

## SECTION THREE

### RECRUITING AND CONTRACTING ISOs

#### 3.1 Overview

Effective recruiting and contracting methods are essential for states to operate effective and efficient intermediary service organizations (ISOs) and in particular, Vendor Fiscal/Employer Agents and Agency with Choice ISOs. When a county contracts with a vendor entity to provide Vendor Fiscal/Employer Agent ISO services, ISO services must be provided in accordance with U.S. Internal Revenue Services (IRS), U.S. Department of Labor and state and local rules and regulations pertaining to domestic service workers and employer agents, as well as, Title 55, Chapter 4300 regulations.

When a county contracts with a vendor to provide Agency with Choice ISO services, the services provided must be provided in accordance with Title 55, Chapter 4300 regulations. If the Agency with Choice or Vendor Fiscal/Employer Agent ISO services are funded by Medicaid, they must be provided in accordance with federal Medicaid law.

#### 3.2 Recruiting ISOs

There are a number of steps in recruiting ISOs (including Vendor Fiscal/Employer Agent and Agency with Choice ISOs). These steps can include, but not be limited to:

- ❑ Determining the characteristics and size of the population to be served by the ISO model(s),
- ❑ Determining the ISO model(s) to be implemented (i.e., Vendor Fiscal/Employer Agent and/or Agency with Choice ISO),
- ❑ Identifying the pool of potential ISO providers in a county(s) (i.e., Vendor Fiscal/Employer Agent and/or Agency with Choice ISO) and a mailing list in order to issue a Request for Information (RFI),
- ❑ Determining the number of ISOs with which the county will contract (i.e., one for the county, one for a number of counties, multiples within a county),

- ❑ Determining the role and responsibilities of the ISO provider, state program agency, individual, representative, support service worker for each ISO model selected,
- ❑ Determining the contracting standards that an ISO entity must meet in order to be a qualified Medicaid provider and to provide the ISO services, and
- ❑ Preparing a briefing paper that summaries all of the information about the county's Self-Determination program and the information described above. This document can be used to educate key stakeholders throughout the county and state regarding the county's ISO activities and as a basis for preparing a Request for Information (RFI).

### **3.2.1 Developing a Mailing List**

In order to develop an effective mailing list for issuing a RFI for an ISO model, it is very important that a county be able to identify and contact individuals and/or organizations that might be interested in being an ISO. This means researching and contacting accountancy and payroll organizations in the area (and nationally particularly in the area of payroll companies), in addition to social service organizations that may be interested in expanding their market share in a new area. The more comprehensive the mailing list the better the chance the county will have to determine the potential ISO market in a county.

### **3.2.2 Preparing a Briefing Paper**

A briefing paper provides a county program agency with the opportunity to draft a *blue print* of its new initiative and to think through all possible opportunities and challenges. When developing and implementing a Vendor Fiscal/Employer Agent it is very important for the county to be able to describe the type and number of individuals who will be using the Self-Determination Program and the Vendor Fiscal/Employer Agent service. This information will be helpful in determining the role, responsibilities, and organizational construct of the Vendor Fiscal/Employer Agent and the role and responsibilities of individuals and their representatives. Determining the volume of individuals to be served will be helpful in determining how many Vendor Fiscal/Employer Agents a county needs to engage, or if a county wants to consider collaborating with one or more counties to provide Vendor Fiscal/Employer Agent services.

County agencies also need to describe all of the key federal, state, and local tax; as well as labor and program rules and regulations pertaining to the ISO being used (i.e., Vendor Fiscal/Employer Agent or Agency with Choice) and the knowledge and experience necessary to act as a particular ISO. Preparing this section of the briefing paper also will be an excellent educational exercise for county program staff who will be involved in developing the Medicaid ISO provider standards for the ISO model(s)

selected and for developing policies and procedures for monitoring the performance of ISO providers.

### **3.2.3 Developing and Implementing a Request for Information (RFI)**

A county may want to consider issuing a Request for Information (RFI) in order to educate key stakeholders (i.e., individuals/representatives, state and county program staff and potential ISO providers and support service workers) about the county's new initiative and for stakeholders to be able to ask questions. An RFI also helps a county to determine the potential supply of ISO providers in their region for the ISO model(s) it wants to implement.

The RFI should include a description of the current service delivery system and the proposed changes to the current system. It should include a key information included in the briefing paper. In addition the RFI should request comments from interested parties either in writing, in person, or both. An example of an RFI is included in Appendix B.

A county may want to consider conducting an open meeting of interested parties to discuss the information included in the RFI, to respond to questions, and to obtain feed-back from interested parties about their interest in and concerns regarding the county's new initiative and becoming an ISO.

### **3.2.4 Developing Contracting Standards for ISO Providers**

A county must develop and implement contract standards for each ISO model it wishes to implement in accordance with Title 55, Chapter 4300. It is recommended that a county's contracting standards include having a vendor successfully complete an ISO Readiness Review prior to operating as either a qualified Vendor Fiscal/Employer Agent or Agency with Choice ISO provider.

### **3.2.5 Recruitment Issues Related to Vendor Fiscal/Employer Agent ISOs**

Volume is key to the financial viability of a Vendor Fiscal/Employer Agent. If the volume of individuals served in a self-directed support service program is substantial (e.g., 1,000 individual employers or more) there will be an incentive for multiple Vendor Fiscal/Employer Agent ISOs to operate in a region. However, when the volume of individuals served by a self-directed support service program is small, the market may only sustain one statewide Vendor Fiscal/Employer Agent. In the case of Pennsylvania, multiple counties operating Self-Determination Programs with low volumes of individual service recipients may want to consider recruiting one Vendor Fiscal/Employer Agent to serve multiple counties, thus promoting financial viability for the Agent and cost efficiency for the counties.

### **3.3 Contracting with ISOs**

It is important for county program agencies to develop effective contracts with the ISOs with which it engages. It is recommended that counties develop performance-based contracts with ISOs based on federal, state, and local tax; as well as labor and program rules and regulations for ISOs.

Performance standards developed for the ISO should measure the quality, quantity, and timeliness of the ISO in performing the required tasks and producing the required deliverables. The ISO's performance-based contract should be the basis of any ISO readiness or mid-year/annual performance review protocol developed by county agency staff (See Section Seven of the Guidelines).

Counties have the option to contract with a single ISO to serve multiple counties, much like the existing Health Care Quality Units (HCQUs).

When counties contract with vendors to provide Vendor Fiscal/Employer Agent ISO services, ISO services must be provided in accordance with U.S. Internal Revenue Service (IRS) rules and regulations, U.S. Department of Labor and state and local rules and regulations pertaining to domestic service workers and employer agents, as well as Title 55, Chapter 4300 regulations. Until the IRS determines otherwise, Vendor Fiscal/Employer Agent ISO services must be provided in accordance with Section 3504 of the IRS Code and Revenue Procedure 70-6 (when the county chooses to contract with a vendor entity to be the Fiscal/Employer Agent). If Vendor Fiscal/Employer Agent ISO services are funded by Medicaid, they must be provided in accordance with federal Medicaid law.

When a county contracts with an agency to provide Agency with Choice ISO services, these services must be provided in accordance with Title 55, Chapter 4300 regulations. If Agency with Choice ISO services are funded by Medicaid, they must be provided in accordance with federal Medicaid law.

When a county is contracting with a vendor entity or agency to provide ISO services, the vendor or agency must be conflict free (See Section 4.8 of the Guidelines).