



**Bobby Jindal**  
GOVERNOR

**Kathy H. Kliebert**  
SECRETARY

**State of Louisiana**  
Department of Health and Hospitals  
Office of the Secretary

January 22, 2015

The Honorable Charles E. Kleckley, Speaker  
Louisiana State House of Representatives  
P.O. Box 94062, Capitol Station  
Baton Rouge, LA 70804-9062

The Honorable Scott Simon, Chairman  
House Health and Welfare Committee  
P.O. Box 94062, Capitol Station  
Baton Rouge, LA 70804-9062

Dear Speaker Kleckley and Chairman Simon:

Pursuant to House Concurrent Resolution No. 201 by Representative Chris Broadwater, the Department of Health and Hospitals (henceforth DHH or the Department) submits the following information regarding the study of the feasibility of providing a choice of fiscal/employer agents, including a Louisiana-based option, to Medicaid enrollees who hire a direct service worker as a home-based attendant through a waiver program administered by the department.

DHH takes the health and safety of the public very seriously and we want to ensure our self-direction participants have the best options relative to their care. Changing the way fiscal agents perform their functions and what criteria the fiscal agents must meet would require extensive changes to the way DHH can offer self-direction in Home and Community Based programs. CMS promotes the use of self-direction and Louisiana has increased the availability of self-direction as a Home and Community Based Service option. Because of this increased availability, fiscal agent services in Louisiana have evolved into more responsibility than simply paying wages and handling payroll. The responsibilities required of fiscal agents include training direct-service participants on software systems and online tools which allows them to better manage their own budgets. Other responsibilities include creating policies, procedures and internal controls to remain compliant with federal and state tax, labor, immigration, workers' compensation, and program regulations to perform effectively. In addition to the above responsibilities, Fiscal Agents have to show proof of a separate Federal Identification Number to the IRS as a Louisiana Medicaid provider. They are also required to have a customer service system in place, that includes a 24/7 toll-free number telephone system, and develop, distribute and process a user-friendly participant enrollment packet and employment packet within the timeframe specified in the contract. These are just a few examples of what criteria fiscal agents must meet in Louisiana.

CMS specifies extensive requirements relative to self-direction. The State, in its applications to CMS must clearly articulate and identify details of the self-direction program along with the role of the fiscal agent. Those guidelines dictate what type of entities may provide fiscal agent services, how those services are procured, how services are paid, and how they are monitored. Changing the method of how Louisiana provides fiscal agent services in waivers like Residential Options, NOW, Children's Choice and Community Choice would require modifying all of our current approvals, processes and resubmitting these items to CMS for re-approval.

In September, The Department did submit a Request for Proposal, soliciting proposals from qualified proposers that provide financial management services to Medicaid participants enrolled in an approved self-direction program as the contract in place at that time was to expire on December 31, 2014. In preparing the RFP, based on our conversations with Representative Broadwater and concerns expressed by providers, the Department sought an opinion from CMS with regard to whether Medicaid could contract with an enrolled provider of waiver services, specifically personal care services, to perform an administrative function for Medicaid in the same HCBS waiver. Based on guidance DHH received from CMS, the department was unable to include any such provisions as new regulations (42 CFR § 441.301(c)(1)(vi)) require the person-centered service plan and direct services to be furnished by completely separate entities unless there is a shortage of providers.

Currently there are over 400 people in self-direction services. Given the slow growth in self-direction, it is not feasible for multiple entities to develop the expertise, software and the approvals necessary to change the way providers and fiscal agents operate. HB 635 would create extremely cumbersome changes to DHH's processes regarding self-direction and increases the responsibility and the role of the providers. In addition, there would be a high burden placed on providers to ensure they were providing freedom of choice and not influencing recipients away from self-direction into their provider agency.

We thank you for your attention to this issue and are committed to ensuring that participants in self-direction receive the best care possible with the most robust options. We believe that those currently participating in self-direction do have the necessary options to manage their care efficiently and effectively.

Should you have any questions regarding the information contained in this correspondence, please do not hesitate to contact my office at 225-342-7092.

Sincerely,



Courtney Phillips  
Deputy Secretary

cc: Rep. Chris Broadwater