



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
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Deputy Secretary
Office of Developmental Programs

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December 18, 2008

Dear Colleague:

In accordance with the Office of Developmental Programs (ODP) approved Consolidated and Person/Family Directed Support (P/FDS) Waivers and corresponding Financial Management Services Policy Bulletins, Administrative Entities (AE) were required to develop wage ranges and rates for seven participant directed services. These services are as follows:

- Unlicensed Home and Community Habilitation (2 levels)
- Unlicensed In-Home Respite (2 levels plus overnight)
- Supported Employment
- Transitional Work
- Personal Support
- Home Finding
- Homemaker/Chore

These wage ranges/rates are effective July 1, 2008 through June 30, 2009 and must be used by Waiver Participants or surrogates when negotiating the rate of pay (wage) and benefit allowance for the support service workers they employ through the Vendor Fiscal/Employer Agent Financial Management Service (VF/EA FMS) organization, or manage through the Agency with Choice Financial Management Service (AWC FMS) provider. Please note that any new negotiated wage rate must fall within the range. Any changes to a wage utilizing the wage ranges can only be implemented on or after a team meeting as it may involve a revision to the Individual Support Plan (ISP).

Every AE was required to establish wage ranges/rates for the VF/EA FMS model. The wage ranges/rates are associated with the AEs where the participant receives services, not the particular VF/EA FMS organization. The wage ranges/rates were not established by Acumen or the local VF/EA FMS organizations. They were established by the AEs and approved by ODP. AEs are responsible to ensure compliance with the approved wage ranges/rates.

Due to the fact that the AEs must negotiate the wage ranges/rates with the AWC FMS provider only, those AEs with an AWC FMS on contract were required to establish

the AWC FMS wage ranges/rates. These ranges/rates were also approved by ODP. Beginning July 1, 2008, however, every AE was required to provide full access to the AWC FMS model. If an AE does not currently have a contracted AWC FMS they must still offer the AWC model as an option to participants through a partnership with another AE that has a contract with an AWC FMS provider. If this type of partnership is used, the wage ranges/rates approved by ODP for the partnering AE apply. Once the AE secures a local AWC FMS contractor, they will be required to comply with the instructions to develop AWC FMS wage range/rates.

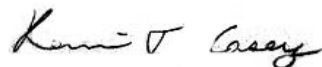
The AE should have distributed the approved wage ranges/rates to all Supports Coordination Organizations and participants, families and surrogates who are currently using a VF/EA FMS organization or AWC FMS provider. This distribution was to occur via written correspondence from the AEs by July 31, 2008. If you did not receive the required information or if you would like a copy of the approved wage ranges/rates please contact the AEs for copies.

Please be aware that many questions have been raised regarding applicable Labor and Industry (L&I) and Internal Revenue Services (IRS) rules as they relate to the various ODP service delivery systems. Workers hired to provide waiver services in or about the private home or home of the participant's family (whether paid by a traditional provider, VF/EA FMS or AWC FMS) are typically considered hourly employees, and therefore, are subject to applicable L&I requirements and IRS requirements for tax withholding, payment and reporting.

In addition, any payment to relatives or legal guardians for waiver services must comply with the requirements outlined in Appendix C-2-e of the DPW approved Waivers. Payments may only be made to provide certain Waiver services outlined in Appendix C-2-e, and payments must be made by either a qualified provider or qualified FMS organization/provider. In circumstance where a person rendering one of the above identified services meets the criteria of an independent contractor, then the independent contractor standards and tax requirements must be applied. Any modifications to the generally used W-2 and 1099 requirements must be approved in writing by the IRS for your individual situation. Otherwise, the employer and person/employee could be subject to IRS penalties.

If you have any questions or concerns, please contact the appropriate Regional Program Manager.

Sincerely,



Kevin T. Casey

c: Ms. Grogan