



**MassHealth**  
**Adult Foster Care Bulletin 15**  
**April 2018**

**TO:** Adult Foster Care Providers Participating in MassHealth  
**FROM:** Daniel Tsai, Assistant Secretary for MassHealth  
**RE:** **Adult Foster Care Provider Fiscal Soundness Requirement**

### **Introduction**

MassHealth amended the Adult Foster Care (AFC) program regulation at 130 CMR 408.000 effective May 5, 2017, to revise and clarify certain AFC program requirements. This bulletin provides guidance about the statement of fiscal soundness requirement provided at 130 CMR 408.404(A)(12).

### **Statement of Fiscal Soundness**

Pursuant to 130 CMR 408.404(A)(12), AFC providers must “submit to MassHealth or its designee a statement of fiscal soundness attesting to the financial viability of the AFC provider supported by documentation to demonstrate that the provider has adequate resources to finance the provision of services in accordance with 130 CMR 408.000.”

To satisfy the fiscal soundness requirement, the provider must demonstrate:

- A cash reserve sufficient to meet one month of financial obligations in the operation of the provider’s AFC program, including but not limited to timely payment of caregiver stipends and professional staff wages and the provider’s general and professional liability insurance coverage and workers’ compensation insurance coverage. If using a line of credit to meet the cash reserve requirement, the provider must demonstrate the line of credit has been approved by a financial institution.

The minimum amount allowed in available cash reserve is the average monthly cost of the provider’s AFC program. The AFC provider must attest that its available cash reserve will meet that average monthly cost at all times during the subsequent year. If the AFC provider’s cash reserve average in a particular month falls below the minimum amount allowed, the AFC provider must notify the MassHealth Adult Foster Care Program Manager immediately. The annual cash reserve report and attestation must be completed in the LTSS Provider Portal at [www.masshealthltss.com](http://www.masshealthltss.com) by October 1 each year. This form will be available for AFC providers to complete by August 2018.

For AFC providers that fail to meet the fiscal soundness requirement pursuant to 130 CMR 408.404(A)(12) and as described in this bulletin, MassHealth may take further action, such as imposing sanctions in accordance with 130 CMR 450.238 including but not limited to termination of the organization as a MassHealth AFC provider.

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## Contact Information

### Contact Information for MassHealth LTSS Provider Service Center

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