

# STATE OF NEW YORK

9761

## IN ASSEMBLY

March 28, 2022

Introduced by M. of A. STIRPE -- read once and referred to the Committee on Health

AN ACT to amend the social services law, in relation to the registration process for fiscal intermediaries; and to repeal certain provisions of such law relating thereto

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

- 1 Section 1. Paragraphs (b), (b-1), (b-2), (b-3) and (c) of subdivision  
2 4-a of section 365-f of the social services law are REPEALED.
- 3 § 2. Paragraph (a) of subdivision 4-a of section 365-f of the social  
4 services law, as added by section 1 of part E of chapter 57 of the laws  
5 of 2017, subparagraphs (i) and (ii) as amended by section 3 of part G of  
6 chapter 57 of the laws of 2019, is amended to read as follows:
- 7 (a) For the purposes of this section:
- 8 (i) "Fiscal intermediary" means an entity that provides fiscal inter-  
9 mediary services and has a contract for providing such services with the  
10 department of health and is [~~selected through the procurement process~~  
11 ~~described in paragraph (b) of this~~] registered by the department pursu-  
12 ant subdivision four-b of this section. Eligible [~~applicants for~~  
13 ~~contracts shall be~~] entities shall demonstrate to the department that  
14 they are capable of appropriately providing fiscal intermediary  
15 services, performing the responsibilities of a fiscal intermediary, and  
16 complying with this section, including but not limited to entities that:
- 17 (A) are a service center for independent living under section one  
18 thousand one hundred twenty-one of the education law; or
- 19 (B) have been established as fiscal intermediaries prior to [~~January~~  
20 ~~April~~] first, two thousand [~~twelve and have been continuously providing~~  
21 ~~such services for eligible individuals under this section~~] twenty-two.
- 22 (ii) Fiscal intermediary services shall include the following  
23 services, performed on behalf of the consumer to facilitate his or her  
24 role as the employer:
- 25 (A) wage and benefit processing for consumer directed personal assist-  
26 ants;
- 27 (B) processing all income tax and other required wage withholdings;

EXPLANATION--Matter in italics (underscored) is new; matter in brackets  
[-] is old law to be omitted.

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1 (C) complying with workers' compensation, disability and unemployment  
2 requirements;

3 (D) maintaining personnel records for each consumer directed personal  
4 assistant, including time records and other documentation needed for  
5 wages and benefit processing and a copy of the medical documentation  
6 required pursuant to regulations established by the commissioner;

7 (E) ensuring that the health status of each consumer directed personal  
8 assistant is assessed prior to service delivery pursuant to regulations  
9 issued by the commissioner;

10 (F) maintaining records of service authorizations or reauthorizations;

11 (G) monitoring the consumer's or, if applicable, the designated repre-  
12 sentative's continuing ability to fulfill the consumer's responsibil-  
13 ities under the program and promptly notifying the authorizing entity of  
14 any circumstance that may affect the consumer's or, if applicable, the  
15 designated representative's ability to fulfill such responsibilities;

16 (H) complying with reporting requirements and regulations established  
17 by the commissioner specifying the responsibilities of fiscal interme-  
18 diaries providing services under this title;

19 (I) entering into a department approved memorandum of understanding  
20 with the consumer that describes the parties' responsibilities under  
21 this program; ~~and~~

22 (J) reporting quality monitoring and oversight data required pursuant  
23 to this section; and

24 (K) other related responsibilities which may include, as determined by  
25 the commissioner, assisting consumers to perform the consumers' respon-  
26 sibilities under this section and department regulations in a manner  
27 that does not infringe upon the consumer's responsibilities and self-di-  
28 rection.

29 (iii) Fiscal intermediaries are not responsible for, and fiscal inter-  
30 mediary services shall not include, fulfillment of the responsibilities  
31 of the consumer or, if applicable, the consumer's designated represen-  
32 tative as established by the commissioner. A fiscal intermediary's  
33 responsibilities shall not include, and a fiscal intermediary shall not  
34 engage in: managing the plan of care including recruiting and hiring a  
35 sufficient number of individuals who meet the definition of consumer  
36 directed personal assistant, as such term is defined by the commission-  
37 er, to provide authorized services that are included on the consumer's  
38 plan of care; training, supervising and scheduling each consumer  
39 directed personal assistant; terminating the consumer directed personal  
40 assistant's employment; or assuring that each consumer directed personal  
41 assistant competently and safely performs the personal care services,  
42 home health aide services and skilled nursing tasks that are included on  
43 the consumer's plan of care. A fiscal intermediary shall exercise  
44 reasonable care in properly carrying out its responsibilities under the  
45 program.

46 § 3. Subdivision 4-b of section 365-f of the social services law is  
47 REPEALED and a new subdivision 4-b is added to read as follows:

48 4-b. Fiscal intermediary registration. (a) All fiscal intermediaries  
49 shall be registered with the department prior to providing fiscal inter-  
50 mediary services. The department shall not deny registration to an  
51 existing fiscal intermediary in good standing with the department on the  
52 effective date of this section.

53 (i) A registration or registration renewal shall be valid for five  
54 years from the date of issue. An application for the renewal of any  
55 registration issued under this section shall be filed with the depart-

1 ment not more than six months nor less than four months prior to the  
2 expiration thereof.

3 (ii) The fee for initial registration shall be based on the estimated  
4 number of consumers within the applicant's service area, as determined  
5 by the department in regulations, but in no event shall the fee exceed  
6 five thousand dollars.

7 (iii) The fee for registration renewal shall be based on the number of  
8 consumers within the applicant's service area as determined by the  
9 department at the date of renewal, but in no event shall the fee exceed  
10 two thousand dollars. Fiscal intermediaries that fail to apply for  
11 registration renewal within the timeframe set forth in subparagraph (i)  
12 of this paragraph shall be subject to a penalty of five hundred dollars  
13 each month or part thereof that the fiscal intermediary is in default. A  
14 fiscal intermediary that failed to apply for registration renewal in the  
15 prior year by the deadline of the current year shall not be permitted to  
16 register for the upcoming registration period unless such fiscal inter-  
17 mediary submits any unpaid late fees.

18 (iv) For existing fiscal intermediaries in good standing with the  
19 department on the effective date of this section, the department shall  
20 develop a streamlined registration process that ensures continuation of  
21 fiscal intermediary services and requires attestation that such fiscal  
22 intermediaries can achieve compliance with the requirements of this  
23 section. Upon issuance of registration by the department, such fiscal  
24 intermediaries shall be subject to all requirements set forth in this  
25 section.

26 (b) The application for initial registration shall be submitted on a  
27 form prescribed by the department, which shall include an attestation  
28 that the entity is able to provide fiscal intermediary services, includ-  
29 ing but not limited to:

30 (i) the applicant's ability to appropriately serve individuals partic-  
31 ipating in the program;

32 (ii) demonstrated compliance with all applicable federal and state  
33 laws and regulations, including but not limited to those relating to  
34 wages and labor; and

35 (iii) provide additional informational data to the department as  
36 required in paragraph (i) of this subdivision.

37 (c) The application for registration renewal shall be submitted on a  
38 form prescribed by the department and include such information as  
39 descriptions of any material changes in the circumstances or factors  
40 listed in paragraph (b) of this subdivision, including:

41 (i) changes in ownership or service area;

42 (ii) number of consumers in the service area; and

43 (iii) any incidents related to noncompliance with applicable state and  
44 federal laws and regulations.

45 (d) If the commissioner determines that the fiscal intermediary has  
46 failed to comply with the provisions of this section or regulations  
47 promulgated hereunder, the department shall provide written notice to  
48 the fiscal intermediary and may impose a penalty of not less than five  
49 hundred dollars and not exceeding one thousand dollars per violation of  
50 non-compliance. Such written notice shall include:

51 (i) a description of the conduct and the issues related thereto that  
52 have been identified as failure of compliance;

53 (ii) the timeframe of the conduct that fails compliance;

54 (iii) required corrective actions and a timeframe for implementation  
55 of such corrective actions to bring the fiscal intermediary into compli-  
56 ance; and

1 (iv) the assigned penalty associated with non-compliance.

2 (e) Notwithstanding the foregoing, upon a determination that the  
3 public health or safety would be imminently endangered by the continued  
4 operation or actions of a fiscal intermediary, the commissioner may  
5 terminate such fiscal intermediary's registration or suspend or limit  
6 such fiscal intermediary's rights and privileges under the registration  
7 immediately upon written notice.

8 (f) All orders or determinations under this subdivision shall be  
9 subject to review as provided in article seventy-eight of the civil  
10 practice law and rules.

11 (g) In order to be issued registration or registration renewal as a  
12 fiscal intermediary, an entity shall:

13 (i) be willing and able to serve any consumer in the entity's selected  
14 service area;

15 (ii) have and maintain an effective organizational structure with  
16 qualified administrative staff to deliver all the services and ensure  
17 fiscal intermediary personnel have the appropriate training and know-  
18 ledge to fulfill their duties;

19 (iii) maintain an organizational chart with professional and manageri-  
20 al lines of authority and submit such chart to the department upon  
21 request. Where the fiscal intermediary is also a licensed home care  
22 services agency (LHCSA), maintain adequate firewalls between the LHCSA  
23 and fiscal intermediary lines of business to ensure the avoidance of  
24 actual or perceived conflicts of interest;

25 (iv) document and maintain written fiscal intermediary policies and  
26 procedures, including policies for administrative staff;

27 (v) ensure appropriate cultural and linguistic competencies are avail-  
28 able to serve its consumers and personal assistants that assist consum-  
29 ers;

30 (vi) maintain a local presence, commensurate with selected service  
31 areas to ensure effective and timely delivery of the services required  
32 pursuant to this subdivision; and

33 (vii) establish, maintain, and periodically review a disaster  
34 preparedness and emergency plans and procedures related to the provision  
35 of required services.

36 (h) Fiscal intermediaries shall submit, in a form determined by the  
37 department, information regarding fiscal monitoring and oversight meas-  
38 ures undertaken by the fiscal intermediary, including:

39 (i) fiscal procedures adopted by the fiscal intermediary that comply  
40 with generally accepted accounting principles and Medicaid rules and  
41 regulations, including internal control procedures;

42 (ii) financial records that facilitate fiscal monitoring and audits;

43 (iii) fiscal oversight practices;

44 (iv) corporate compliance policies and procedures in accordance with  
45 the federal deficit reduction act and the false claims act to prevent,  
46 detect and report fraud, waste and abuse by board members, employees and  
47 consumers, and develop strategies to prevent and detect such fraud; and

48 (v) information regarding the fiscal intermediary's compliance with  
49 office of Medicaid inspector general compliance program required duties.

50 (i) (i) In addition to the annual direct care and administrative cost  
51 reports required by paragraph (k) of this subdivision, the fiscal inter-  
52 mediary shall submit, in a form and frequency determined by the depart-  
53 ment, a report listing quality measures and other data to assist in the  
54 evaluation of the effectiveness and quality of services provided by the  
55 fiscal intermediary. Such report shall include:

1 (A) the number of timely processed payroll cycles and the total number  
2 of processed payroll cycles;

3 (B) the number of accurate paychecks processed and the total number of  
4 paychecks processed each cycle;

5 (C) the number of days to onboard a personal assistant;

6 (D) information regarding complaints tracked by the fiscal interme-  
7 diary, including the dates of complaint submission and resolution, the  
8 nature of the complaints, how complaints were resolved, and any applica-  
9 ble corrective measures or actions taken to ensure similar complaints  
10 can be avoided;

11 (E) the total number of referrals made each month by a local depart-  
12 ment of social service or managed care organization;

13 (F) the number of times consumer services are suspended for hospital  
14 admission;

15 (G) information related to social determinants of health, cultural or  
16 racial disparities or related information; and

17 (H) any other information deemed appropriate by the department.

18 (ii) In addition to the information and data identified in this para-  
19 graph, the fiscal intermediary shall cooperate with other efforts under-  
20 taken by the department to assess fiscal intermediary services, includ-  
21 ing consumer satisfaction surveys.

22 (j) (i) Fiscal intermediaries shall demonstrate compliance with all  
23 state privacy, confidentiality, and security policies and standards, as  
24 well as with all applicable state and federal requirements. In the event  
25 registration is not renewed or revoked by the department, fiscal inter-  
26 mediaries shall retain all programmatic records, supporting documents,  
27 statistical records, and other records related to the delivery of fiscal  
28 intermediary services for a minimum of six years from the expiration of  
29 such registration.

30 (ii) Fiscal intermediaries shall implement and maintain plans, proce-  
31 dures, policies, internal controls, and appropriate administrative,  
32 technical, and physical safeguards, consistent with applicable laws and  
33 rules to ensure the security, confidentiality, integrity, and availabil-  
34 ity of personal identifiable information and protected health informa-  
35 tion created, collected, used, transferred, and/or disclosed by the  
36 fiscal intermediary. At a minimum, such plans, procedures, policies,  
37 internal controls, and appropriate administrative, technical, and phys-  
38 ical safeguards shall ensure:

39 (A) the secure and confidential storage of hard copy and electron-  
40 ically stored information;

41 (B) protected information is only used by or disclosed to those  
42 authorized to receive or view it;

43 (C) protected information is protected against any reasonably antic-  
44 ipated threats or hazards to the confidentiality, integrity, and avail-  
45 ability of such information;

46 (D) protected information is protected against any reasonably antic-  
47 ipated uses or disclosures of such information that are not permitted or  
48 required by law; and

49 (E) protected information is securely destroyed or disposed of in an  
50 appropriate and reasonable manner and in accordance with retention sche-  
51 dules.

52 (iii) Fiscal intermediaries shall maintain and provide to the depart-  
53 ment upon request their data privacy and security plans and procedures,  
54 as well as a plan for ensuring compliance with the federal health insur-  
55 ance portability and accountability act of nineteen hundred ninety-six  
56 and its implementing regulations. Fiscal intermediaries shall notify the

1 department of any breach of privacy or confidentiality upon discovery of  
2 the breach.

3 (k) (i) The commissioner shall require a fiscal intermediary to report  
4 annually on the direct care and administrative costs of personal assist-  
5 ance services as accounted for by the fiscal intermediary. The depart-  
6 ment shall specify the format of such reports, determine the type and  
7 amount of information to be submitted, and require the submission of  
8 supporting documentation, provided, however, that the department shall  
9 provide no less than ninety calendar days' notice before such reports  
10 are due.

11 (ii) If the department determines that the cost report submitted by a  
12 provider is inaccurate or incomplete, the department shall notify the  
13 provider in writing and advise the provider of the correction or addi-  
14 tional information that the provider must submit. The provider shall  
15 submit the corrected or additional information within thirty calendar  
16 days from the date the provider receives the notice.

17 (iii) The department shall grant a provider an additional thirty  
18 calendar days to submit the original, corrected or additional cost  
19 report when the provider, prior to the date the report is due, submits a  
20 written request to the department for an extension and establishes to  
21 the department's satisfaction that the provider cannot submit the report  
22 by the date due for reasons beyond the provider's control.

23 (iv) All reports shall be certified by the owner, administrator, chief  
24 executive officer, or public official responsible for the operation of  
25 the provider. The cost report form shall include a certification form,  
26 which shall specify who shall certify the report.

27 (l) The department shall provide a minimum of ninety calendar days'  
28 notice to fiscal intermediaries prior to collecting any reports or  
29 information required pursuant to paragraphs (h), (i), (j) and (k) of  
30 this subdivision, provided however that the effective date of initial  
31 registration issued by the department shall serve as notice to the  
32 fiscal intermediary that the department will be collecting an initial  
33 report and/or information pursuant to this subdivision.

34 § 4. Subdivision 4-c of section 365-f of the social services law is  
35 REPEALED and subdivision 4-d is renumbered subdivision 4-c.

36 § 5. Subdivision 4-c of section 365-f of the social services law, as  
37 added by section 7 of part G of chapter 57 of the laws of 2019, para-  
38 graph (d) as added and paragraphs (e) and (f) as relettered by section 3  
39 of part LL of chapter 57 of the laws of 2021, and such section as renu-  
40 mbered by section four of this act, is amended to read as follows:

41 4-c. Fiscal intermediaries ceasing operation. (a) Where a fiscal  
42 intermediary is ceasing operation or will no longer serve the consumer's  
43 area, the fiscal intermediary shall:

44 (i) deliver written notice forty-five calendar days in advance to the  
45 affected consumers, consumer representatives, personal assistants, the  
46 department, and any local social services districts or managed care  
47 plans with which the fiscal intermediary [~~contracts~~] registers. Within  
48 five business days of receipt of the notice, the local social services  
49 district or managed care plan shall acknowledge the notice and provide  
50 the affected consumers with a list of other fiscal intermediaries oper-  
51 ating in the same county or managed care plan network as appropriate;

52 (ii) not take any action that would prevent a personal assistant from  
53 moving to a new fiscal intermediary of the consumer's choice, nor  
54 require the consumer or the personal assistant to switch to a personal  
55 care or home health care program not under this section; and

1 (iii) upon request and consent, promptly transfer all records relating  
2 to the individual's health and care authorizations, and personnel docu-  
3 ments to the fiscal intermediary or personal care or home health care  
4 provider chosen by the consumer and assume all liability for omissions  
5 or errors in such records.

6 (b) Where a consumer is electing to transfer his or her services to a  
7 new fiscal intermediary or a personal care or home health care provider  
8 by the consumer's independent choice, the fiscal intermediary being  
9 discontinued shall comply with subparagraphs (ii) and (iii) of paragraph  
10 (a) of this subdivision.

11 (c) Where a fiscal intermediary is suspending or ceasing operation  
12 pursuant to an order under subdivision four-b of this section~~[, or has~~  
13 ~~failed to submit an offer for a contract,~~ or has been denied a  
14 ~~[contract]~~ registration under this section, all the provisions of this  
15 subdivision shall apply except subparagraph (i) of paragraph (a) of this  
16 subdivision, notice of which to all parties shall be provided by the  
17 department as appropriate.

18 (d) where a fiscal intermediary is acquired by, merges with, sells  
19 assets to, or engages in a transaction of a similar nature with a fiscal  
20 intermediary that was ~~[awarded a contract]~~ registered pursuant to subdi-  
21 vision four-a of this section, all the provisions of this subdivision  
22 shall apply. In providing notice under subparagraph (i) of paragraph (a)  
23 of this subdivision, the fiscal intermediary may inform the notice  
24 recipient of the applicable transaction and, if applicable, the ability  
25 of the consumer to remain with the awarded fiscal intermediary in  
26 accordance with any guidance issued by the commissioner.

27 (e) The local social services district or managed care plan, as appro-  
28 priate, shall supervise the transition of services and transfer of  
29 records and maintain provision of services by the personal assistant(s)  
30 chosen by the individual.

31 (f) Any transfer under this subdivision shall not diminish any of an  
32 individual's rights relating to continuity of care, utilization review  
33 or fair hearing appeals and aid continuing.

34 § 6. Subparagraph (ii) of paragraph (c) of subdivision 9 of section  
35 365-f of the social services law, as added by section 24 of part C of  
36 chapter 60 of the laws of 2014, is amended to read as follows:

37 (ii) The commissioner may require that applications submitted pursuant  
38 to this subdivision be submitted in response to and in accordance with  
39 ~~[a request for applications or a request for proposals issued by the~~  
40 ~~commissioner]~~ registration requirements established pursuant to this  
41 section.

42 § 7. The commissioner of health shall take the necessary steps to  
43 repeal subdivision (k) of section 505.28 of title 18 of the New York  
44 codes, rules, and regulations.

45 § 8. This act shall take effect six months after it shall have become  
46 a law. Effective immediately, the addition, amendment and/or repeal of  
47 any rule or regulation necessary for the implementation of this act on  
48 its effective date are authorized to be made and completed on or before  
49 such effective date.