Guidance on Division Funding and Individual Funds Charged/Collected by Residential Providers

The Division of Developmental Disabilities (Division) is transitioning to a Medicaid-based fee-for-service (FFS) payment system. This change will impact the way that provider agencies are paid for housing-related costs for the individuals who live in their Division-funded residential settings, such as a group home or supervised apartment.

As individuals transition to the fee-for-service system, the amount and the process by which an individual contributes to their housing-related costs will change. What was previously referred to as Contribution to Care will be replaced by an Individual Contribution. The individual will pay 30% of their income toward rent and receive a Supportive Housing Connection housing voucher to pay the remaining amount, up to the agreed upon figure. An additional amount, referred to as the Individual Contribution, will be paid to the individual’s residential service provider for other living expenses, such as food and utilities.

Individuals receiving services (or guardians and representative payees) are responsible for managing their income and assets. In FFS, individuals and their residential service providers may privately negotiate agreements governing the management, disbursement and accounting of individual funds. These are individuals’ funds, and the Division does not review or approve these agreements.

The Division does have an obligation to ensure that the Individual Contribution charged and/or collected by residential providers does not supplement or duplicate payments made by the Division. Provider participation in the Division’s home and community-based services (HCBS) waiver and housing programs requires that providers accept the Division’s payments as full reimbursement for services rendered.

Compliance with applicable financial elements contained in the Standards For Community Residences For Individuals with Developmental Disabilities (NJAC 10:44A) is required.

What Providers CANNOT Charge Individuals:

- Duplicative services: Providers cannot accept payments that supplement or duplicate the services an individual is receiving through the HCBS waiver they are enrolled on (e.g. Community Care Program). These services are entirely funded by the Division. For example, transportation is a required service component of Individual Supports (Daily Rate) and Day Habilitation (Within Catchment Area) – and the provider cannot accept additional payment for this service since it is included in the rate received by the provider.

- Rent: Providers cannot accept payments that supplement or duplicate the rental amount paid by the individual and their rental voucher (i.e., the individual’s 30% contribution and the voucher amount paid by the Supportive Housing Connection). This total rent amount relates to capital and operating expenditures for the physical structure, including, but not limited to, home maintenance, capital repairs, and liability and property insurance.
What Providers CAN Charge Individuals, with the Individual’s Agreement:

- Ancillary housing costs: The lease or residency agreement should explicitly identify other shared costs that are included or excluded from the monthly rent, including, but not limited to utilities, grounds maintenance (e.g., landscaping, snow removal), and shared services (e.g., internet, phone, television).

- Personal costs: Personal costs, such as food, are not funded by the Division and are paid solely from an individual’s funds and charged or collected by the residential provider. Costs and benefits specific to an individual, such as renter’s insurance, should be charged directly to the individual.

Interaction with Other Programs and Services

Social Security and other Federal Funds
Rules around designation of a Representative Payee for an individual are regulated by the payer of the benefit. Neither the Division nor service provider can dictate who that can be. Please note that payees receiving federal funds, such as those administered by the Social Security Administration (SSA), are required to document how the monies for an individual are expended. Agreements between an individual and an agency should not prevent compliance with SSA rules. Provider agency policies around the individual contribution must take this into consideration.

Personal Needs Allowance
Funds for the Personal Needs Allowance (PNA) provided to an individual shall not come from the Individual Contribution to the provider for costs associated with the individual’s care. The monthly PNA must come from the individual’s gross monthly income, prior to determining the individual’s contribution to the provider for the cost of her or his care.

Medicaid Eligibility
In order to maintain Medicaid eligibility, an individual cannot exceed a total of $2,000 in assets from all accounts. These are accounts held by the individual or other entities such as the service provider, payee, guardian, family member, etc. If an individual’s assets exceed the $2,000 asset limit those funds can be used to pay against the lien the state has against an individual for the cost of care. For more information related to lien repayment please contact the DHS Office of Finance, Consumer Financial Assessment Unit, at 1.800.626.6011.

Guardianship Fee Allowance
The State of NJ does allow a Guardianship Fee Allowance. This allows a guardian to collect 6% of the individual’s federal benefit to offset the guardian’s costs for providing guardianship services. If requested, a payee must pay this fee. Commissions in the amount of 6% may be taken without court allowance on all income received by the fiduciary.

Burial costs
Payees should note that it may be beneficial to ensure that the individual has a burial trust. Burial accounts can be established through Choices, the New Jersey Prepaid Funeral Trust Fund. An individual under services cannot have more than one burial account as it will be considered an asset and may exceed the maximum Supplemental Security Income (SSI) $2,000 asset limit.