



State of Louisiana

Department of Health and Hospitals
Bureau of Health Services Financing

MEMORANDUM

DATE: May 20, 2015

TO: All Private ICF/DD Providers

FROM: Randy Davidson, Program Manager 3

SUBJECT: Clients' Personal Funds Account Policy Clarifications

A review of recent reports issued by Postlethwaite & Netterville indicates several issues of non-compliance with the ICF/DD Standards for Payment and Provider Manual by ICF/DD providers. The purpose of this letter is to provide clarification of DHH policies on these issues:

- 1) The specific purpose of the disbursement was not recorded on the client's ledger:** The ICF/DD Provider Manual, Section 26.7, Record Keeping requires that a file be maintained for each participating client. Each file or record shall contain all transactions pertinent to the account, including the following information for withdrawals: amount, date, check/petty cash voucher number, payee (if check is issued), and purpose of withdrawal. DHH expects the provider to record the **specific** purpose of the disbursement on the clients' ledgers. Purposes such as "client spending" or "spend down" are not considered to be specific purposes.
- 2) Checks were made payable to clients in amounts exceeding \$100:** The ICF/DD Provider Manual, Section 26.7, Record Keeping requires that the ICF/DD ensure the soundness and accuracy of the recipient fund account system. DHH does not consider it to be a sound business practice for checks in large amounts to be written to clients. DHH requires checks for large purchases (amounts over \$100) to be made payable to specific vendors.
- 3) Checks were made payable to cash or employees of the facility:** The ICF/DD Provider Manual, Section 26.7, Record Keeping requires that checks shall not be payable to "cash" or employees of the facility.
- 4) Clients maintained balances greater than \$2,000 at the beginning of certain months:** Louisiana Register, Vol. 31, No.09, September 20, 2005, Title 50, Part VII. Subpart 3. Intermediate Care Facilities for the Mentally Retarded, Chapter 331, Vendor Payments, Section 33103. Payment Limitations, A. requires that the facility refund all Medicaid payments made on behalf of ineligible clients.
- 5) Receipts were not provided for check disbursements:** The ICF/DD Provider Manual, Section 26.7, Record Keeping requires that supporting documentation be maintained for each withdrawal as follows: cash register receipt with cancelled check or petty cash voucher signed by the client; or invoices with cancelled check or petty cash voucher signed by the client; or petty cash voucher signed by the client; or cancelled check.

- 6) **Providers did not maintain a clients' personal funds account petty cash fund:** The ICF/DD Provider Manual, Section 26.7, Record Keeping requires that the provider have a minimum of cash on hand to meet clients' spending needs. Cash on hand shall be maintained on an imprest petty cash system that includes pre-numbered petty cash vouchers. Petty cash shall be maintained at the facility and shall be available to the recipients 24 hours a day, 7 days a week. DHH requires providers to use the petty cash fund for client disbursements of \$50 or less.

Failure to implement and/or adhere to the above clarified policies are in direct violation of the Louisiana Register, Vol 31, No. 09, September 20, 2005, Title 50, Part VII. Subpart 3. Intermediate Care Facilities for the Mentally Retarded, Chapter 307, Records, Subchapter A, Client Records, §, Section 33103. Payment Limitations, §30709, Financial Records, and place the facility at risk for fines, penalties and/or sanctions as allowed by the provider enrollment agreement.

Please call Lana Ryland, Program Manager at 225-342-9488 or лана.ryland@la.gov for any questions related to the above clarifications.

RD/lr