

**DEPARTMENT OF HUMAN SERVICES**  
**DIVISION OF DEVELOPMENTAL DISABILITIES (DDD)**

**EFFECTIVE DATE:**        *September 1, 2009*

**DATE ISSUED:**         *September 2, 2009*

- I.    **TITLE:** Management of Funds Where DDD or the Provider is Representative Payee for an Individual's Benefits
  
- II.   **PURPOSE:** The purpose of this circular is to assure the maximization of an individual's funds and to assure that the individuals become and remain eligible for all benefits to which they are entitled.
  
- III.  **SCOPE:**     This circular applies to all components of the Division, individuals in residential placements funded in whole or in part by the Division, and providers licensed by the Department of Human Services.
  
- IV.   **POLICIES:**   The Division of Developmental Disabilities (DDD) is committed to assuring that individuals served by DDD become and remain eligible for benefits for which they are entitled. These benefits include but are not limited to Supplemental Security Income (SSI) and Medicaid.

As representative payee for benefits, DDD, as with any representative payee, must follow specific Social Security guidelines or risk losing individuals' benefits.

DDD recognizes that the Division and providers need to continue to work together to ensure that individual's needs are met and services continue to be funded and expanded.

V. **GENERAL STANDARDS:**

- A. **Definitions:** - For the purpose of this circular, the following terms shall have the meaning defined herein:

“CCR” means a community care residence licensed in accordance with N.J.A.C. 10:44B.

“Consumer Financial Services Unit” means the DDD Central Office component responsible for management of the finances of individuals receiving services.

“Contribution to Care and Maintenance” means the requirements for individuals in DDD funded residential placements to contribute to the cost of care and maintenance as outlined in N.J.A.C.10:46D.

“DDD” means the Division of Developmental Disabilities.

“Departure” means movement of an individual from one provider to another or to another Division component, death or discharge.

“DHS” means the Department of Human Services.

“Division component” means Community Services regional office or developmental center.

“Individual” means the person determined eligible for DDD services pursuant to N.J.A.C. 10:46 and receiving services from DDD.

“Provider” means a person, agency or business that is under contract with the Division, qualified or certified by the Division, or licensed by the Department.

“Regional Consumer Financial Services Unit” (RCFS) means the DDD Fiscal component of the Consumer Financial Services Unit located in the Community Services Regional Offices.

B. Pursuant to N.J.A.C. 10:46D, all individuals in DDD funded residential placements have a lien placed against them for the full cost of care of placement. The calculated cost of care daily rate for placement into a residential setting for 2009 is \$349/day. The monthly cost of care for an individual in residential services far exceeds the current 2009 SSI monthly payment rate of \$824.05.

C. In order to maintain eligibility for SSI and Medicaid benefits an individual can not have total combined resources in excess of \$2,000 at any given time. Total combined resources include, but are not limited to, the following: cash on hand, community bank accounts, provider bank accounts, funds in the DDD banking system account, and any other accounts in which funds are includable as assets by Social Security.

## **VI. PROCEDURES:**

**A. Excess Funds:**

1. An individual's total combined account balance for all resources held in the community must never exceed \$800. If an individual should accumulate funds in excess of \$800, the extra funds must be returned to DDD to be applied against the individual's cost of care debt and to maintain benefit eligibility.
2. The excess funds shall be returned to the NJ DDD Consumer Financial Services Unit, at NJ DDD-Client Fiduciary Accounts, P.O. Box 726, Trenton, NJ 08625, payable to the "Treasurer - State of New Jersey" within 30 days. Information identifying the individual including residential program ID and MIS number must be included with the returned funds.

**B. Interest Bearing Account:**

Any funds that DDD disburses to providers for an individual's use must be maintained in an interest bearing account that clearly details all receipts, payments and account balances for each individual separately. The account must contain all financial transactions made on behalf of the individual and identify and include all earned interest.

**C. Receipts for Individual's Purchases:**

1. When a purchase is made, by or on behalf of an individual, a proper receipt must be obtained. The receipt should contain the vendor's name, the date of purchase, and itemization of the purchases made. It should also contain information about whether the transaction was cash or credit.

2. Although Social Security regulations require that original receipts be maintained for 2 years, DDD requires that financial records be maintained for a period of ten years after the death or the most recent discharge of the individual in accordance with Division Circular 11. The receipts remain part of the DDD record and must be provided to DHS and DDD staff immediately upon request.
3. If one receipt covers expenditures for more than one individual, a copy of the receipt must be maintained in each individual's financial file, highlighting the items purchased on behalf of the individual.

**D. Appropriate Use of Funds:**

1. According to Social Security, the primary use of monthly benefit funds is to provide food and housing for the individual. For individuals residing in residential placements funded by DDD, these items are already covered in the provider contract or individual budget. Once the immediate need for food and housing is met, remaining funds can be used for the individual's other needs.
2. As a requirement of being an organizational representative payee, DDD must provide the individual with a monthly personal needs allowance (PNA). The current PNA monthly payment is \$40.00 for all individuals, and for individuals residing in CCR's, they receive an additional allowance. The CCR rate is adjusted annually by DHS. Social Security defines how personal needs funds can be spent. Examples of acceptable expenditures include: health and hygiene items such as personal soaps, toilet articles, cosmetics, combs and brushes, clothing and shoes, and convenience items such as watches, radios, MP3 players, etc.

3. Under no circumstances shall PNA funds be spent on items that have already been contractually funded as part of the provider contract or included in an individual's budget.
4. One individual's funds shall not be used to purchase items on behalf of another individual.
5. Providers cannot advance funds to an individual while awaiting the start up of benefits. If benefits are delayed the provider must contact the case manager who will work with the RCFS Unit to determine the best course of action.

**E. Requests for Additional Funds:**

1. NJ currently allows individuals to have access to additional funds within the current assessment period if they have a specific need. DDD is not required to provide access to these funds. Requests for additional available funds must be presented through the case manager prior to fiscal review and approval. These funds, known as monthly budget funds, can be used for small personal items.
3. All vacation requests must conform to "Divisional Circular 9 –Vacation Planning Requirements".

**F. Accounting of Funds:**

1. As representative payee, DDD retains the authority to make the final decision on how an individual's funds are disbursed. In order to assure continued benefit

eligibility, DDD must know the financial status of all of the individuals where DDD is the representative payee. Providers are required to provide DDD with a spreadsheet accounting of the total combined resources for each individual twice a year at a minimum, once by October 1st of each year itemizing available balances as of August 31<sup>st</sup> and once by April 1<sup>st</sup> of each year itemizing available balances as of February 28<sup>th</sup>, with the following information: Individual's Name, MIS#, provider account balance, cash on hand, the individual's community bank balance, burial account balance, other available funds, and residential program ID. Documentation must be made available to the Division immediately upon request. This information shall be forwarded to DDD Consumer Financial Services Unit, PO Box 726, Trenton, NJ 08625, Attention Supervisor, Consumer Financial Services.

If the requested accounting is not received, DDD will stop the monthly budget payments to the provider until the accounting is provided.

In addition, it is the responsibility of the provider to maintain a ledger/transaction log for each individual identifying all deposits, withdrawals, and balances of the funds. Balances must delineate the source of funds utilizing categories in accordance with section V. C. and include the bank name where appropriate and the holder of the burial account, if applicable. If the provider is the representative payee of benefits, the provider may merge provider rep-payee data with DDD data as long as the provider specifies a payee identifier for each individual. If the payee changes, the identifier must change. Each deposit must be represented by a bank entry. Each withdrawal must be accompanied by a list of items purchased and a receipt.

**G. Requests for Furniture:**

1. DDD has provided funding to providers for furniture at the time of the start up of the individual's program. Therefore, requests for furniture after the start-up period will be closely scrutinized.
2. Requests for furniture must be forwarded to the RCFS Unit in DDD and will only be approved when the furniture is to be placed into the individual's sleeping quarters, have been vetted through the case manager, and represent a supplement to the existing suite of furniture that is provided for the personal use of the individual but remains an asset of the provider. Any item purchased for the individual with the individual's funds will be considered the property of the individual should the individual move.
3. The Service Plan, as defined in Division Circular #35, "Service Plan", for the individual is not an appropriate place for indicating an individual's wish list for spending. The Service Plan is not, therefore, support for approval. In accordance with Division Circular 35, "the service plan will identify the preferences of the individual receiving services for specific programs, support and/or services". Spending preferences placed into the service plan will not be honored by DDD and must be requested as outlined in this Circular.

#### **H. Group Purchases:**

Individuals' funds cannot be combined to make a purchase that would benefit more than one individual in a program or be used in communal areas of the facility or residence. This is considered a group purchase and requires DDD Fiscal and Social Security approval. Requests are to be vetted through the DDD



case manager before making any group purchases. Case managers will forward completed requests to the RCFS Unit for review and processing.

**I. Burial Accounts:**

Burial accounts may be established in compliance with SSI and Medicaid rules. The individual can have one burial account only. This account must be an irrevocable account which must be payable only upon death. Requests to establish a burial account are to be vetted through the individual's DDD case manager to verify with the DDD RCFS Unit that DDD does not already have an established account.

**J. Departure of an Individual from Services:**

If an individual transfers from a provider and DDD is the payee of benefits, the DDD case manager must be notified immediately. All unspent funds of the individual must be returned to DDD within two weeks of the individual's permanent departure. Examples of this include but are not limited to, admission into a hospital or nursing home, movement to another provider or to the individual's own home, or death, as these movements affect the payment of monthly benefits.

**K. Rental Vouchers:**

When an individual resides in a residential setting subject to the cost of care assessment and the setting is supported by a federal/state housing authority rental voucher (e.g. HUD, State Rental Assistance Program voucher, etc.) the new rental amount must be determined yearly in accordance with the rental

assistance contract and reported to DDD through the yearly contribution to care process. This requires completion of the Request for Special Circumstance form accompanied by documentation of the rental amount. In order to process these requests, DDD must receive the owner's "Certification of Compliance with Tenant Eligibility" form including worksheet reporting page for the housing authority that delineates the following: time period for the lease, the fair market value of the housing, the benefit amounts used to determine the rental amount, and the individual's monthly rent.

**L. Audit:**

All providers are subject to audit by DHS, DDD, and Social Security, at a minimum, to verify compliance with these established protocols and Social Security guidelines. These audits are at the discretion of the Division, DHS, Social Security, and any other State or federal agency with oversight.

**M. Compliance:**

Any provider found not in compliance with the above noted practices not only risks the cessation of disbursements of all individuals' funds to the agency except PNA, but also risks a pay back of benefits to the Division where appropriate protocol was not followed. This includes the loss of an individual's federal benefits and/or Community Care Waiver eligibility because a provider did not follow this Circular. Providers that do not return funds to the Division upon notification of inappropriate spending may be subject to the following: contract termination, imposition of an offset to the contract ceiling or the withholding of contract payments until the amounts to be recouped are satisfied as determined by the Division, or any other remedies available to the State.

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