	July 20, 2004 (12:00 PM)
Closing date and time for receipt of proposals	August 2, 2004 (4:30 PM)
Date for opening of proposals	August 3, 2004
Completion of proposal evaluation and contract selection	August 10, 2004
Intent to Award letter mailed	August 11, 2004
Anticipated Contract start (Subject to State approval)	November 1, 2004

## **SECTION 3**

### **GENERAL REQUIREMENTS AND INFORMATION**

#### **3.1 Issuing Officer**

This RFP is issued by the State of Arkansas (the State), Department of Human Services (DHS), Division of **Aging and Adult Services**, (the Division). The Issuing Officer is the sole point of contact from the date of release of this request for proposals until the selection of the successful respondent. All questions and requests for clarification should be addressed to the following Issuing Officer:

Division of Aging and Adult Services  
Department of Human Services  
P.O. Box 1437, Slot S530  
Little Rock, AR 72203-1437

Issuing Officer: Deb Warrington, Management Project Analyst I: (501) 682-2441; FAX (501) 683-4180; e-mail [deb.warrington@arkansas.gov](mailto:deb.warrington@arkansas.gov)

#### **3.2 Procurement Manager**

The program Division Procurement Manger is responsible for effective administration of this procurement action. The Procurement Manager is the point of contact for formal protests of award by non-selected respondents (see Section **3.19**). Protests should be filed in written form to the following Procurement Manager:

Connie Parker, Assistant Director  
Division of Aging and Adult Services  
Department of Human Services  
P.O. Box 1437, Slot S530  
Little Rock, AR 72203-1437

(501) 682-8531; FAX (501) 682-8155; e-mail [connie.parker@arkansas.gov](mailto:connie.parker@arkansas.gov)

#### **3.3 Communications Regarding the RFP**

Prospective respondents have the opportunity to submit written questions (mail or fax) to clarify any uncertainties that may exist regarding the RFP. All questions must be sent to and received by the Issuing Officer (identified in **3.1**) by 12:00 p.m., Little Rock local time, on July 15, 2004. All written questions must reference the appropriate section number of the RFP. All questions must be marked "**Questions: RFP # DAAS-2005-01**" on the envelope, fax transmission, or e-mail. Questions received after the due date will not be answered.

Any verbal inquiries must be limited to procedural aspects of the procurement process and the Issuing Officer will answer no questions regarding the substance of the RFP. All substantive questions must be addressed through written inquiry. Answers to verbal questions may be given as a matter of courtesy and must be evaluated at respondent's risk.

Written responses to written questions will be distributed no later than July 20, 2004 to all those who have submitted letters of intent.

### **3.4 Proposal Submittal**

To be considered, each respondent shall submit a complete response to this RFP, using the format provided. An official who is authorized to bind the respondent to its provisions must sign the proposal in ink. The proposal must include a statement that the proposal remains valid through the evaluation, selection, and contract period.

A complete proposal shall contain a **Technical Proposal** and a **Cost Proposal**. **These shall be submitted at the same time but the Cost Proposal shall be sealed separately from the Technical Proposal. The Technical Proposal shall not contain cost or price information for any part of the project. The entire proposal will be disqualified from further consideration if the respondent fails to meet these requirements.** RFP Section 4 provides content requirements for the **Technical and Cost Proposals**.

Each proposal should be prepared simply and economically, providing a straightforward, clearly organized, and concise response by the respondent to the requirements of the RFP. Emphasis should be on completeness, clarity of content, and ease of use for the reviewers/evaluators. The respondent shall not include promotional materials in the proposal or with the proposal package.

### **3.5 Proposal Preparation Costs**

All costs for developing the response to this RFP are solely the responsibility of the respondents. The State will provide no reimbursement for such costs. All costs associated with any oral presentations to the State will be the responsibility of the respondent and shall not be paid for or reimbursed by the State. The State of Arkansas is not liable for any cost incurred by any respondent prior to the issuance of any agreement or contract.

All proposals, responses, inquiries, or correspondence relating to or in reference to this RFP will become the property of the State and will not be returned.

### **3.6 Acceptance of Proposals**

All proposals properly submitted in accordance with the above rules shall be accepted by the Division. However, the Division reserves the right to request necessary amendments or supplementation to proposals or to reject any or all proposals received, amend the RFP, or cancel this RFP at any time, according to the best interest of the State.

The State reserves the right to waive minor irregularities in proposals providing they meet the rules of procurement and mandatory requirements. Such a waiver shall be done in the best interest of the State and shall in no way modify the RFP requirements or excuse the respondent from full compliance with the RFP specifications, including contract requirements if the respondent is awarded the contract.

### **3.7 Rejection of Proposals**

The State reserves the right to reject any and all proposals received as a result of this RFP. Failure to furnish all information may disqualify a respondent. If the respondent takes exceptions to the RFP that are not acceptable to the State, the proposal may be rejected.

### **3.8 Disposition of Proposals**

All proposals become the public property of the State of Arkansas and will be a matter of public record subject to the provisions of the Arkansas Freedom of Information Act, Ark. Code Ann. §25-19-101 et seq. In accordance with Ark. Code Ann. §25-19-105 (b) (9) (A), to prevent any parties from obtaining information that would result in an unfair competitive advantage, no proposals will be released prior to the announcement of the results of the procurement process.

If the proposal contains material that is considered by the respondent to be confidential under Arkansas law, the respondent must so designate the material and state the basis for the claim of confidentiality in the Statement of Acknowledgement. In responding to any requests under the Freedom of Information Act for materials so designated, the Department shall review the basis for the claim of confidentiality to determine if the claim of confidentiality appears justified. If there appears to be a valid basis for the claim of confidentiality, the materials will not be released.

If, in the judgment of the Department, there is no valid justification for the claim of confidentiality, the respondent will be notified prior to the release of the information in order to allow the respondent the opportunity to pursue any desired legal remedies.

Portions of the successful proposal/response may be incorporated into the resulting contract and shall be a public record subject to the provisions of Ark. Code Ann., §25-19-101 through §25-19-107.

The State shall have the right to use all ideas, or adaptations of those ideas, contained in any proposal received in response to the RFP. Selection or rejection of the proposal shall not affect this right.

### **3.9 Subcontracting**

Each respondent in its proposal shall designate only one organization as the primary contractor. All other participating organizations shall be designated as subcontractors and all subcontractors are subject to prior approval by the Division.

Respondents shall certify that they have all the necessary resources to complete the work described in the RFP Scope section. Only the subcontractors approved by the Division shall work on the contract.

### **3.10 Independent Price Determination**

Respondent's Cost Proposal (price) shall be arrived at independently without collusion, consultation, communication, or agreement with any other respondent or with any competitor. The respondent shall include a statement in the proposal that the price was arrived at independently without collusion, consultation, communication, or agreement. Should a conflict of interest be detected at any time during the contract, the contract shall be deemed null and void and the contractor shall assume all costs of the contract until such time that a new contractor is selected.

### **3.11 Prohibited Solicitation**

It shall be a breach of ethical standards for a person to be retained, or to retain a person, to solicit or secure a state contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except for retention of bona fide employees or bona fide established commercial selling agencies maintained by the contractor for the purpose of securing business (Ark. Code Ann. §19-11-229). If this provision is violated, the State shall have the right to reject the proposal, annul the contract without liability, or deduct from the contract price or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

### **3.12 RFP Amendments**

The Division reserves the right to amend the request for proposals prior to the date of proposal submission. Amendments, addenda and clarification will be sent to all those who have submitted letters of intent.

### **3.13 Proposal Amendments and Rules of Withdrawal**

Prior to the proposal selection date, a submitted proposal may be withdrawn by submitting a written request for its withdrawal to the Division, signed by the respondent.

The Division will not accept any amendments, revisions, or alterations to the request for proposals after the proposal due date unless such changes were requested by the Division.

### **3.14 Respondent's Contact Person**

Respondent will provide the name and telephone number, including area code, of an authorized person in its company who may be contacted regarding this RFP response.

### **3.15 Incorporation into Contract**

Appropriate portions of the successful proposal may be incorporated into the resulting contract and will be a matter of public record subject to disclosure under the provisions of the Arkansas Freedom of Information Act, Ark. Code Ann. §25-19-101 et seq. The State shall have the right to use all ideas, or adaptations of those ideas, contained in any proposal received in response to this RFP. Selection or rejection of the proposal will not affect this right.

### **3.16 Opening of Proposals**

The Division will publicly open proposals that meet the mandatory requirements on the date identified in the RFP Schedule of Events. Only the Technical Proposals will be opened at that time. Cost Proposals will be opened after evaluation of the Technical Proposals is complete. Persons wishing to attend the public opening may contact the Issuing Officer for location and time information.

### **3.17 Awarding of Contract**

The Division may decline to enter into a contract as a result of this RFP. If a contract is awarded, it shall be awarded to the respondent whose proposal is determined to be most advantageous to DHS based on the selection criteria, not necessarily the lowest price. The State is not liable for any cost incurred by any respondent prior to the issuance of any contract. The contract is subject to state approval processes including but not limited to approval by the Department of Finance and Administration and legislative review as well as federal agency oversight and is not valid until those processes are complete.

### **3.18 Award Notice**

The notice of intended contract award will be sent to all respondents, by certified mail, return receipt requested within **one** business day after a selection is made.

### 3.19 Resolution of Protests

#### ***RULES OF PROCUREMENT***

Any respondent who contends to be adversely affected by the RFP or by the rules of procurement must file a written notice of protest with the State Procurement Director within fourteen calendar days after the respondent knows or should have know of the facts giving rise thereto in accordance with A.C.A. §19-11-244. The State Procurement Director or a designee, prior to commencement of an action in court or any other action provided by law will attempt to negotiate a settlement of the protest with the parties in accordance with A.C.A §. 9-11-246. If the claim or controversy is not resolved by mutual agreement, and after reasonable notice to the parties in accordance with A.C.A § 19-11-246 (c) (1), the State Procurement Director or his designee shall promptly issue a decision in writing stating the reason for the actions taken and a copy of the decision shall be mailed or otherwise furnished to the Contractor. This decision will be final and conclusive.

### 3.20 Performance Bond

The Contractor will furnish a performance bond or other form of surety acceptable to DHS in the amount of \$100,000 to the Department of Human Services Contract Administrator within thirty (30) calendar days after the selection of the successful respondent is made. **DHS must approve the content and form of the performance bond.** In extenuating circumstances, an extension may be granted to secure the bond. After securing the performance bond, it shall be the responsibility of the Contractor to notify the issuing surety company of any change of circumstance. If a respondent fails to deliver the required performance bond, the proposal may be rejected, the Bid Warranty may be enforced, and any further action on the award of the contract or the procurement shall be made solely at the discretion of the Department. In the event of a breach of contract, through the failure of the contractor to deliver the Project Manager and lead initiative personnel at the full time equivalents identified for each set forth in the contract, the Department may assess reasonable charges against the Contractor's performance contract, the Department may assess reasonable charges against the Contractor's performance bond. If the Contractor delivers any staff personnel whose work fails to meet the quality, quantity, and standards required under the contract, the Contract Administrator shall notify the Contractor of the default. If, after notification of default, the Contractor is unable to remedy the Department's damages, procedures for collection against the Contractor's bond will be instituted for the amount of damage incurred. Actions against this bond are in addition to any other remedies specified in other portions of this RFP.

## **SECTION 4**

### **PROPOSAL REQUIREMENTS**

#### **4.1 General Proposal Requirements**

Proposal shall include **one original, a diskette, and two (2) copies** responsive to the terms of the RFP. The proposal shall be received by the Division by the date and time identified in Section 2.1. **PROPOSALS RECEIVED AFTER THE DEADLINE WILL NOT BE CONSIDERED.** The envelope or package must be clearly labeled with the name and number of the RFP as indicated on the cover page of this RFP.

To be considered, each respondent shall submit a complete response to this RFP, using the format provided. An official authorized to bind the respondent to its provisions must sign the proposal in ink. The proposal must include a statement that the proposal remains valid through the evaluation, selection, and contract period.

A complete proposal shall contain a **Technical Proposal** and a **Cost Proposal**. **These shall be submitted at the same time but the Cost Proposal shall be sealed separately from the Technical Proposal. The Technical Proposal shall not contain cost or price information for any part of the project. The entire proposal will be disqualified from further consideration if the respondent fails to meet these requirements.** RFP Section 4 provides content requirements for the **Technical and Cost Proposals**.

Each proposal should be prepared simply and economically, providing a straightforward, clearly organized, and concise response by the respondent to the requirements of the RFP. Emphasis should be on completeness, clarity of content, and ease of use for the reviewers/evaluators. The respondent shall not include promotional materials in the proposal or with the proposal package. Fancy bindings, colored displays, promotional materials, etc., will receive no additional evaluation points or credit.

**ANY CONFIDENTIAL, PROPRIETARY, COPYRIGHTED, OR FINANCIAL MATERIAL SUBMITTED BY RESPONDENTS MUST BE MARKED AS SUCH AND SUBMITTED UNDER SEPARATE COVER.**

Proposals may be hand delivered to:  
Department of Human Services  
Division of Aging and Adult Services  
Attn: Deb Warrington  
Donaghey Plaza South – 5<sup>th</sup> Floor  
700 Main Street  
Little Rock, AR 72203

OR mailed to:

Division of Aging and Adult Services  
Department of Human Services  
IndependentChoices Demonstration Program  
Attn: Deb Warrington  
P.O. Box 1437, Slot S530  
Little Rock, AR 72203-1437

## 4.2 Technical Proposal Requirements

The Technical Proposal must present a complete detailed description of the respondent's qualifications to perform and its approach to carry out the requirements as set forth in **Section 1.4** and the **Terms and Conditions** as set forth in **Appendix A**.

The Technical Proposal shall be arranged according to the following order. Deviation from the prescribed order may disqualify a proposal.

1. Cover Sheet
2. Table of Contents
3. Statement of Acknowledgement (**see Attachment B**)
4. Respondent's Background, Experience, and Qualifications
5. Disclosure of Litigation
6. Technical Approach
7. Financial Disclosure
8. Proposal Bond

**The original proposal and all copies shall be indexed and tabbed with the above sections clearly marked.**

### 4.2.1 Cover Sheet

The Cover Sheet shall identify the name and number of the RFP and the name and address of the respondent.

### 4.2.2 Table of Contents

The Table of Contents shall itemize the contents of the proposal for facilitation of the evaluators reading the proposal.

### 4.2.3 Statement of Acknowledgement

The Statement of Acknowledgement (see **Attachment B**) must be signed by an individual authorized to legally bind the respondent. The Statement of Acknowledgement contains the following components (a "No" response on the Statement of Acknowledgement requires detailed explanation to be attached.):

- Name, address, phone number, fax number, and tax identification number of the

- respondent;
- Indication if the respondent is a state government, local government, for profit agency, or not for profit agency;
  - Indication if the respondent is a minority vendor (Arkansas law defines “minority” as black or African American, Hispanic American, American Indian or Native American, Asian, and Pacific Islander);
  - Indication if the respondent is a corporation, partnership, sole proprietor, or individual;
  - Names and titles of the individual authorized to contractually obligate the organization, the individual authorized to negotiate the contract, and the corporate president, if applicable.
  - Indication if the organization has previously contracted with DHS and, if so, a statement indicating whether or not the organization is in good standing with DHS.
  - Statement indicating whether or not the organization intends to offer services through a subcontractor (if “Yes”, additional information is required);
  - Statement certifying that the completed proposal includes an original, a diskette, and the required number of copies of the proposal in the required format and containing all required information;
  - Statement certifying that the respondent agrees to comply with all the terms and conditions as set forth in the RFP;
  - For respondents other than individuals, statement certifying that the respondent is an Arkansas Corporation, Limited Liability Corporation, or Professional Association. (Out-of-state respondents must obtain a Certificate of Authority from the Arkansas Secretary of State authorizing the respondent to transact business in the State of Arkansas before a contract can be executed.)
  - Statement certifying the respondent does not discriminate in its employment practices with regard to race, color, religion, age, sex, national origin, or handicap;
  - Statement certifying the respondent has not made, nor will they make, any attempt to persuade any other organization to submit or not to submit a proposal;
  - Statement certifying that the individual signing the Statement of Acknowledgement is authorized to make decisions as to, and responsible for, the prices quoted, that the offer is firm and binding, and that he/she has not participated, and will not participate, in any action contrary to the above conditions;
  - If services are offered through subcontractors, statements from each subcontractor, signed by an individual authorized to legally bind the subcontractor, stating:
    - The scope of work to be performed by the subcontractor;
    - The subcontractor’s willingness to perform the work indicated;
    - The subcontractor’s certification that he/she does not discriminate in its employment practices with regard to race, color, religion, age, sex, national origin, or handicap;

If the proposal deviates from the detailed requirements of this RFP in any manner, the respondent must attach an explanation to the Statement of Acknowledgement.

#### **4.2.4 Respondent's Background, Experience, and Qualifications**

- The proposal must state the respondent is willing to become a corporation, limited liability company, professional associated, limited partnership or partnership in order to provide services as set forth in the RFP.
- The proposal must include details of the contractor's background, its size and available resources. It should detail contractor's familiarity and experience with this type of service contract, and demonstrate contractor's ability to serve the Department's needs. It should specifically address the respondent's experience and training in areas of consumer-directed counseling, performing fiscal functions, and performing assessments.
- Each contractor must submit the names, addresses, and telephone numbers of three (3) references. References must be parties who can attest to the contractor's qualifications relevant to proving the services outlined in this RFP. Organizational or professional recommendations and reference must be submitted. Each reference must include the following:
  - Contact person and his/her title
  - Beginning and ending dates
  - Contract amount
  - Number of staff assigned to the project full-time
  - Detailed description of the scope of work
- Because recommendations and references will be verified, ensure all telephone numbers and addresses are current and correct.
- The proposal must include the names of subcontractor(s) and consultant(s) that a contractor anticipates using or intends to use in the performance of the contract. Additionally, all information required for a selection determination in the contractor's proposal, is required of the subcontractor(s) and consultant(s). For subcontractor(s) and consultant(s), contractors must include letters of agreement, contracts, or other forms of commitment that demonstrate their willingness to undertake their portion of the contract. The contractor must include a plan for the use of subcontractor(s) or consultant(s), if proposed, during this project. In addition, subcontractor(s) and consultant(s), contractors must include letters of agreement, contracts, or other forms of commitment that demonstrate their willingness to undertake their portion of the contract. The contractor must include a plan for the use of subcontractor(s) or consultant(s), if proposed, during this project. In addition, the contractor must include information regarding any outside requirements, contractual obligations, or litigation involving the contractor that could affect this contract. Each contractor must provide a written commitment to accept all contract provisions that are mandatory under the laws of the State of Arkansas and a written commitment to adhere to an established system of accounting and financial controls adequate to permit the effective administration of the contract.

- The contractor must provide an organizational chart displaying the overall business structure and how it will support this project. The contractor must also provide copies of its corporate charter, bylaws, and resolutions demonstrating (1) who has authority to sign contracts, legal pleadings, etc. on behalf of the contractor and under what circumstances or restrictions, and (2) authorizing its executive director or other signatory hereto to submit its proposal.
- The contractor must provide a brief history of the organization and any subcontract organizations.
- The proposal must also describe the qualification and credentials of the company with respect to the following:
  - Prior successful experience with similar projects in scope and nature, including number and description of recent projects successfully completed;
  - In-depth, first-hand knowledge about consumer-directed counseling and fiscal functions and related issues, and about issues involving the elderly and/or persons with disabilities;
  - Technical capacity for understanding and experience in recruitment, training, and completing the requirements for this project;
  - Ability to provide the necessary staff to accomplish the contract Scope of Work with a minimum loss of productive time;
  - Prior experience in dealing successfully with the public, specifically public speaking for churches, clubs and civic organizations and a description of advocacy initiatives;
  - Oral, written, and general interpersonal communication skills;
  - Prior experience in writing and compiling financial reports and informational manuals; and
  - Proof of the contractor's soundness and financial ability to carry out the project. All evidence under this requirement must be in sufficient detail to allow an adequate evaluation by the Department. Acceptable evidence will include, but not be limited to: financial statement from the two most recent audits performed by an independent auditor and a written statement from the contractor evidencing the successful completion of other projects of like size and scope;
- The proposal should detail how the contractor has made and will make available sufficient personnel resources to work within the specified time constraints and to maintain necessary performance levels. The proposal must detail the number and qualifications of personnel required to perform the work requested and include resumes of professional staff. The resumes must include the education, position in firm/company, years and types of experience and the duties that each will perform under the contract. The proposal should specifically address staff experience and training in the areas of consumer-directed performance of fiscal duties and communicating with clients on fiscal issues related to an individual's cash allowance. If staff will be recruited, the respondent must include job descriptions and minimal qualifications of potential personnel selectees.

#### **4.2.5 Disclosure of Litigation**

The respondent (and any subcontractors offering services) shall disclose in the proposal its/their involvement in any litigation that could affect the project or contract.

#### **4.2.6 Technical Approach and Solutions to Scope of Service**

The proposal must specify the respondent's plan for meeting the objectives of the contract.

Service delivery must be provided in accordance with the **Performance Indicators** found in **Attachment C**.

#### **4.2.7 Financial Disclosure**

The respondent shall provide evidence of financial status and the financial ability to carry out the project. Sufficient information shall be provided relevant to the last three years for the respondent and any subcontractors evidencing good standing.

#### **4.2.8 Proposal Bond**

The respondent shall provide a proposal bond in the amount of **\$10,000** in the form of a surety bond payable to Department of Human Services.

### **4.3 Cost Proposal Requirements**

**Cost Proposal MUST be submitted under separate cover from the Technical Proposal. Any reference to cost included within the Technical Proposal will result in respondent's proposal being rejected.**

The contractor is requested to develop two separate fees for:

1. Orientation and Training material to assure that participants can become employers, and
2. A monthly management fee for each participant who is self-directing during the month and assigned to the Fiscal Agent.

All overhead and expenses should be included in these fees. The total amount for the fees will depend on the number of project referrals and self-directing participants assigned to each region.

The monthly management fee will be paid to the Agency for each participant who is self-directing during the month. The monthly management fee for partial months of self-direction will be prorated. The total amount for the monthly management fee will depend on the number of project participants self-directing in each region. The

monthly management fee will include all contact(s) and activities necessary to assure that the participant is successful in self-direction of personal care services and includes some or all activities discussed in Program Deliverables A – through O.

A worksheet is not provided in this proposal. The contractor shall develop their worksheet and include that as part of the response. The fees proposed should be delineated for Enrollment, Orientation and Training to Establish Self-Direction and the Monthly Management Fee.

Orientation & Training to Establish  
Self-Direction

One-time Fee

Fiscal Functions for Participants  
Who Are Self-Directing

Monthly fee during  
Participant Self- Direction

**The orientation and training to establish self-direction cannot exceed \$25.00**  
**The monthly management fee cannot exceed \$30.00**

Points for each proposal will be assigned using the formula:

$X \text{ Divided by } N \text{ times } 400 = Z$  (the total respondent points for the price proposal)

Where

S = Monthly Management Fee

T = Orientation & Training Fee

X = Maximum price proposal (2,265 points)

N= Respondent's best price (S Multiplied by 12+T=N)

Z = Assigned points

Reimbursement of services rendered under this contract will be specifically outlined in the contract. EDS will remit an automated management fee per active participant in each region.

When a participant's enrollment in IndependentChoices begins or ceases the retroactive management fee to the Agency will be reconciled using a pro rata reimbursement methodology effective to the dates of IndependentChoices eligibility.

A proposal will be rejected if the price in the proposal was not arrived at independently without collusion, consultation, communication or agreement as to any matter relating to such process with any other contractor or with a competitor. In addition, the contractor is prohibited from submitting multiple proposals in a different form (e.g. as a prime respondent and as a subcontractor to another prime contractor). The contractor must include a certified statement in the proposal certifying that the price was arrived at without any conflict of interest, as described above. Should a conflict of interest be detected at any time during the contract, the contract will be deemed null and void and the Contractor must assume all costs of this project until such time that a new

contractor is selected.

The management fee will include services and requirements as described in this Request for Proposal, for the term of the contract period. The Respondent will include a statement certifying that all services properly requested will be performed as required. Fees invoiced for services not included in this request for proposals will not be the responsibility of the Department.

## SECTION 5

### EVALUATION AND CONTRACT SELECTION

#### 5.1 Proposal Evaluation Process

The proposals will be evaluated in phases.

The first phase is an evaluation of the Technical Proposals by a team of at least three highly qualified members appointed by the Division. Points will be awarded on a comparative evaluation as indicated below. The Division reserves the right to request clarifications during the second phase.

The second phase is an evaluation of, and awarding of points for, the Cost Proposal. The number points awarded to each Cost Proposal will be determined by the following mathematical formula:

$$\frac{\text{Lowest proposed cost for evaluation}}{\text{Proposed cost for evaluation being evaluated}} \times \text{maximum cost points} = \text{SCORE of Cost Proposal being evaluated}$$

In the third phase, for each proposal, the points for the Technical Proposal are added to the points for the Cost Proposal. The proposals are ranked according to total points.

#### 5.2 Point Assignment

All criteria to be considered in the evaluation of proposals are itemized below under "Criteria". The maximum points possible for each criterion are indicated in the column entitled "POSSIBLE POINTS".

TECHNICAL CRITERIA	POSSIBLE POINTS
Respondent's Background, Experience & Qualification _____	200
Respondent's Management, Administration & Staffing _____	200
Project Understanding as Demonstrated in the Response _____	400
SUBTOTAL POINTS FOR TECHNICAL _____	800
<p style="text-align: center;"><b>COST CRITERIA</b></p> <p>Respondent's Enrollment Fee and Management Fee.</p> <p style="text-align: center;">POINTS FOR COST _____</p>	Respondent's Cost Proposal for performance of work requested. The lowest computed price proposal will be awarded maximum value. The value of other proposals will be awarded on a basis proportionate to the lowest cost proposal.
<b>Total Points</b>	<b>1000</b>

### 5.3 Proposal Award Process

The contract will be awarded to the respondent that provides the most effective solution for the price quoted, not necessarily the one with the lowest cost.

The format for the professional services contract, as prescribed by Arkansas law, can be found in **Attachment D**.

### 5.4 Notification

Upon completion of the proposal evaluations, DMS will send to all respondents whose proposals were evaluated a notice of final selection. The notice will be sent by certified mail.

DHS/DMS may decline to enter into a contract as a result of this RFP. If a contract is awarded, it shall be awarded to the respondent whose proposal is determined to be most advantageous to the State based on the selection criteria, not necessarily the lowest price. The contract is subject to state approval processes and is not in force until that process is complete. The RFP and the contract shall be in compliance with 42 CFR Part 434.

## **5.5 Protest of Award**

Respondents who wish to protest the award shall follow this procedure. Any respondent who contends to be adversely affected by the RFP or by the rules of procurement must file a written notice of protest with the State Procurement Director within fourteen calendar days after the respondent knows or should have know of the facts giving rise thereto in accordance with A.C.A. §19-11-244. The State Procurement Director or a designee, prior to commencement of an action in court or any other action provided by law will attempt to negotiate a settlement of the dispute with the parties in accordance with A.C.A §. 9-11-246. If the claim or controversy is not resolved by mutual agreement, and after reasonable notice to the parties in accordance with A.C.A § 19-11-246 (c) (1), the State Procurement Director or his designee shall promptly issue a decision in writing stating the reason for the actions taken and a copy of the decision shall be mailed or otherwise furnished to the Contractor. This decision will be final and conclusive.

# ATTACHMENT A

## PROFESSIONAL SERVICES CONTRACT GENERAL TERMS AND CONDITIONS FOR NON-STATE AGENCY

In consideration of the premises and the mutual agreements hereinafter set forth, the Contractor and the Department of Human Services (“the Department”) agree as follows:

**Legal Considerations**

The contract shall be construed according to the laws of the State of Arkansas. Any legal proceedings against the Department shall be brought in the State of Arkansas’ administrative or judicial forums and the rights and remedies of the parties hereunder shall be determined in accordance with such laws. Venue for all legal proceedings shall be in Pulaski County, Arkansas. Nothing in this contract may be construed as a waiver of the Department’s sovereign immunity.

In no event shall the initial term of this contract extend beyond the end of the current biennial period unless the General Assembly, prior to the expiration of the biennial period, makes an appropriation for such purpose.

**Financial Terms of the Contract**

**Payments will be made after services performed based on the following financial terms:**

Funding Source	Reimbursement Method *	Payment Limitations **	Match Requirements***	
			Maximum Amount of Match Required <u>OR</u> Percentage of Allowable Billing Required	Type(s) of Match (Select from listing below)

**\*Reimbursement Method:** (Select from the following) Actual Cost Reimbursement; Final Negotiated Rate; Fixed Rate; Scheduled Reimbursement

**\*\*Payment Limitations:** (Select from the following) Quarterly Cumulative; Monthly Cumulative; None

**\*\*\*Matching Requirements:** The Contractor certifies the funds, property, goods, or services listed in this section will be used to meet the match requirements of this agreement. If there are no matching requirements for a funding source, enter “None” in the corresponding box above.

**Type(s) of Match:** The matching requirement may be satisfied by any one or a combination of the following methods unless specific funding source restrictions apply:

**Cash Match:** Cash will be obtained by the Contractor and will be applied against allowable costs covered by this agreement.

**Donation of Property:** Title to or the use of property or equipment has been donated by a public agency for the program(s) covered by this agreement. If title to property is donated, match value is the fair market value of the property. If the use of the property or equipment is donated, match value is the fair rental value as determined by applicable Department policy will be used as matching of the payments.

**Third Party In-Kind Contributions.** Property, goods, or services have been donated by a non-federal agency for the programs(s) covered by this agreement without charge to the contractor. The Code of Federal Regulations, Title 45, Part 74, Subpart G shall be used to establish the basis of valuation.

**Funds Transfer:** Match funds will be submitted by a third party to the Department of Human Services by check or money order under the terms of this agreement. Matching funds are to be received by DHS in an amount sufficient to match billing before the contractor will be reimbursed for services.

For contracts for which the donor is a state agency, it is understood that, in accordance with Arkansas Statutes Annotated 13.339 (E), such donations are subject to availability of appropriated funds which may lawfully be used for this purpose.

The Contractor certifies that any funds to be donated under this agreement which are derived or come directly or indirectly from Federal or State funds, or any other contractor under contract to the Department, have been specifically listed as a source above.

The Contractor certifies that the matching arrangements comply with requirements established in the Code of Federal Regulations, Title 45, Part 74, Subpart G (Cost Sharing or Matching) and all applicable DHS policy.

**Term of the Contract**

This contract may be extended until		, in accordance with the terms stated
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in the procurement, by written mutual agreement of both parties and subject to approval of the Arkansas Department of Finance and Administration/Director of Office of State Procurement, appropriation of necessary funding, and review by any necessary state or federal authority.

The Department shall notify the contractor at least thirty (30) days prior to the end of the contract period or extension thereof if the State intends to amend to extend the contract. If notification is not made, the contract will terminate at the end of the contract period or current extension thereof.

**Terms of Payment/Billing**

The Contractor agrees to submit all billing invoices within sixty days of the expiration of the contract. Any billings for services rendered during a particular state fiscal year which are not submitted within ninety days of the end of the fiscal year will not be paid.

**Termination of Contract**

DHS may cancel this contract unilaterally at any time, for any reason including unavailability of federal funds, state funds or both by giving the other party thirty (30) calendar days written notice, and delivering notice of cancellation either in person or by certified mail, return receipt requested, restricted delivery. Availability of funds will be determined at the sole discretion of the Department.

Payments for completed services or deliverables satisfactorily delivered to and approved by the Department shall be at the contract price. Payment for partially completed services or deliverables satisfactorily

delivered to and not yet approved by the Department shall be at a price mutually agreed upon by the Contractor and the Department. In addition to any other law, rule or provision which may authorize complete or partial contract termination, the Department may terminate this contract in whole or in part when the Department determines that the Contractor or subcontractor has failed to satisfactorily perform its contractual duties and responsibilities.

#### **Procedure on Expiration or Termination**

Upon delivery by certified mail to the Contractor of a Notice of Termination specifying the nature of the termination and the date upon which such termination becomes effective, the Contractor shall:

- Stop work under the contract on the date and to the extent specified in the Notice of Termination,
- Place no further orders or enter in any additional subcontracts for services,
- Terminate all orders and subcontracts to the extent that they relate to the performance of work terminated by the Notice of Termination,
- Assign to the Department in the manner and to the extent directed by the Department representative all of the right, title and interest of the Contractor in the orders or subcontracts so terminated. The Department shall have the right, in its discretion, to settle or pay any and all claims arising out of the termination of such orders and subcontracts,
- With the approval or ratification of the Department representative, settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, the cost of which would be reimbursable, in whole or part, in accordance with the provisions of this Contract.
- Transfer title to the Department and deliver in the manner, at the time, and extent directed by the Department representative, all files, data, information, manuals, or other documentation, or property, in any form whatsoever, that relate to the work terminated by the Notice of Termination.
- Complete the performance of such part of the work as shall not have been terminated by the Notice of Termination.
- Take such action as may be necessary, or as the Department representative may direct, for the protection and preservation of the property related to the contract which is in the possession of the Contractor and in which the Department has or may acquire an interest.

The Contractor shall proceed immediately with the performance of the above obligations notwithstanding any delay in determining or adjusting the amount of any item or reimbursable price under this clause.

#### **Termination Claims**

After receipt of a Notice of Termination, the Contractor shall submit to the Department all outstanding claims within ten (10) working days. The Contractor and the Department may agree upon the amounts to be paid to the Contractor by reason of the total or partial termination of work as described in this section.

In the event of the failure of the Contractor and the Department to agree in whole or in part as to the amount with respect to costs to be paid to the Contractor in connection with the total or partial termination of work as described in this section, the Department shall determine, on the basis of information available, the amount, if any, due to the Contractor by reason of termination and shall pay to the Contractor the amount so determined.

#### **Contractor**

It is expressly agreed that the Contractor, officers, and employees of the Contractor or Sub-Contractor in the performance of this contract shall act in an independent capacity and not as officers or employees of the Department. It is further expressly agreed that the Department shall exercise no managerial responsibility over the Contractor nor shall this contract be construed as a partnership or joint venture between the Contractor or any subcontractor and the Department or the State of Arkansas.

The Contractor hereby represents and warrants to the Department that as of the execution date of this Contract:

- The Contractor has been duly organized and is validly existing and in good standing under the laws of the State of Arkansas, with power, authority, and legal right to enter into this Contract.
- There are no proceedings or investigations pending or threatened, before any court, regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Contractor or its properties (i) seeking to prevent the consummation of any of the transactions contemplated by this Contract; or (ii) seeking any determination or ruling that might materially and adversely affect the performance by the Contractor of its obligations hereunder, or the validity or enforceability of this Contract.
- All approvals, authorizations, consents, orders or other actions of any person or of any governmental body or official required to be obtained on or prior to the date hereof in connection with the execution and delivery of this Contract and the performance of the services contemplated by this Contract and the fulfillment of the terms hereof have been obtained.
- The Contractor and the executive officers of the Contractor has not been the subject of any proceeding under the United States Bankruptcy Code.

### **Force Majeure**

The Contractor will not be liable for any cost to the Department if the failure to perform the contract arises out of causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not restricted to, Acts of God, fires, quarantine restriction, strikes and freight embargoes.

### **Disputes**

In the event of any dispute concerning any performance by the Department under the contract, the Contractor shall notify the Division Director in writing. The State Procurement Director or a designee, prior to commencement of an action in court or any other action provided by law, will attempt to negotiate a settlement of the dispute with the parties in accordance with A.C.A. § 19-11-246. If the claim or controversy is not resolved by mutual agreement, and after reasonable notice to the parties in accordance with A.C.A. § 19-11-246 (c) (1), the State Procurement Director or his designee shall promptly issue a decision in writing stating the reason for the actions taken and a copy of the decision shall be mailed or otherwise furnished to the Contractor. This decision will be final and conclusive.

Pending final determination of any dispute hereunder, the contractor shall proceed diligently with the performance of the contract and in accordance with the Division Director's instructions.

### **Confidentiality of Information**

In connection with this Contract, each party hereto will receive certain confidential information relating to the other party. For purposes of this Contract, any information furnished or made available to one party relating to the financial condition, results of operation, business, customers, properties, assets, liabilities or information relating to recipients and providers, including but not limited to protected health information as defined by the Privacy Rule promulgated pursuant to the Health Insurance Portability and Accountability Act (HIPAA) of 1996, is collectively referred to as "Confidential Information".

The contractor shall safeguard the use and disclosure of information concerning applicants for or recipients of Title XIX services in accordance with 42 CFR Part 431, Subpart F, and shall comply with 45 CFR Parts 160 and 164 and shall restrict access to and disclosure of such information in compliance with federal and state laws and regulations.

The Contractor shall treat all Confidential Information which is obtained by it through its performance under the contract as Confidential Information to the extent that confidential treatment is provided under State and Federal law, and shall not use any information so obtained in any manner except as necessary for the

proper discharge of its obligations and securing of its rights hereunder. The parties acknowledge that the disclosure of Confidential Information in contravention of the provisions hereof would damage the party to whom the information disclosed relates and such party has the right to seek all remedies at law or equity to minimize such damage and to obtain compensation therefor.

### **Public Disclosure**

Upon signing of the contract by all parties, terms of the contract shall become available to the public, pursuant to the provisions of Ark. Code Ann., § 25-19-101 et seq.

### **Inspection of Work Performed**

The State of Arkansas and its authorized representatives shall, at all reasonable times, have the right to enter the Contractor's work areas to inspect, monitor, or otherwise evaluate the quality, appropriateness, and timeliness of work, services, or both, that have been or are being performed.

### **Subcontracts**

The Contractor is fully responsible for all work performed under the contract. The Contractor may, with the prior written consent of the Department, enter into written subcontract(s) for performance of certain of its functions under the contract. No subcontract under this contract shall in any way relieve the Contractor of any responsibility for performance of its duties. The Contractor agrees that all subcontracts shall adhere to Department policies.

The Contractor shall give the Department immediate notice in writing by certified mail of any action or suit filed and prompt notice of any claim made against the Contractor or any subcontractor which may result in litigation related in any way to the contract or the Department.

### **Audit Requirement:**

Contractor shall comply with the DHS audit requirements as outlined in "Arkansas Department of Human Services Audit Guidelines". Copies may be obtained from:

Arkansas Department of Human Services  
Office of Chief Counsel Audit Section  
P.O. Box 1437 – Slot S270  
Little Rock, Arkansas 72203-1437

### **Indemnification**

The Contractor agrees to indemnify, defend, and save harmless the State, the Department, its officers, agents and employees from any and all damages, losses, claims, liabilities and related costs, expenses, including reasonable attorney's fees and disbursements awarded against or incurred by the Department arising out of or as a result of:

- Any claims or losses resulting from services rendered by any person, or firm, performing or supplying services, materials, or supplies in connection with the performance of the contract;
- Any claims or losses to any person or firm injured or damaged by the erroneous or negligent acts (including without limitation disregard of Federal or State regulations or statutes) of the Contractor, its officers or employees in the performance of the contract;
- Any claims or losses resulting to any person or firm injured or damaged by the Contractor, its officers or employees by the publication, translation, reproduction, delivery, performance, use, or disposition of any data processed under the contract in a manner not authorized by the contract, or by Federal or State regulations or statutes;
- Any failure of the Contractor, its officers or employees to observe local, federal or State of Arkansas laws, including but not limited to labor laws and minimum wage laws.
- The Contractor shall agree to hold the Department harmless and to indemnify the Department for any additional costs of alternatively accomplishing the goals of the contract, as well as any liability, including

liability for costs or fees, which the Department may sustain as a result of the Contractor's or its subcontractor's performance or lack of performance.

### **Assignments**

The Contractor shall not assign the contract in whole or in part or any payment arising without the prior written consent of the Department representative.

### **Waiver**

No covenant, condition, duty, obligation, or undertaking contained in or made a part of the contract will be waived except by the written agreement of the parties, and forbearance or indulgence in any other form or manner by either party in any regard whatsoever shall not constitute a waiver of the covenant, condition, duty, obligation, or undertaking to be kept, performed, or discharged by the party to which the same may apply; and until complete performance or satisfaction of all such covenants, conditions, duties, obligations, and undertakings, any other party shall have the right to invoke any remedy available under law or equity, notwithstanding any such forbearance or indulgence.

### **Department Property**

Property, including intellectual property, acquired or created by the Contractor as a Contract deliverable, is the property of the Department. The Contractor shall be responsible for the proper custody and care of all Department owned property, including Department owned property used in connection with the performance of this contract and the Contractor agrees to reimburse the Department for its loss or damage due to negligence, theft, vandalism, or Acts of God.

### **Use and Ownership of Software**

The Contractor will have access to all applications software that DHS requires the Contractor to use in the performance of the services covered in the contract, subject to customary confidentiality and other license terms and conditions. No changes in the applications software may be made without the written consent of the Contract Administrator if the change would have the effect of causing DHS to incur additional costs for either hardware or software upgrades or both.

Any applications software developed by the Contractor in the performance of the services under this contract must become the property of the State of Arkansas at no additional cost. Any existing software applications owned by the Contractor and used in the performance of the services under this contract must be granted to the State of Arkansas at no additional cost, subject to customary confidentiality and other license terms and conditions.

### **Contract Variations**

If any provision of the Contract (including items incorporated by reference) is declared or found to be illegal, unenforceable, or void, then both the Department and the Contractor shall be relieved of all obligations arising under such provision. If the remainder of the Contract is capable of performance, it shall not be affected by such declaration or finding and shall be fully performed.

### **Attorney's Fees**

In the event that either party to this Contract deems it necessary to take legal action to enforce any provision of the contract, and the Department prevails, the Contractor agrees to pay all expenses of such action, including attorney's fees and costs at all stages of litigation as set by the court or hearing officer. Legal action shall include administrative proceedings.

### **Liability**

In the event of non-performance of a contractual obligation by the Contractor or his agents which results in the determination by Federal authorities of noncompliance with Federal regulations and standards, the

Contractor will be liable to the Department in full for all penalties, sanctions and disallowance's assessed against the Department.

### **Records Retention**

The Contractor agrees to retain all records for five (5) years after final payment is made under this Contract or any related subcontract. In the event any audit, litigation or other action involving these records is initiated before the end of the five (5) year period, the Contractor agrees to retain these records until all issues arising out of the action are resolved or until the end of the five (5) year period, whichever is later. The Contractor agrees to retain all protected health information as defined by the Privacy Rule promulgated pursuant to HIPAA for six (6) years or as otherwise required by HIPAA.

### **Access to Contractor's Records**

The Contractor will grant access to its records upon request by state or federal government entities or any of their duly authorized representatives. Access will be given to any books, documents, papers or records of the Contractor which are related to any services performed under the contract. The Contractor additionally consents that all subcontracts will contain adequate language to allow the same guaranteed access to the records of subcontractors.

### **Ownership of Documentation**

All documents and deliverables prepared by the Contractor and accepted by the Department shall become the property of the Department and shall not be used for any other purpose by the Contractor without the Department's specific written consent.

### **Disclosure**

The failure of any person or entity to disclose as required under any term of Executive Order 98-04, or the violation of any rule, regulation or policy promulgated by the State Department of Finance and Administration pursuant to this Order, shall be considered a material breach of the terms of the contract, lease, purchase agreement, or grant and shall subject the party failing to disclose or in violation to all legal remedies available to the Department under the provisions of existing law.

### **Set-Off**

The parties agree that the Department, in its sole discretion, shall have the right to set-off any money Contractor owes the Department from the Department's payment to Contractor under this contract.

### **State and Federal Laws**

Performance of this contract by both parties must comply with State and federal laws and regulations. If any statute or regulation is enacted which requires a change in this contract or any attachment, then both parties will deem this contract and any attachment to be automatically amended to comply with the newly enacted statute or regulation as of its effective date.

### **Accessibility Act 1227 of 1999**

The Contractor expressly acknowledges that state funds may not be expended in connection with the purchase of information technology unless that system meets certain statutory requirements, in accordance with State of Arkansas technology policy standards, relating to accessibility by persons with visual impairments.

Accordingly, the Contractor represents and warrants to the Department of Human Services that the technology provided to the Department of Human Services for purchase is capable, either by virtue of features included within the technology or because it is readily adaptable by use with other technology, of: (1) providing equivalent access for effective use by both visual and nonvisual means; (2) presenting information, including prompts used for interactive communications, in formats intended for nonvisual use;

and (3) after being made accessible, it can be integrated into networks for obtaining, retrieving, and disseminating information used by individuals who are not blind or visually impaired.

For purposes of this paragraph, the phrase "equivalent access" means a substantially similar ability to communicate with or make use of the technology, either directly by features incorporated within the technology or by other reasonable means such as assistive devices or services which would constitute reasonable accommodations under the Americans with Disabilities Act or similar state or federal laws. Examples of methods by which equivalent access may be provided include, but are not limited to, keyboard alternatives to mouse commands and other means of navigating graphical displays, and customizable display appearance. If requested, the Contractor must provide a detailed plan for making the purchase accessible and/or a validation of concept demonstration.

#### **Criminal History Check/Central Registry Check**

Contractor shall comply with Arkansas Code Annotated (A.C.A.) §21-15-101 *et seq*, or any amendments thereto, which requires all employees of state agencies, in designated positions including those providing care, supervision, treatment or any other services to the elderly, mentally ill or developmentally disabled persons, to individuals with mental illnesses or to children who reside in any state-operated facility or a position in which the applicant or employee will have direct contact with a child, to have a criminal history check and a central registry check. Should an applicant or employee be found to have been convicted of a crime listed in A.C.A. §21-15-101 *et seq*, that employee shall be prohibited from providing services in a designated position as defined by Arkansas law or being present at the facility.

#### **Compliance with Department Policy Issuances**

The Contractor agrees to deliver the services authorized by this contract or any attachment in accordance with all manuals and other official issuances of the Department promulgated through the Administrative Procedures Act.

#### **Relinquishment**

The failure of the Department to insist upon the performance of any of the conditions in any one or more instances shall not be construed as a waiver or relinquishment of the future benefit of said condition.

#### **Entire Contract**

The parties acknowledge that each have read this Contract, understand it and agree to be bound by the terms. The parties further agree that this Contract is the complete and exclusive statement of the agreement of the parties with respect to the subject matter hereof and that it supersedes all prior proposals, representations, arrangements, understandings, and agreements, whether oral or written, between the parties with respect to the subject matter hereof.

This Contract may not be modified, amended, or in any way altered except by a written agreement duly executed by the parties and approved in accordance with the laws and established procedures of the State of Arkansas.

#### **Survival of Rights and Obligations**

The right and obligations of the Parties under this Contract shall survive and continue after the ending or expiration of the term of this Contract, and shall bind the parties, and their legal representatives, successors, heirs and assigns.

#### **Notices**

All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if mailed by first class mail, postage prepaid, to:

\_\_\_\_\_  
(address)

Attention: \_\_\_\_\_

(name of contractor contact person or such other name or address as may hereafter be furnished to Department in writing by the Contractor)

Notices to the Department should be mailed to:

\_\_\_\_\_  
(address)

Attention: \_\_\_\_\_

(name of DHS contact person)

**Severability of Provisions**

If any one or more of the covenants, agreements, provisions or terms of this Contract shall be for any reason whatsoever held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Contract and shall in no way affect the validity or enforceability of the other provisions of this Contract.

**Certification Regarding Lobbying:**

The Contractor will comply with public law 101-121, section 319 (section 1352 of Title 31 U.S.C.) for an award in excess of \$100,000.00 by certifying that appropriated federal funds have not been or will not be used to pay any person to influence or attempt to influence a federal official/employee in connection with the awarding of any federal contract, grant, loan or cooperative agreement.

If the Contractor has paid or will pay for lobbying using funds other than federal appropriated funds, Standard Form-LLL (Disclosure of Lobbying Activities) shall be completed and included as an attachment to this contract.

**Certification Regarding Debarment**

The Contractor, as a lower tier recipient of \$25,000.00 or more in federal funds, will comply with Executive Order 12549 (Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion-Lower Tier Covered Transactions). By signing and submitting this lower tier proposal, the prospective lower tier participant, as defined in 45 CFR Part 76, certifies to the best of its knowledge and belief that it and its principals:

- are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal or state agency
- where the prospective lower tier participant is unable to certify to any of the above, such prospective participant shall attach an explanation to this proposal.

The prospective lower tier participant further agrees by submitting this proposal that it will include this clause entitled \*Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion-Lower Tier Covered Transactions\* without modification in all lower tier covered transactions.

I hereby certify that the Contractor is in compliance with Public Law 101-121 (Certification Regarding Lobbying) and Executive Order 12549 (Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion-Lower Tier Covered Transactions):

---

Signature

Date

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Printed or Typed Name and Title of Certifying Official

**Certification Regarding Employment Practices**

Neither the Contractor nor its subcontractors shall discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age (except as provided by law), marital status, political affiliation, or disability. The Contractor must take affirmative action to ensure that employees, as well as applicants for employment, are treated without discrimination because of their race, color, religion, sex, national origin, age (except as provided by law), marital status, political affiliation, or disability. Such action shall include, but not be limited to, the following:

- Employment
- Promotion
- Demotion or transfer
- Recruitment or recruitment advertising
- Layoff or termination
- Rates of pay or other forms of compensation, and
- Selection for training, including apprenticeship.

Contractor certifies that neither the contractor nor its subcontractors shall discriminate against any employee or applicant for employment because of race, color, religion, gender, national origin, age (except as provided by law) or disability. Contractor must insure that employees, as well as applicants for employment, are treated without discrimination because of their race, color, religion, gender, national origin, age (except as provided by law) or disability. Such action shall include, but not be limited to, employment, promotion, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection of training, including apprenticeships.

---

Signature

Date

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Printed or Typed Name and Title of Certifying Official

## Attachment B STATEMENT OF ACKNOWLEDGEMENT

<b>SECTION I      RESPONDENT ORGANIZATION INFORMATION</b>
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**NAME OF ORGANIZATION:** \_\_\_\_\_

**ADDRESS:** \_\_\_\_\_ **PHONE:** (    ) \_\_\_\_\_  
 \_\_\_\_\_ **FAX #:** (    ) \_\_\_\_\_

**TAXPAYER IDENTIFICATION / SOCIAL SECURITY NUMBER:** \_\_\_\_\_

MINORITY VENDOR	STATE AGENCY	LOCAL GOVERNMENT	FOR PROFIT	NON-PROFIT	CORPORATION	INDIVIDUAL	PARTNERSHIP	SOLE PROPRIETOR
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**PERSON AUTHORIZED BY ORGANIZATION TO CONTRACTUALLY OBLIGATE THE ORGANIZATION:**  
 NAME: \_\_\_\_\_ TITLE: \_\_\_\_\_

**PERSON AUTHORIZED BY ORGANIZATION TO NEGOTIATE THE CONTRACT ON BEHALF OF THE ORGANIZATION:**  
 NAME: \_\_\_\_\_ TITLE: \_\_\_\_\_

**CORPORATE PRESIDENT'S NAME AND ADDRESS (IF NOT APPLICABLE, SO NOTE):**  
 NAME: \_\_\_\_\_ ADDRESS: \_\_\_\_\_  
 OFFICIAL TITLE: \_\_\_\_\_

<b>Have you previously been a provider for the Department of Human Services?</b> If "YES," are you in good standing? YES NO	YES	NO
<b>Do you intend to offer any services through a subcontractor?</b> If "YES," are signed letters of agreement, contracts, or other forms of commitment attached? YES NO	YES	NO

<b>SECTION II      PROPOSAL REQUIREMENTS</b>
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**One (1) original (marked "ORIGINAL"), one (1) diskette and two (2) copies of the proposal are attached to this Statement of Acknowledgement?** YES NO  
 Circle the DAAS Service Area for which you are proposing:    II    III    IV

<b>Proposal Includes:</b> 4.2.1 Cover Sheet 4.2.2 Table of Contents 4.2.3 Statement of Acknowledgement (see Attachment B) 4.2.4 Disclosure of Litigation 4.2.5 Respondent's Background, Experience, and Qualification 4.2.6 Technical Approach 4.2.7 Financial Disclosure 4.2.8 Proposal Bond	YES	NO
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<b>SECTION III      STATEMENT OF ACKNOWLEDGEMENT</b>
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**By signature of this form and submission of a proposal in response to this RFP, the respondent acknowledges and agrees to have received any and all amendments to this RFP and to the following:**

- I. The terms and conditions set forth in the RFP.
- II. The respondent is an Arkansas Corporation, Limited Liability Corporation, or Professional Association. If the respondent is from out-of-state, they must submit a Certification of Authority from the Secretary of State (Ark. Code Ann. 4-27-1501 and 4-27-1502) which authorizes them to transact business in the State of Arkansas.
- III. The respondent does not discriminate in its employment practices with regard to race, color, religion, age, sex, national origin, or handicap.
- IV. No attempt has been made or will be made by the respondent to persuade any other person or firm to submit or not to submit a proposal.
- V. The person signing this proposal certifies that he/she is the person in the respondent's organization responsible for, or authorized to make decisions as to the prices quoted and that the offer is firm and binding and that he/she has not participated, and will not participate, in any action contrary to the above conditions.
- VI. To comply with appropriate licensure statutes as listed in the RFP.

SIGNATURE BY OFFICER OF ORGANIZATION Authorized to Contractually Obligate	TITLE	DATE
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## Attachment C

### ARKANSAS DEPARTMENT OF HUMAN SERVICES PERFORMANCE BASED CONTRACTING

Pursuant to Ark. Code Ann. 19-4-1716 et. seq., the selected contractor will have to comply with performance based contract standards. Following are the performance based contracting standards that will be a part of the contract and will have to be complied with for acceptable performance to occur under the contract.

- I. The contract must comply with all statutes, regulations, codes, ordinances, licensure or certification requirements applicable to the contractor or to the contractor's agents and employees and to the subject matter of the contract. Failure to comply shall be deemed inadequate performance.
- II. The contractor agrees to hold the contracting Division/Office harmless and to indemnify the contracting Division/Office for any additional costs of alternatively accomplishing the goals of the contract, as well as any liability, including liability for costs or fees, which the contracting Division/Office may sustain as a result of the contractor's performance or lack of performance.
- III. During the term of the contract, the division/office will complete sufficient performance evaluation(s) to determine if the contractor's performance is satisfactory or unsatisfactory.
- IV. The contract program deliverables and performance indicators to be performed by the contractor are demonstrated by the following requirements:

**(A) GOAL: The contractor shall assure the provision of IndependentChoices fiscal services to eligible participants.**

#### **Performance Indicator:**

1. Prepare and maintain a work plan acceptable to DAAS. The work plan must include a detailed description of all activities required to successfully implement and maintain operations under this contract. The work plan must be sufficiently detailed to enable DAAS to be satisfied that the work is to be performed in a logical sequence, in a timely manner, and with an efficient use of resources. Each activity listed in the work plan must include a description of the task, a scheduled start date and a scheduled completion date. The work plan shall address recruitment and training appropriate staff; accounting procedures to track the individual participant's cash allowance including posting of income and expenditures with a monthly balance carry-over; the ability of the contractor to provide monthly reports to identify and report to DAAS any person who after the last payroll of the month has a remaining balance in excess of 30 days of their allowance; monitoring the uses of the cash allowance; disbursing the cash allowance; payments and reporting of the full range of identified fiscal activities in Appendix A incorporated herein ; develop and maintain a client tracking system;

- providing DAAS with quarterly activity reports; the Quality Management Plan and resolving payment discrepancies.
2. The contractor is responsible for the provision of IndependentChoices fiscal activities in the assigned region.
  3. The contractor shall be paid a monthly management fee for each IndependentChoices participant actively self-directing in their region. The contractor shall accept these fees as payment in full inclusive of all administrative costs, transportation costs, overhead, and profit for all counseling activities required under this contract. The contractor understands that receipt of first monthly management fee services for November 2004 will not be received until the week of December 5<sup>th</sup>, 2004 and respondent must be capable of sustaining its business operations until this time.

**Acceptable Performance is Defined as:**

The contractor shall provide a complete work plan acceptable to DAAS, containing the required information, by October 1, 2004. All services must be provided as set forth in the approved work plan.

- (B) GOAL: Establish a clear, effective, and accessible communication path for participants and attendants. The process must answer questions, resolve problems, and provide information.**

**Performance Indicator:**

1. Manage a toll-free telephone number to answer questions or discuss problems related to the fiscal activities of the Contractor. During times when the office is closed, a voice message system must be used. Calls left on the voice message system must be answered within one working day from when the message was left. Hours of operation shall be from 8:00 a.m. to 4:30 p.m., Monday through Friday with only State holidays observed. The Governor's inclement weather policy will be implemented at appropriate times.
2. Maintain a register identifying complaints of participants by Medicaid number, representatives and assistants. A corrective action plan must be developed and operational that resolves the issue and must begin within 10 days of the report and recorded in the register. If the complaint cannot be resolved or is recurring, DAAS must be notified immediately. A copy of the complaint register for incidents incurred during the quarter is attached to the Quarterly Report.
3. Operate, at a minimum, a 28.8 fax machine and maintain at least 2 desktop computers with Internet capabilities for e-mail purposes. The contractor must be able to efficiently track participant information.
4. Provide alternative formats, if requested. These include material in large print, on disk, in Braille, translators, and interpreters.

5. Establish and maintain a TDD line. The number must be listed on letterhead, brochures, and any other public material.
6. Provide information within 5 calendar days if requested by the participant or representative. The information may include, but is not limited to the following:
  - A. Financial activity performed on behalf of the participant.
  - B. Payroll checks (amount of check, withholding information, tracking non-receipts and/or estimated disbursement date).
  - C. Bank account balances.

**Acceptable Performance is Defined as:**

1. Providing clear, accurate and timely information to each participant, assistant or representative.
2. Acceptable performance will be to adhere to the performance indicators with no more than a total of two violations each quarter, per region.

**(C) GOAL: Review completed orientation on the fiscal activities required for Option 1 and Option 2 participants in the IndependentChoices project. This orientation shall include an explanation of the responsibilities of the participant, representatives, assistant, the Fiscal Agency, the counselors and DAAS and completion of essential paperwork to begin self-direction.**

**Performance Indicator:**

1. Prepare an orientation packet to teach a participant wishing to act as their own fiscal agent. The orientation will include a method acknowledging the participants understanding of responsibilities and requirements. This orientation will serve as a guide for staff working with Option 1 participants.
2. Review received employer and employee forms for accuracy. Communicate with participant on any inadequacies and obtain corrections before dispersing cash allowance.
3. Establish a participant and worker file on each participant receiving an allowance and each of their workers.

**Acceptable Performance is Defined as:**

All participants and their directly hired workers will have the required federal and state forms on file to assure compliance with state and federal regulations and laws with at least 95% accuracy.

**(D) GOAL: Provide written material to Option 1 participants/representatives (those persons wishing to perform all of their fiscal activities) on withholding, filing,**

**and depositing requirements of all state and federal issues as described in Exhibit B.**

**Performance Indicator:**

1. Provide written material to participants/representatives wishing to serve as their own fiscal managers. Material must include compliance information related to the following:
  - a. Federal and State Labor, Tax and Insurance and Citizen and Legal Alien Status rules and regulation and their application to domestic service employees and fiscal organizations.
2. Evaluate the knowledge level and capabilities of each participant/representative wishing to serve as their own fiscal manager to assure that the participant/representative demonstrate the ability to successfully complete the required tasks.
3. Submit a written recommendation to DAAS of the participant's/representative's ability to serve as their own fiscal manager based on an assessment of skills and competency.

**Acceptable Performance is Defined as:**

The Fiscal Agencies must provide sufficient training to Option 1 participants/representative to ensure the knowledge level and capabilities are sufficient to perform all required fiscal activities. The training must begin when the contractor is aware that the participant/representative wishes to manage his/her own financial activity. The training should be individualized and the length of the training period will depend on the abilities of each person. Upon completion of the training, the fiscal agency must submit a summary evaluation of the abilities of the participant/representatives and a recommendation to DAAS. Acceptable performance will be judged by the adherence to the performance indicators and no more than two violations per quarter per region. Violations are considered such when a clear indication that the contractor failed to provide sufficient training and/or monitoring to the Option 1 participant.

**(E) GOAL: Monitor the activity of the Option 1 participant/representative.**

**Performance Indicator:**

1. Develop a communication path and continuing educational plan to inform Option 1 participants/representatives of changes in reporting and/or payments of state and federal requirements. Communication and a continuing educational plan must be in place 60 days from the date of implementation.
2. Obtain copies from the project participant/representative of all mandatory reporting withholding and payment transactions within 30 days of the due date

- to the various State, local or federal agency. Review the information and notify the Option 1 participant and DAAS if the transactions were incorrect or delayed.
3. If the participant/representative fails to submit the required information within the specified time period, notify him/her by mail with a copy to DAAS. If the required information is not received within 15 days, notify the participant again and DAAS.

**Acceptable Performance is Defined as:**

Adhering to the performance indicators with no more than two (2) violations per quarter per region.

- (F) GOAL: Perform fiscal services for Option 2 participants. Services include reporting, withholding and paying State and Federal Income Taxes, State and Federal Unemployment Insurance Taxes, Federal Insurance Contributions, and Medicare Taxes.**

**Performance Indicator:**

1. Perform all mandatory reporting, withholding and payment actions according to the compliance policy of state or federal office. The contractor is responsible for all late payment or penalties. If this occurs, DAAS must be notified within 15 days of the notification of the late penalty.
2. Record all activities in the case file.

**Acceptable Performance is Defined as:**

Reporting, withholding and payment of all state, federal and local issues with no more than two violations of the above standard per quarter per region.

- (G) GOAL: Issue the cash allowance to the participant according to the Cash Expenditure Plan, either as cash to the participant, payroll to attendant(s) and/or payment of a service or item. Each participant's cash allowance, for the forthcoming month will be electronically generated by the Medicaid Fiscal Agent, Electronic Data Systems (EDS), on the last working day of the month. The contractor will disburse the cash allowance to the participant twice each month in equal intervals. The contractor may issue payments for specific items on behalf of the participant during the month. The participant may request up to five disbursements in a month, other than payroll actions.**

**Performance Indicator:**

1. Provide a mechanism to receive, process, track and disburse each participant's cash allowance within the time period specified throughout Scope of Work and Requirements/Contract Documentation.
2. Issue payroll checks to the assistant's of Option 2 participants no later than eight (8) days after receiving the completed timesheet. All mandatory and appropriate withholdings must be processed prior to disbursement.
3. Issue one-half of the cash allowance to the project participant's of Option 1 no later than five (5) working days after the transfer of the funds from Electronic Data Systems (EDS). The second disbursement of the cash allowance to the participant should occur between the 15<sup>th</sup> and the 20<sup>th</sup> of each month.
4. If the contractor has knowledge of the participant's ineligibility, i.e., the participant has expired, enters a nursing facility, moves out of state or has disenrolled, the cash allowance will not be paid to the participant. The cash allowance will not be paid after the fifth day of a hospitalization. DAAS will not always be aware of a hospitalization at the time of occurrence. When Fiscal Agency has knowledge of an extended hospitalization, the Agency should not pay an assistant's salary or disburse cash payments during that time.
5. Arrange payment for requested allowable purchases within five (5) working days of receipt of the request and verification of need, appropriateness and medical necessity.

**Acceptable Performance is Defined as:**

Issuing and tracking the cash allowance to the participant/representative according to the performance indicators specified with no more than 5 violations per region, per quarter.

- (H) GOAL: Manage the project participant's savings account if he/she requests this service. In these instances, the savings account may be co-mingled with other participants; however, individual tracking of the participant's balance and accrued interests must be computed for the previous month on a monthly basis.**

**Performance Indicator:**

1. Provide information on the balance of participant's savings account monthly (if available) but no less than quarterly.
2. Track the balance of the savings and the accrued interest of the participant monthly.
3. Arrange for a withdrawal of a portion or all savings account funds to permit the purchase of items identified in the Cash Expenditure Plan. The contractor will

provide any available participant's funds to the participant within two (2) working days of the request.

**Acceptable Performance is Defined as:**

Managing the participant's savings account according to the performance indicators specified with no more than two (2) violations per region, per quarter.

**(I) GOAL: Monitor how the participant spends the cash allowance.**

**Performance Indicator:**

1. Identify how the participant expends the cash each month using the Reporting Form (See Exhibit E).
2. Report to DAAS via a quarterly report on the uses of the cash. The quarterly report must be submitted no later than the 15<sup>th</sup> day following the end of the quarter period. The fiscal agency will know on an individual basis who is receiving what services but will report in the aggregate by accounting codes a participant count and total expenditures by accounting code categories. The quarterly report will individually identify persons by month who have 30 days of their allowance remaining after the last payroll of the month is processed. The residual balance does not include the amount in an interest bearing savings account as identified on the participant's Cash Expenditure Plan and does not include money received for the current month for which timesheets are yet to be received.

**Acceptable Performance is Defined as:**

Reporting how the participant/representative uses the cash allowance using the DAAS cash codes. Reports must be accurate and submitted within the required time. The fiscal agency must comply with the performance indicators no less than 95% of the time.

**(J) GOAL: Manage project and participant information. Create a case file for each participant. Case files will contain all required state and federal forms including all directly hired worker information and represent a summary of all fiscal information and activity. DAAS will review individual client records during scheduled and unscheduled monitoring visits.**

**Performance Indicator:**

1. Develop a case file on each individual participant. Complete records must be maintained individually on each client and physically located in the region.

- Information requested by DAAS must be submitted by telephone, electronically or by fax within five (5) working days of receipt of request.
2. Provide information in the case file that will include participant's name, address, telephone number, representative's name (if applicable), emergency contact person, and name, address, social security number of all workers. The case file will require two forms of identification for each employee. A copy of the employee's current driver's license and Social Security card will suffice for most employees – but copies of other acceptable forms of identification as identified on INS Form I-9.
  3. Maintain a summary of fiscal activity. The case file will include copies of all mandatory reporting, withholding and payment information pertaining to the participant or his/her assistant, a copy of the work agreement between each assistant and the participant, a copy of the contract between the participant and the Contractor. The fiscal activity summary will include a complete accounting of income, expenditures and a current balance.
  4. A copy of all expenditure plan amendments will be faxed to the fiscal agent to be available upon request. Counselors are responsible for maintain the signature on the Cash Expenditure Plan.

**Acceptable Performance is Defined as:**

Maintaining the participant/representative case file according to the performance indicators described above. No more than five (5) violations per quarter, per region are considered acceptable performance.

**(K) GOAL: Provide DAAS reports in a timely manner as required.**

**Performance Indicator:**

1. Provide a Summary Activity Report each quarter no later than 15 calendar days after quarter-end either electronically, by fax, or by mail to DAAS. The report should be for the quarter period and captured by individual month. An example of the required reporting format is found in (Exhibit E) (subject to revision):
  - a. Include the number of new enrollees, the number of active participants, the number of participants disenrolled and the amount of funds returned to the Arkansas Medicaid program. The report will include a summary of the uses of the cash by dollar amount and by number of participants accessing the service. The report will highlight any known instances of misuse of funds, abuse or neglect. Identify any participants who underutilize their allowance and accrues more than 30 days of their allowance without an identified savings plan. When possible one or two comments from participants/representative or human-interest stories should be included.

2. Respond within 20 days to the Monthly Refund Request Report regarding participants who experience changes in self-direction dates or disenrollments that result in allowance refunds. DAAS will accept the refund checks payable to Arkansas Medicaid and, when unavoidable, documentation of reasons that refund is unavailable. If the Refund Request Report follows the participant's disenrollment from the IndependentChoices program the fiscal agency will refund the balance of the account after all outstanding obligations are met. The refund from the fiscal agency will not exceed any unpaid tax liabilities.

**Acceptable Performance is Defined as:**

Submit reports in the required format, with all required fields completed accurately in a timely manner as required. The contractor must include a statement of accuracy for each report. If the reports are deemed unacceptable by DAAS, corrections must be made within 10 working days or DAAS will issue a violation. No more than one violation per contract period will be permitted without remedies applied.

- (L) GOAL: Each fiscal agency will routinely communicate with DAAS and participants on specific participant issues.**

**Performance Indicator:**

1. Information will be shared with DAAS within 5 working days of the Fiscal Agency's knowledge on issues where the eligibility of the participant is in question; serious misuse or misappropriation of the cash allowance occurs; and any other information deemed by DAAS as critical.
2. The fiscal agency will keep DAAS apprised on a monthly basis when a participant is underutilizing his/her allowance and accrues a balance of more than 30 days of services. Funds that are set-aside in a dedicated interest-bear savings account for the purchase of a specific item are not included in the excessive accrued balance. These reports are to be submitted to DAAS within 5 days of the 8<sup>th</sup> of the month payroll. This timing is also appropriate for monthly accounting statements to participants. These reports should be designed to reflect the status of the completed month and will not include amounts for the current month deposit.
3. The fiscal agency will report to DAAS immediately if a participant's account becomes negative. The fiscal agency is required to determine why the deficit occurred and what corrective measurement prevents a reoccurrence of deficit spending. The money from Medicaid is a prospective payment and covers a month of service. The fiscal agency must base payment of services upon a current Cash Expenditure Plan. The fiscal agency may not access a future month's prospective payment to complete payments for a previous month.
4. The contractor will attend all scheduled meetings convened by DAAS. The appropriate staff will attend each of these meetings.

**Acceptable Performance is Defined as:**

Providing DAAS with the information described in the performance indicator within the prescribed time period and adhering to monthly monitoring of underutilization and over-utilization of participant's cash allowance. No more than 25 violations per contract period will be permitted without remedies applied.

- (M) GOAL: Ability of the contractor to work with technical providers who may develop web-based applications for the IndependentChoices program.**

**Performance Indicator:**

1. Cooperate with a provider of web-based technology who will upload to the site historical accounting data from the fiscal agency. Examples may include but are not limited to types of services purchased with the allowance, summarized tax reports on quarterly and annual basis, participant account balance and under and over utilization of the allowance financial reports.

**Acceptable Performance is Defined as:**

Once this technology is available the contractor will prepare data for import. No more than three (3) violations per quarter, per region, are considered acceptable performance.

- (N) GOAL: Contractor will set into place a Memorandum of Understanding (MoU) (see Exhibit F) between the contractor and the banking institution that will receive the participant's cash allowance directly from Arkansas Medicaid Program Fiscal Intermediary, currently Electronic Data System's Inc. (EDS) into a non-interest bearing account.**

**Performance Indicator:**

1. Contractor agrees to obtain a signed notarized MoU declaring the funds transferred by EDS belong to neither the contractor nor to the banking institution. Both principles must have a clear understanding that these funds belong solely to the Medicaid participants for which the funds are created.
2. The MoU identifies the responsibilities given to the contractor. This MoU is for a non-interest bearing account.
3. The contractor will return the original signed notarized MoU to DAAS on or prior to October 1, 2004, while providing a copy to the banking institution and retaining a copy for their own records.

**Acceptable Performance is Defined as:**

The MoU must be on file with DAAS prior to or on October 1, 2004 or DHS cannot enter into a contract with the proposed contractor.

- (O) GOAL: Contractor will set into place a Memorandum of Understanding (MoU) (See Exhibit G) between the contractor and the banking institution that will maintain an interest-bearing account for money transferred by the contractor from the non-interest bearing account into an interest-bearing account. This account is for persons who declare on their Cash Expenditure Plan that they are saving for a specific item.**

**Performance Indicator:**

1. Contractor agrees to obtain a signed notarized MoU declaring the funds transferred by the contractor belong neither to the contractor nor to the banking institution. Both parties must have a clear understanding that these funds belong solely to the Medicaid participants for which the funds are created.
2. The MoU identifies the responsibilities given to the contractor. This MoU is for an interest-bearing account.
3. The contractor will return the original signed notarized MoU to DAAS prior to or on October 1, 2004, while providing a copy to the banking institution and retaining a copy for their own records.
4. Interest accrued monthly will be equitably credited to those who maintain savings during the month.

**Acceptable Performance is Defined as:**

The MoU must be on file with DAAS prior to or on October 1, 2004 or DHS cannot enter into a contract with the proposed contractor.

**REMEDIES**

**One or more of the following remedies will be imposed for unacceptable performance:**

1. Contractor will be required to submit and implement an acceptable corrective action plan acceptable to DAAS, to the Contract Administrator or designee. DAAS may accept the corrective action plan, or payment may be delayed pending submission and satisfactory implementation of a plan.
2. Payment may be withheld.
3. Contract may be terminated.

The remedies listed above are in addition to all remedies available at law or equity.

**ATTACHMENT D**

**STATE OF ARKANSAS  
PROFESSIONAL/CONSULTANT SERVICES CONTRACT**

Outline Agreement # \_\_\_\_\_

<b>CONTRACT #</b>		<b>FEDERAL I.D. OR SSN#</b>	
<b>VENDOR #</b>		<b>MOF # (If Applicable)</b>	

**1. PROCUREMENT:**

Check appropriate box below for the method of procurement for this contract:

ABA Criteria      Request for Proposal      Competitive Bid      Request for

Qualifications

Intergovernmental      Other      Emergency

Sole Source by Law Act # \_\_\_\_\_ or Statute # \_\_\_\_\_

Sole Source (REQUIRES EXPLICIT JUSTIFICATION IN LETTER ADDRESSED TO THE DIRECTOR OF STATE PROCUREMENT)

**2. DATES, PARTIES:**

The term of this agreement shall begin on \_\_\_\_\_ and shall end on \_\_\_\_\_ .

State of Arkansas is hereinafter referred to as the agency and vendor is herein after referred to as the Contractor.

<b>AGENCY NUMBER/NAME</b>		
<b>AGENCY NUMBER/NAME</b>		

<b>CONTRACTOR NAME</b>	
<b>ADDRESS</b>	

**3. CALCULATIONS OF COMPENSATION:**

For work to be accomplished under this agreement, the Contractor agrees to provide the personnel at the rates scheduled for each level of consulting personnel as listed herein. Calculations of compensation and reimbursable expenses shall only be listed in this section. If additional space is required, a continuation sheet may be used as an attachment.

LEVEL OF PERSONNEL	NUMBER	COMPENSATION RATE	TOTAL FOR LEVEL

<b>Total compensation exclusive of expense reimbursement</b>		\$ _____
REIMBURSABLE EXPENSES ITEM (Specify)	ESTIMATED RATE OF REIMB.	TOTAL

**Total reimbursable expense** \$ \_\_\_\_\_  
**Total compensation inclusive of expense reimbursement** \$ \_\_\_\_\_

**STATE OF ARKANSAS  
PROFESSIONAL/CONSULTANT SERVICES CONTRACT**

**4. SOURCE OF FUNDS:**

Complete appropriate box(es) below to total 100% of the funding in this contract.

% Federal Funds	% State Funds	% Cash Funds	% Trust Funds	% Other Funds

Identify the source of funds for the following:

<b>Federal Funds</b>	
<b>Cash Funds</b>	
<b>Trust Funds</b>	
<b>Other Funds</b>	

**MUST BE SPECIFIC** (i.e. fees, tuition, agricultural sales, bond proceeds, donations, etc.)

**5. RENDERING OF COMPENSATION:**

The method(s) of rendering compensation and/or evaluation of satisfactory achievement toward attainment of the agreement listed herein is as follows, or in attachment no. \_\_\_\_\_ to this agreement.

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**6. OBJECTIVES AND SCOPE:**

State description of services, objectives, and scope to be provided. (DO NOT USE "SEE ATTACHED")

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**7. PERFORMANCE STANDARDS:**

List Performance standards for the term of the contract. (if necessary, use attachments)

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**STATE OF ARKANSAS  
PROFESSIONAL/CONSULTANT SERVICES CONTRACT**

**8. ATTACHMENTS:**

List ALL attachments to this contract by attachment number:

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**9. CERTIFICATION OF CONTRACTOR**

A. "I, \_\_\_\_\_ (Contractor) \_\_\_\_\_ (Title)

certify under penalty of perjury, to the best of my knowledge and belief, no regular full-time or part-time employee of any State agency of the State of Arkansas will receive any personal, direct or indirect monetary benefits which would be in violation of the law as a result of the execution of this contract." Where the contractor is a widely-held public corporation, the term 'direct or indirect monetary benefits' "shall not apply to any regular corporate dividends paid to a stockholder of said corporation who is also a State employee and who owns less than ten percent (10%) of the total outstanding stock of the contracting corporation."

B. List any other contracts or subcontracts you have with any other state government entities. (Not applicable to contracts between Arkansas state agencies.)

C. Are you currently engaged in any legal controversies with any state agencies or represent any clients engaged in any controversy with any Arkansas state agency?

D. The contractor agrees to list below, or on an attachment hereto, names, addresses, social security numbers, and relationship of those persons who will be supplying services to the state agency at the time of the execution of the contract. If the names are not known at the time of the execution of the contract, the contractor shall submit the names along with the other information as they become known. Such persons shall, for all purposes, be employees or independent contractors operating under the control of the contractor (sub-contractors), and nothing herein shall be construed to create an employment relationship between the agencies and the persons listed below.

NAME	SOCIAL SECURITY NUMBER	RELATIONSHIP

## STATE OF ARKANSAS PROFESSIONAL/CONSULTANT SERVICES CONTRACT

- E. The agency shall exercise no managerial responsibilities over the contractor or his employees. In carrying out this contract, it is expressly agreed that there is no employment relationship between the contracting parties.
10. DISCLOSURE REQUIRED BY EXECUTIVE ORDER 98-04:  
 Any contract or amendment to a contract executed by an agency which exceeds \$25,000 shall require the contractor to disclose information as required under the terms of Executive Order 98-04 and the Regulations pursuant thereto. The contractor shall also require the subcontractor to disclose the same information. The Contract and Grant Disclosure and Certification Form (Form PCS-D attachment II-10.3) shall be used for this purpose.  
 Contracts with another government entity such as a state agency, public education institution, federal government entity, or body of a local government are exempt from disclosure requirements.  
 The failure of any person or entity to disclose as required under any term of Executive Order 98-04, or the violation of any rule, regulation or policy promulgated by the Department of Finance and Administration pursuant to this Order, shall be considered a material breach of the terms of the contract, lease, purchase agreement, or grant and shall subject the party failing to disclose, or in violation, to all legal remedies available to the Agency under the provisions of existing law.
11. NON-APPROPRIATION CLAUSE:  
 "In the event the State of Arkansas fails to appropriate funds or make monies available for any biennial period covered by the term of this contract for the services to be provided by the contractor, this contract shall be terminated on the last day of the last biennial period for which funds were appropriated or monies made available for such purposes.  
 This provision shall not be construed to abridge any other right of termination the agency may have."
12. TERMS:  
 The term of this agreement begins on the date in SECTION 2 and will end on the date in SECTION 2, and/or as agreed to separately in writing by both parties.  
 \_\_\_\_\_, in accordance with the terms stated in the  
 This contract may be extended until \_\_\_\_\_  
 Procurement, by written mutual agreement of both parties and subject to: approval of the Arkansas Department of Finance and Administration/Director of Office of State Procurement, appropriation of necessary funding, and review by any necessary state or federal authority.
- Amendments to contracts will require review by Legislative Council or Joint Budget Committee prior to approval by the Department of Finance and Administration/Director of Office of State Procurement if the original contract was reviewed by Legislative Council or Joint Budget Committee and the amendment increases the dollar amount or involves major changes in the objectives and scope of the contract.
- Amendments (to contracts that originally did not require review by Legislative Council or Joint Budget Committee) which cause the total compensation to exceed the sum of \$25,000, shall require review by the Legislative Council or Joint Budget Committee, prior

to the approval of the Department of Finance and Administration/Director of Office of State Procurement and before the execution date of the amendment.

This contract may be terminated by either party upon 30 day written notice, unless otherwise agreed by both parties.

13. **AUTHORITY:**

A. This contract shall be governed by the Laws of the State of Arkansas as interpreted by the Attorney General of the State of Arkansas and shall be in accordance with the intent of Arkansas Code Annotated §19-11-1000 et seq.

B. Any legislation that may be enacted subsequent to the date of this agreement, which may cause all or any part of the agreement to be in conflict with the laws of the State of Arkansas, will be given proper consideration if and when this contract is renewed or extended; the contract will be altered to comply with the then applicable laws.

14. **AGENCY COORDINATION:**

The Agency Representative coordinating the work of this contractor will be:

_____	_____	_____
(NAME)	(TITLE)	(TELEPHONE #)
Agency agrees to make available advice, counsel, data, and personnel, etc. as described immediately below or in Attachment _____ to this agreement. number _____		

15. **AGENCY SIGNATURE CERTIFIES NO OBLIGATIONS WILL BE INCURRED BY A STATE AGENCY UNLESS SUFFICIENT FUNDS ARE AVAILABLE TO PAY THE OBLIGATIONS WHEN THEY BECOME DUE.**

16. **TYPE OF CONTRACT:**      PROFESSIONAL      CONSULTANT

17. **SIGNATURES**

_____ CONTRACTOR	_____ DATE	_____ AGENCY DIRECTOR	_____ DATE
_____ TITLE		_____ TITLE	
_____ ADDRESS		_____ ADDRESS	
APPROVED: _____	_____	_____	_____
	DEPARTMENT OF FINANCE AND ADMINISTRATION		DATE

Contractor Point of Contact:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Telephone Number

**STATE OF ARKANSAS  
PROFESSIONAL/CONSULTANT SERVICES CONTRACT**

1. WERE THERE ANY PREVIOUS PURCHASE ORDERS WITH THIS CONTRACTOR? IF SO, PLEASE ATTACH COPIES TO CONTRACT.

2. WERE AGENCY EMPLOYEES OR OTHER STATE AGENCIES CONSIDERED FOR THESE SERVICES? IF NOT, WHY?

3. QUALIFICATIONS OF INDIVIDUAL OR FIRM SELECTED:

4. SUMMARY OF SELECTION PROCEDURE: (SOLE SOURCE ADDRESSED SEPARATELY.)

5. OTHER CONTRACTORS SUBMITTING BID RESPONSE AND AMOUNT OF EACH BID

6. REASON(S) CONTRACTOR SELECTED:

7. NAME OF INDIVIDUAL AND ADDRESS WHERE APPROVED CONTRACT IS TO BE MAILED:

\_\_\_\_\_  
(NAME)

\_\_\_\_\_  
MAILING ADDRESS FOR RETURNED CONTRACT)

\_\_\_\_\_  
(TELEPHONE NUMBER)

\_\_\_\_\_  
(EMAIL)

**EXHIBIT A**  
**IndependentChoices**  
**Active Clients Chart**  
**Counties by Regions Offered**

<b>Region 2</b>	<b>Region 2 Active Client Count</b>	<b>Region 3</b>	<b>Region 3 Active Client Count</b>	<b>Region 4</b>	<b>Region 4 Active Client Count</b>
Benton	16	Baxter	5	Arkansas	6
Conway	10	Boone	4	Ashley	12
Crawford	13	Carroll	5	Bradley	7
Faulkner	21	Cleburn	17	Calhoun	1
Franklin	1	Garland	15	Chicot	10
Johnson	6	Hot Spring	10	Clark	4
Logan	14	Howard	5	Cleveland	3
Madison	5	Lonoke	15	Columbia	12
Pope	15	Marion	5	Dallas	2
Sebastian	18	Montgomery	1	Desha	15
Washington	15	Newton	2	Drew	11
Yell	6	Perry	3	Grant	4
		Pike	4	Hempstead	4
		Polk	5	Independence	6
		Pulaski	93	Jackson	10
		Saline	11	Jefferson	43
		Scott	1	Lafayette	2
		Searcy	2	Lincoln	11
		Stone	4	Little River	1
		Van Buren	9	Miller	12
		White	22	Monroe	7
				Nevada	0
				Ouachita	10
				Prairie	7
				Sevier	0
				Union	19
				Woodruff	8
<b>Total</b>	<b>139</b>		<b>238</b>		<b>227</b>

## EXHIBIT B

**Overview of Federal and State Labor, Tax and Insurance and Citizen and Legal Alien Status Rules and Regulations and Their Application to Domestic Service Employees and Fiscal Organizations. Respondents must be able and willing to meet the requirements as identified below.**

The following provides an overview of the Federal and State labor, tax, insurance and citizen and legal alien status rules and regulations and their application to domestic services employees and fiscal agent services under the Arkansas **IndependentChoices** Demonstration Project. This appendix outlines additional requirements of the Counseling Agency and Fiscal Agency on specific issues directly related to the proposal each respondent submits.

### 1. Employee Work Status of Personal Care Assistants

The majority of labor that will be hired by participants in the Arkansas **IndependentChoices** Demonstration Project, including personal assistant(s), are considered *domestic service employees* rather than *independent contractors* in accordance with Federal Internal Revenue Service (IRS) and Federal and State Department of Labor (DoL) rules and regulations (IRS Revenue Ruling 87-41; IRS Publication 15-A: *Employer's Supplemental Tax Guide*; Federal DoL Publication WH 1409, Title 29 CFR Part 552, Subpart A, Section 3: *Application of the Fair Labor Standards Act to Domestic Service*; and states' *ABC Test*). However, if participants have a question regarding the employment status of a particular worker, he or she may obtain a ruling from the IRS for that worker by filing a Form SS-8: *Determination of Employee Work Status for Purposes of Federal Employment Tax Withholding* and by verifying this determination with the Arkansas Department of Labor.

Should a worker be determined to be an independent contractor by the Federal IRS and State DoL, the consumer and/or the Fiscal Agency must issue the worker an IRS Form 1099-Misc: *Miscellaneous Income*, to report payments of \$600 or greater made in a calendar year for services performed (IRS Publication 15: *Circular E, Employer Tax Guide*

The Fiscal Agency will be responsible for verifying the employment status of any worker a participant believes is an independent contractor by filing an IRS SS-8.

### 2. Department of Labor Laws Pertaining to Domestic Service Employees

Personal assistance assistants and other home-based care workers are classified as domestic service employees under the Federal Department of Labor's (DoL) Fair Labor Standards Act (FLSA). Minimum wage and overtime requirements are set, as a floor, by FLSA and states may have stricter requirements of their own. The federal and Arkansas State minimum wage is currently \$5.15/hour.

If the domestic service employee works more than 40 hours in a single week, the employer must pay overtime pay at one and one-half times the minimum wage for each additional hour worked over 40 hours. Domestic service employees, such as assistant(s) are covered under FLSA unless they can be characterized under two DoL exemptions: (1) *companionship services* or (2) *live-in help* (Federal DoL Publication WH 1409; Title 29 CFR Part 552, *Application of DoL's Fair Labor Standards Act to Domestic Service*, Federal DoL Publication WH 1382: *How the Fair Labor Standards Act Applies to Domestic Service Workers*, and Federal DoL Publication 1312; Title 29 CFR Part 785, *Hours Worked Under the Fair Labor Standards Act of 1938, As Amended*).

Under the ***companionship services exemption*** (Title 29 CFR Part 552, Subpart A Section (6) and Subpart B Section (106)), an assistant or other worker could qualify as a companion if he or she is providing *fellowship, care and protection to a person who cannot care for his or her needs due to advanced age or physical or mental infirmity*. Along with the provision of personal care, service may include household work related to the care of the individual such as meal preparation, bedmaking, washing clothes, and other similar duties, as long as the household work is *incidental* in nature (e.g., not to exceed 20 percent of the total weekly hour worked). Workers cannot be a trained professionals (e.g., nurse or therapist) and the participant or his/her representative must be directing the tasks performed by the worker. Under the companionship service exemption, the worker is exempt from receiving minimum wage or overtime pay. The companionship exemption is recognized by the Arkansas Employment Security Department.

Under the ***live-in exemption***, (Title 29 CFR Part 552 Subpart B Section 102), workers who reside in the household where they are employed are exempt from the overtime provision of FLSA. However, they must be paid the minimum wage for every hour worked, with the exception of up to eight hours for scheduled breaks and sleep time when mutually agreed upon by the worker and his or her employer. The live-in exemption is recognized by the Arkansas Employment Security Department.

If a Fiscal Agency is representing a participant and assuming all of his or her fiscal duties, it must be aware of all federal and state rules and regulations regarding domestic employees and independent contractors and ensure that those rules and regulations are applied accurately and consistently.

If the Fiscal Agency has limited or no fiscal duties for a participant, it must apprise the participant of the relevant federal and state rules and regulations regarding the employment of domestic employees and independent contractors.

### **3. Federal Requirements for an Organization to Act as a Fiscal Agent**

The following describes the federal and state requirements for an entity to act as a fiscal agent on behalf of a participant.

### **4. Federal Requirements**

In accordance with federal requirements, Fiscal Agencies must perform two tasks in order to act as a fiscal agent for an individual. First, the Fiscal Agencies must file for and obtain a separate and distinct Federal Employer Identification Number (FEIN) by filing the IRS Form SS-4: *Application for Employer Identification Number*. This FEIN is to be used to process all IRS employment tax forms. Second, the fiscal agent must obtain approval from the IRS to become an employer agent for the individuals it represents. This is accomplished by preparing and submitting an approval request letter along with completed and signed IRS Form 2678: *Employer Appointment of Agent*, for each individual it wishes to represent as a fiscal agent (IRS Revenue Procedure 70-6). (If a batch of IRS Forms 2678 is being submitted at one time, only one request for approval letter needs to be submitted with these IRS Forms 2678.)

In order to submit an IRS Form 2678 to the IRS, the Fiscal Agencies must first obtain an FEIN for each participant it represents as an employer agent. In order to do this, the Fiscal Agencies must submit IRS Form SS-4 from each applicable participant. Each participant's IRS Form SS-4 should be faxed to the IRS. Once the participant's FEIN is obtained from the IRS, the Fiscal Agencies can then submit the IRS Form 2678 to the IRS. (The participant's FEIN must be on the IRS Form 2678 in order for the form to be processed by the IRS). The Agent should execute IRS Form 8821, Tax Information Authorization for all active participants and retain the document on file. Should the IRS question the Agent's ability to receive IRS information on behalf of a participant, IRS Form 8821 can be presented.

Once the Fiscal Agencies receive approval from the IRS to be participants' employer agent and obtain their and their participants' FEINs, they must withhold, file and deposit the following: (1) federal income tax if requested jointly by the employer and his or her employee(s); (2) State of Arkansas income tax; (3) Social Security and Medicare taxes in compliance with the *Federal Insurance Contribution Act (FICA)* (using the quarterly IRS Form 941 and filing in the aggregate in accordance with IRS Notice 95-18); and (4) federal unemployment insurance tax in accordance with the *Federal Unemployment Insurance Tax Act (FUTA)* (using the annual IRS Form 940 and filing in the individual per IRS Notice 95-18). Related to this task, the fiscal agent also must

inform workers of the availability of the federal *Earned Income Credit* and manage advanced payments when applicable (IRS Publication 596: *Earned Income Credit*) in accordance with Federal IRS rules and regulations (IRS Publication 15, Circular E: *Employer's Tax Guide* and Publication 15-A: *Employer's Supplemental Tax Guide* and *State of Arkansas Income Tax Withholding Tables and Instructions for Employers*).

The Fiscal Agencies must also issue IRS Forms W-2 and W-3 as directed for employer agents in the forms' instructions and refund any over collected FICA and FUTA taxes to employers and employees when employees do not earn the cash wage threshold amounts for the calendar year and calendar quarter, respectively.

The State of Arkansas recognizes the federal EIN, however, if there is a time delay in receiving a federal EIN, the State Department of Finance and Administration will issue a temporary EIN to consumers and/or Fiscal Agencies.

## **5. State Requirements**

The State of Arkansas Employment Security Department requires all fiscal agents to obtain a durable power of attorney (restricted) for the sole purpose of filing taxes on behalf of a consumer, fiscal agents must obtain this durable power of attorney in order for the Arkansas Employment Security Department to recognize and communicate with the fiscal agent.

A fiscal agent must obtain an unemployment tax account number for each consumer they represent through the filing of a *Form ESD-ARK-201: Report to Determine Liability Under the Arkansas Employment Security Law* in accordance with the Arkansas Employment Security Department's *Unemployment Insurance Handbook for Arkansas Employer*. For the purpose of the Demonstration, fiscal agents will also be required to have a notary public on staff.

## **6. Federal and Arkansas State Income Tax Rules Pertaining to Domestic Service Employees**

Household/domestic service employees are exempt from withholding federal income tax. However, an employer may withhold federal income tax if both the employer and employee voluntarily agree to withhold.

The State of Arkansas requires that state income tax be withheld for household/domestic service employees. Arkansas state income tax withholding, filing and depositing should follow the process outlined in the *State of Arkansas Income Tax Withholding Tables and Instructions for Employers*.

If a Fiscal Agency is representing a participant and assuming all of his or her fiscal duties, it must be aware of all federal and state income tax rules and regulations

regarding the employment of domestic service workers and independent contractors in order to ensure that those rules and regulations are applied accurately and consistently.

If the Fiscal Agency has limited or no fiscal duties for a participant, it must apprise the participant of the relevant federal and state income tax rules and regulations regarding the employment of domestic employees and independent contractors.

## 7. The Social Security Domestic Reform Amendment of 1994 (SSDERA of 1994)

The *Social Security Domestic Reform Amendments of 1994* (SSDERA of 1994), referred to colloquially as the *Nanny Tax Amendments*, were aimed at extending the benefits of the Social Security Act to persons employed in the home. Recognizing that many householders might be daunted by the filing requirements, Congress implemented two initiatives to alleviate potential difficulties: one was substantive and the other was procedural. The **substantive relief** for householders consisted of raising the threshold for compliance with the law from \$50.00 per quarter to \$1000 per employee per year. The **procedural relief** consisted of a new filing process allowing individual household employers to bypass quarterly filing (e.g. IRS Forms 940; *Employer's Annual Federal Unemployment (FUTA) Tax Return* and IRS Form 941; *Employer's Quarterly Federal Tax Return*) and depositing rules applicable to most employers. Now, household employers may simply report and pay any employment taxes at the end of the taxable year using the new *Schedule H: Household Employment Taxes*. The household employer sends Schedule H, his or her IRS Form 1040 (if the employer qualifies to pay taxes), and a check for the amount of taxes owed during the annual tax filing period (January 31st - April 15th) (IRS Notice 95-18; *IRS Answers to Questions on Household Employee Reporting and Withholding*; IRS Publication 926: *Household Employer's Tax Guide*).

Under the Arkansas **IndependentChoices** Demonstration Project, participants who choose to manage all aspects of their personal care services and those that have the Fiscal Agency manage their workers' payroll activities on the consumer's behalf will use the IRS Form 941 quarterly filing process for FICA and the IRS Form 940 annual filing process for FUTA in order to assure compliance and consistency in filing FICA and FUTA. The IRS Forms 941 and 940 must be filed in the aggregate and reference the Fiscal Agencies' unique FEIN per IRS Notice 95-18.

## 8. Federal Insurance Contributions Act (FICA) and Medicare Tax

The Federal Insurance Contribution Act (FICA) provides for a federal system of old age, survivors, disability and hospital insurance. The old age, survivors, and disability insurance portion is financed by the social security tax. The hospital insurance portion is financed by the Medicare tax. Each of these taxes is reported separately.

Project participants or their fiscal agent will be responsible for withholding, filing and depositing both the employee's and employer's share social security and Medicare tax. As of January 1, 2001, the employee and employer share of the social security tax totaled 6.2 percent each for a total of 12.4 percent. The employee and employer tax rates for Medicare are 1.45 percent each for a total of 2.9 percent. An employee must earn at least \$1,400 in cash wages in calendar year 2001 and forward from one employer-employee relationship to qualify to pay FICA. Agencies will withhold FICA taxes from all workers' pay and applicable employers' benefits as if the worker will earn the cash wage threshold amount by the end of the calendar year. If it is determined that a worker will not earn the cash wage threshold for FICA, then all over collected FICA must be refunded to the worker and the employer when determined or at least during the two quarters of the following calendar year.

Fiscal Agencies assuming all fiscal duties for participants will be responsible for withholding, filing and depositing FICA on behalf of the participant. This must be done in compliance with the SSDEA of 1994 with one exception. Participants and Fiscal Agencies acting on their behalf will file quarterly FICA payments using the IRS Form 941 in the aggregate referencing the Agencies' separate and distinct FEIN rather than the Schedule H. Any federal and/or state penalties assessed for failure to withhold the correct amount and/or timely filing and depositing will be paid by the Fiscal Agency.

Fiscal Agencies assuming limited or no duties on the part of a participant shall apprise each project participant of the requirements of withholding, filing and depositing FICA and monitor participants' compliance with these requirements at least quarterly.

**Federal and State Unemployment Insurance Tax and State Workers' Compensation and Disability Insurance Programs and Citizen and Legal Status Issues and Their Application to Employers of Domestic Service Employees and Fiscal Organizations.**

The following is an overview of the federal and state unemployment insurance tax, and state workers' compensation and disability insurance and citizen and legal status issues and their application to employers of domestic service employees and Fiscal Organizations.

## 1. Federal and State Unemployment Insurance Tax

The Federal Unemployment Tax Act (FUTA) and the State Unemployment Tax Act (SUTA) provide compensation payment to workers who have lost their jobs. Employers of record are responsible for paying both the federal and state share of employee's unemployment insurance tax in Arkansas. The annual FUTA tax is used to fund the administrative cost of the Unemployment Insurance Program while the Arkansas state unemployment insurance tax is used solely for the payment of benefits to unemployed workers.

## 2. FUTA

If an employer employs one or more persons for some portion of a day in each of 20 weeks within a calendar year or has a payroll of \$1,500 in a calendar quarter, they are subject to the provisions of the Federal Unemployment Tax Act (FUTA). However, an employer is subject to FUTA tax on the cash wages he or she pays to household/domestic service workers if the workers' total wages from that employer total \$1,000 or more in any calendar quarter of the current or preceding year. The FUTA tax is 6.2 percent of the wages paid in the calendar year and is applied to the first \$7,000 paid to the employee in that calendar year. However, when state unemployment taxes are paid timely, a credit of not more than 5.4 percent of taxable wages may be applied.

Fiscal Agencies assuming all fiscal duties for participants will be responsible for withholding, filing and depositing FICA on behalf of the participant. This must be done in compliance with the SSDERA of 1994 with one exception. Fiscal Agencies acting on their behalf will file annual FUTA taxes using the IRS Form 940 annually by January 31st rather than the Schedule H and withhold and make deposits per IRS withholding depositing rules (IRS Publication 15, Circular E: *Employer Tax Guide*). The IRS Form 940 must be filed in the aggregate for all participants that the Fiscal Agencies represent. Any federal and/or state penalties assessed for failure to withhold the correct amount and/or timely filing and depositing will be paid by the Fiscal Agency.

Participant acting as their own fiscal agents must use the IRS Schedule H to file their FICA and FUTA taxes annually.

Fiscal Agencies assuming limited or no duties on the part of a participant shall apprise each project participant of the requirements of withholding, filing and depositing FUTA and monitor participants' compliance with these requirements at least quarterly.

## 3. SUTA

As of 1994, Arkansas employers are required by law to pay state unemployment taxes on the first \$9,000 in wages paid to each employer in a calendar year. A person is

considered an *employer* in Arkansas if he or she meets one of the following conditions:

- Employ one or more workers for some portion of ten (10) or more days during a calendar year, or
- Acquire the business or part of the business of an employer subject to unemployment taxes, or
- Pay \$1,000 or more cash wages in a calendar quarter to individuals employed on domestic service, or
- Pay \$20,000 or more cash wages in any calendar quarter to individuals employed in agricultural labor, or employ at least 10 agricultural workers for some part of a day in each of 20 different weeks in a calendar year, or
- Voluntarily elect to provide unemployment coverage to your workers even though it is not required.

Fiscal Agencies assuming limited or no duties on the part of a **Option One** participant shall provide training and evaluation services on the management of all withholding, filing and depositing of all employment related taxes and insurances, including federal earned income credit and the preparation and distribution of payroll checks to workers and making recommendations to DAAS as to whether participants may be considered independent fiscal managers. DAAS must issue approval for each participant to serve as an independent fiscal manager. If approval is secured from DAAS for a participant, the Fiscal Agency will be responsible for the following activities:

- Assure that the participant possesses a clear understanding of all fiscal functions related to mandatory employment tax and insurances, payroll, hiring, supervising and discharge functions;
- Review participants' work papers for the first six months as an independent fiscal manager and secure verification of reporting and proof of payment at least quarterly, with quarterly monitoring thereafter; copies of all reports to federal and state authorities regarding employment taxes and insurances, including FUTA/SUTA, must be requested and filed in the individual's case file;
- Confer with the participant to determine if prompt and/or accurate payments are made and if they are not, DAAS and the Fiscal Agency will confer with the participant to determine why the participant is not in compliance;
- Transfer participant from being an independent fiscal manager to using the Fiscal Agency for payroll services after receiving written approval from DAAS.

Fiscal Agencies assuming all fiscal duties for **Option Two** participants will be responsible for withholding, filing and depositing SUTA on behalf of the participant. This must be done in accordance with Arkansas Employment Security Department rules and regulations as outlined in the Department's

*Unemployment Insurance Handbook for Arkansas Employers.* These include, but are not limited to:

- Providing participants with an overview of the state and federal requirements to ensure compliance under Arkansas Employment Security Law as mandated under Arkansas Code Annotated Section 11-10-208 Definition, 11-10-209 and 11-10-403; 11-10-210(a)(1)-930 and (5)-(9)(b)-(e);
- Preparing the following on behalf of participants requesting such services in an accurate and timely manner:
  - **ESD-ARK-201:** *Determine Liability Under the Arkansas Employment Security Law;*
  - **ESD-ARK-209B/C:** *Employer's Quarterly Contribution and Wage Report*
  - **ESD-ARK-236:** *Report to Terminate Account*
- Determining the appropriate tax base rate and submitting payments to ESD in an accurate and timely manner; any state penalties, late fees, interest fees or return check charges on delinquent payments assessed to the participant's account for failure to file, withhold the correct amount and/or timely filing and depositing will be paid by the Fiscal Agency.
- Establishing and maintaining records of wages and federal and state unemployment insurance payments; all records must be kept current and be easily retrievable and available in quarterly summaries by payment/reporting source, worker category and individual;
- Paying state unemployment timely to receive full credit against FUTA; any payment owed that is less than full credit must be paid by the Fiscal Agency;
- Maintaining and retaining employment records for each project participant for a period of five (5) years; this will include payroll amounts, pay periods, social security numbers, place of employment, wages paid, date each worker was hired, rehired or returned to work, and hours of work in covered employment or non-covered employment in each pay period;
- Securing the appropriate legal documentation to serve as the agent between the project participant and the State of Arkansas Employment Security Division;
- Developing a training program to present to each project participant on the proper procedure for hiring, disciplining and discharging workers, the consequences of violating a progressive discipline plan and proper termination procedures and the rights of the PCA to draw unemployment insurance against the project participant's account; and
- Assisting participants in developing job descriptions and worker time schedules on an *as needed* basis.

#### 4. State Workers' Compensation Insurance

Workers' compensation insurance laws are state laws that establish basic *quid pro quo* programs. Each of the 50 states, the District of Columbia, Puerto Rico and the Virgin Islands has a workers' compensation program. However, some states provide small employer exemptions from otherwise applicable workers' compensation laws. The State of Arkansas workers' compensation law includes such a provision for employers of domestic service/household employees.

In accordance with Arkansas workers' compensation law general provision 11-9-102 (12)(A) i-viii, an employer must provide workers' compensation insurance to his or her employees when:

Every employer in the state in which three (3) or more employees are regularly employed by the same employer in the course of business, except:

- An employee employed as a domestic servant in or about a private home;
- An employee employed to do gardening, maintenance, repair, remodeling, or similar work in or about the private home of the person employing the employee;
- Agricultural farm labor;
- The State of Arkansas and each of the political subdivision, therefore, except as provided by law;
- A person for whom a rule of liability for injury or death arising out of and in the course of employment is provided by the laws of the United States;
- A person performing services for any non-profit, religious, charitable, or relief organization;
- Any person engaged in the vending, selling, offering for sale or delivery directly to the general public of any newspapers, magazines, or periodicals, or any person acting as sales agent or distributor as an independent contractor of or for any newspaper, magazine or periodical; and
- Services performed by an individual if the individual is a "qualified real estate agent" as that term is defined in Section 3508 of the IRS Code of 1986.

DAAS requires that each project participant employing an assistant complete an Application for Certification of Non-Coverage under the Arkansas Workers' Compensation Reform Law of 1993 pursuant to A.C.A. 11-9102(10). One certification is issued to the Employment Security Division and a copy of the request and certification must be retained in the participant's file at the Fiscal Agency. This shall apply to both participants who wish to maintain full responsibility for all fiscal functions and those wishing to transfer these functions to a Fiscal Agency. In the case where

the participant uses a fiscal agent, the agent will be responsible for assisting the consumer in completing the form and submitting it to the State.

## **5. Disability Insurance**

Five states -- California, Hawaii, New Jersey, New York and Rhode Island -- and Puerto Rico, have statutes establishing state disability insurance programs. Arkansas has no such disability insurance law.

## **6. Verification of Citizen and Legal Alien Status**

All participants severing as the employer of record of their assistant must verify and submit records to their file at the Fiscal Agency showing that each assistant is a U.S. citizen, a national of the U.S., or a legal alien who is authorized to work in the U.S. by completing an INS Form I-9: *Employment Eligibility Verification*.

Fiscal Agencies assuming all of the fiscal duties for project participants will be responsible for having the participant completing the Form I-9 with attached copies of verifying documentation and submitting this information to the Fiscal Agency to keep in their participant file. If fines are levied against the participant for failure to report INS information, the Fiscal Agency will be responsible for all such fines.

Fiscal Agencies assuming limited or no duties on behalf of the project participant shall apprise the participant of the requirements of the Immigration Reform and Control Act of 1986 and any applicable state statute regarding citizenship. It will then be the responsibility of the participant who is an independent fiscal manager to get the required forms completed, documentation collected and submitted to the Fiscal Agency to be submitted in their file. Participants who are independent fiscal managers shall be responsible for all fines levied when managing the INS requirements.

## EXHIBIT C

### Appropriate Uses of Cash

<b>Personal Care Services</b>	<b>Home Modifications (Related to Need for Personal Care)</b>
<b>Transportation</b>	<b>Technology (Computers to Control Environment)</b>
<b>Over-the-counter Drugs</b>	<b>Environmental Equipment</b>
<b>Adaptive Equipment (Purchase or Rental)</b>	<b>Prescription Medication (Not Covered by Insurance)</b>
<b>Communication Devices</b>	<b>Safety Devices</b>
<b>Chore Service</b>	<b>Services Animal (Purchase and Maintenance)</b>
<b>Discretionary Cash</b>	<b>Home Owner Policy</b>

This list is not limited to all approvable purchase, but only represents some typical services that are approvable without obtaining the consent of DAAS. If any participant makes a request and the fiscal agency is unsure if payment can be made, that request is forwarded to DAAS for final approval.

## EXHIBIT D

### Definitions

Addenda - Addenda are written or graphic instruments issued by the Purchase Bureau which modify or interpret the Request for Proposal (RFP) document(s) by additions, deletions, clarifications or corrections.

Arkansas **IndependentChoices** Demonstration Project- This project is part of a national research and demonstration project sponsored by the Robert Wood Johnson Foundation. Using the concept of *consumer direction*, it allows elderly and disabled Medicaid recipients to design, direct and manage their personal care services. Using a pre-determined monthly cash allowance, participants in the Demonstration will work with a consultant to develop a Cash Expenditure Plan by which they will decide the services they will need and the individuals/agencies they wish to hire to provide the identified services. The program requires greater consumer responsibility but offers participants greater control, flexibility and choice, than the traditional Medicaid PCA Program.

Contractor - A person, partnership, firm, corporation or joint venture submitting a bid response proposal for the purpose of obtaining a State contract.

Cash and Counseling - A model for delivery of personal care services using the concept of consumer-direction. A consumer is given a monthly cash allowance, and with the assistance of a consultant, purchases the services and supports required to meet their personal care needs. This approach is the foundation of Arkansas **IndependentChoices** Demonstration Project.

Care Plan - Describes the amount, duration, and frequency of services provided for by the Arkansas Medicaid Personal Care Program. HCFA mandates that the process used to develop the Care Plan in the Medicaid Personal Care Program be identical to that used in the traditional program except for the use of registered nurses.

Cash Expenditure Plan (CEP) - A document used by the Cash and Counseling participant and adhered to for the length of the participant's enrollment in the Demonstration Program. The consultant can assist the participant in completing this document. The document is reviewed and updated as often as necessary.

Counselor - An individual employed by a Counseling Agent Agency who provides support services to participants in the Arkansas **IndependentChoices** Demonstration Project. The counselor assist participants in understanding and effectively using the cash option and are the primary, front line support to the participant. As such, the counselor provides individualized guidance, when requested by the participant, his or her representative or DAAS staff. The counselor interacts and collaborates with staff from the Fiscal Agent Agency.

Consumer-Directed Services - An approach to service delivery that affords the opportunity for individuals to control and manage the services they receive. In consumer-directed service models, the individual who requires a service makes the decisions and choices about the *who, what, when and where* regarding the assistance they receive. The assumption is that the individual knows the most about their needs and wants.

Counseling Agency - an entity, under contract with the State of Arkansas, which provides a range of counseling and business services to participants enrolled in the Arkansas **IndependentChoices** Demonstration Project. The organization provides supportive/counseling services and provides the DAAS staff and participants with certain reports. There will be a number of Counseling Agencies in Arkansas.

Department of Human Services - By statutory authority, the State-contracting agency.

Disaster Recovery Plan - A plan for restoring software and master files and hardware backup if management information systems are disabled and for continuation of participant payroll and invoice payment services.

Division of Aging and Adult Services (DAAS) - a Division of the Department of Human Services and State Program Office for the **IndependentChoices** Demonstration Project.

Domestic service/household employee - An employee is a worker who performs work in and around the home by such persons as personal care assistants, home health aides, housekeepers, cooks, yard workers, companion and live-in help for whom the employer controls the work that is done and how the work is performed in accordance with Federal Internal Revenue Service and Department of Labor rules and regulations.

Employer Agent – The term that the IRS uses to designate an entity as the fiscal agent for individuals who give their permission for an entity to perform the function by signing an IRS Form 2678: *Appointment of Agent*. An employer agent must submit a letter requesting IRS approval, a signed IRS Form 2678, and obtain written approval from the IRS to be an employer agent for each individual that they represent. If the employer agent is filing a batch of IRS Forms 2678 on behalf of participants, they only need to include one request for approval letter with the batch.

Employer Skills Evaluation - An evaluation developed and administered by the fiscal agent component of the Fiscal Agencies that evaluates the knowledge of Option One participants or their representatives, when applicable, regarding the preparation of payroll and the withholding, filing and depositing of the required federal and state employment taxes and insurances for their workers.

Employee Application Package - A package of employment related forms produced and distributed by the Vendor to participants' counselors for distribution to Option One and

Two participants (or their representatives when appropriate) that includes: a one page employment application form that collects basic information on a worker, the Immigration and Naturalization Service (INS) Form I-9; *Employment Eligibility Verification Form*, IRS Form W-4; *Employee's Withholding Allowance Certificate* and associated State income tax and SUTA withholding forms, the IRS Notice 797; *Possible Federal Tax Refund Due to the Earned Income Credit (EIC)*, the IRS Form W-5; *Earned Income Credit Advanced Payment Certificate*) and instructions on how and when each form should be completed by the participant and the worker, which forms the participant should keep a personal copy of and which completed forms should be submitted to the Vendor for processing.

Evaluation Committee - A committee established to review and evaluate bid proposals and recommend a contract award. The committee includes representatives of the using agency and central purchasing authority. One member may be appointed from another agency or political sub-division as a disinterested third party.

Fiscal Agency – The agency with whom the Department of Human Services contracts to provide fiscal intermediary services to participants receiving a cash allowance through the Arkansas **IndependentChoices** Program. The tasks assigned to the fiscal agent may include, but are not limited to establishing and maintaining a current case file on each participant and directly hired workers including all required state and federal forms; accepting the monthly cash allowance for each active participant from the Medicaid fiscal agent, Electronic Data Systems, on a monthly basis; dispersing the monthly cash allowance based on the direction of the participant's expenditure plan; and completing required reports to DAAS.

Independent Contractor - People such as lawyers, contractors, subcontractors, public stenographers, and auctioneers who follow an independent trade, business or profession in which they offer their services to the public are generally considered independent contractors. However, whether such people are independent contractors depends on the facts in each case. The general rule is that a person is an independent contractor if the payer only has the right to control or direct only the result of the work and not the means and methods of accomplishing the result.

Medicaid Fiscal Agent - An entity under contract with the State of Arkansas that processes and adjudicates provider claims on behalf of the Arkansas Medicaid Program. The current fiscal agent is Electronic Data Systems (EDS).

Medicaid Personal Care Services - Health related tasks performed by a qualified personal care assistant in the Medicaid recipient's home under supervision of a registered professional nurse, as certified by a physician in accordance with a recipient's plan of care.

Option One - The Option in the Arkansas Independent Choice Demonstration Project where eligible participants is the employer of record of their workers, may receive

counseling services related to managing aspects of their Cash Expenditure Plan, receive a monthly cash grant allocation and then manage all aspects of their Cash Expenditure Plan.

Option Two - The Option in the Arkansas Independent Choice Demonstration Project where eligible participants is the employer of record of their workers, may receive counseling related to managing aspects of their Cash Expenditure Plan, have the Fiscal Agency act as their fiscal agent for the purpose of processing payroll for their workers and paying invoices submitted by the participant, receive a limited cash grant allotment and manage the non payroll aspects of their Cash Expenditure Plan.

Participant - An individual, age 18 or older with a chronic condition or disability, who is eligible to receive Medicaid and is either receiving personal care services or is medically eligible to receive personal care services and has voluntarily agreed to participate.

Peer Counseling - Group identified by the Counseling Agency to lend support and advice to the Project Participants. The Group shall consist of other project participants, persons with disabilities and interested parties.

Participant Manual - A manual designed to serve as a resource for participants. It describes the responsibilities that participants accept when hiring their own employees and provides detailed, step-by-step explanations for meeting these responsibilities. The manual also includes examples of required forms to be completed and detailed instructions

Representative - A participant's legal guardian, a family member, or any other individual identified who willingly accepts responsibility for performing cash management tasks that a participant is unable to perform. A representative must evidence a personal commitment to the participant and must be willing to follow their wishes and respect their preferences while using sound judgment to act on their behalf. Representatives receive no monetary compensation for this service, and may not serve as the employee of the participant. A participant may have one of three types of representatives:

a. Pre-determined Representative - participant who has a legal guardian or other court appointed representative in place at the time of enrollment who will serve as the designated representative for the demonstration.

b. Voluntary Representative - A participant requests that a representative serve on his or her behalf. The participant and the consultant will work together to determine who will serve as the representative.

c. Mandated Representative - An individual who is enrolled in **IndependentChoices** has: misspent funds from their cash allowance, their functioning has deteriorated in such a way that they are no longer able to manage their cash allowance, or there are other

reasons which cause the State to require that the individual use a representative as a condition of continued participation in the Program.

Respondent – Individuals or agencies who submit a written response to the Request for Proposals.

Social Security Domestic Reform Act of 1994 - Referred to colloquially as the *Nanny Tax Amendments*, the SSD Reform Act of 1994 was aimed at extending the benefits of the Social Security Act to persons employed in the home. Recognizing that many householders might be daunted by the filing requirements, Congress implemented two initiatives to alleviate potential difficulties: one was substantive and the other was procedural. The *substantive relief* for householders consisted of raising the threshold for compliance with the law from \$50.00 per quarter to \$1000 per employee per year. The *procedural relief* consisted of a new filing process allowing individual household employers to bypass quarterly filing (e.g. IRS Forms 940; *Employer's Annual Federal Unemployment (FUTA) Tax Return* and IRS Form 941; *Employer's Quarterly Federal Tax Return*) and depositing rules applicable to most employers. Now, household employers may simply report and pay any employment taxes at the end of the taxable year using the new *Schedule H: Household Employment Taxes*. The household employer sends Schedule H, his or her IRS Form 1040 (if the employer qualifies to pay taxes), and a check for the amount of taxes owed during the annual tax filing period (January 31st - April 15th).

**EXHIBIT E**  
**Reporting Format**

Report example is not inclusive of all elements.
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**Accounting Report for Division of Aging and Adult Services**  
**from**  
**for Period**

Month	Number of Recipients Receiving Cash	Cash Benefits Received for the Month	Total Expenditures Paid
January			
February			
March			
Total		\$0.00	\$0.00

<b>Uses of the Cash</b>
-------------------------

Cash Usage	January	February	March	Total
Paid Worker				\$0.00
Agency Services				\$0.00
Meal/Meal Preparation				\$0.00
Equipment				\$0.00
Personal Care Supplies				\$0.00
Modify Residence				\$0.00
Transportation				\$0.00
Emergency Expenses				\$0.00
Discretionary Cash				\$0.00
Educational Expenses				\$0.00
Savings				\$0.00
Other				\$0.00
Total				\$0.00

State Tax Withholdings				\$0.00
Federal Tax Withholdings				\$0.00

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**Client Utilization of Services**

Number of Clients Accessing Service	January	February	March
Paid Worker			
Meal/Meal Preparation			
Equipment			
Personal Care Supplies			
Modify Residence			
Transportation			
Emergency Expenses			
Discretionary Cash			
Educational Expenses			
Savings			
Other			

\* Attach a narrative of clients who have taken their cash benefit and used it in unique ways to enhance their independence and well-being.

**Hospital, Over-Pay and Closing Out Account Refunds**

	Amount of DAAS Request	Amount Refunded	Additional Amount Refunded to Close Out Client Account
January			
February			
March			
Total			

**Corrective Action Taken for Underutilization of Cash Expenditure Plan**

*Identify Clients Who Received Cash and Incurred Very Little Expenditures*

Client First Initial and Last Name	Month	Amount Received	Amount Spent	Reason for Low Expenditure	Corrective Action



# EXHIBIT F

## MEMORANDUM OF UNDERSTANDING

September 1, 2004

As a contractor of the Arkansas Department of Human Services, Division of Aging and Adult Services' IndependentChoices Program this document represents a Memorandum of Understanding between me and this banking institution that the Federal funds deposited monthly into **non-interest** bearing account number \_\_\_\_\_, do not belong to me nor do they belong to this bank. I am declaring that these funds are deposited into this account in the behalf of Arkansas Medicaid recipients participating in the IndependentChoices program. As a contractor acting under IRS regulations as a "Household Employer Agent" my duty is to issue payroll checks, withhold and pay employer and employee taxes, and disperse any remaining funds in accordance to each participant's individual Cash Expenditure Plan. This Memorandum of Understanding's purpose is to define ownership of this account for the Arkansas Department of Human Services.

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Contractor's Signature

Date

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Bank Official's Signature

Date

***The contractor will return this notarized Memorandum of Understanding to the Division of Aging and Adult Services. The contractor will provide a copy to the bank and retain a copy for their records***

# EXHIBIT G

## MEMORANDUM OF UNDERSTANDING

September 1, 2004

As a contractor of the Arkansas Department of Human Services, Division of Aging and Adult Services' IndependentChoices Program this document represents a Memorandum of Understanding between me and this banking institution that the Federal funds deposited monthly into **interest** bearing account number \_\_\_\_\_, do not belong to me nor do they belong to this bank. I am declaring that these funds are transferred into this account in the behalf of Arkansas Medicaid recipients participating in the IndependentChoices program who have a specific item for which they are saving to purchase as identified on their Cash Expenditure Plan. As a contractor acting under IRS regulations as a "Household Employer Agent" my duty is to issue payroll checks, withhold and pay employer and employee taxes, disperse any remaining funds in accordance to each participant's individual Cash Expenditure Plan and to establish and disperse savings as identified on individual Cash Expenditure Plans. This Memorandum of Understanding's purpose is to define ownership of this account for the Arkansas Department of Human Services.

---

Contractor's Signature

Date

---

Bank Official's Signature

Date

***The contractor will return this notarized Memorandum of Understanding to the Division of Aging and Adult Services. The contractor will provide a copy to the bank and retain a copy for their records***