
SECTION 5

Service Cost-Sharing Policies and Procedures

XVII. SERVICE COST-SHARING POLICIES AND PROCEDURES

A. Background

The Service Cost-Sharing Policy outlines the policies and procedures necessary to solicit, from every service recipient, a portion of the cost of providing in-home and community based services administered by the Division of Aging.

North Carolina's commitment to service cost-sharing is outlined in North Carolina General Statute 143B-181.1(a)(10). This statute requires the Division of Aging to charge fees for in-home and community based services, unless prohibited by federal law. The law also requires the Division to establish a fee schedule to cover the cost of providing services and indicates that fees may vary on the basis of the type of service provided and the ability of the recipient to pay for the service.

The concept of soliciting a portion of the cost of services from service recipients is not new. The Administration on Aging has a long standing commitment to service cost-sharing as illustrated by the Older Americans Act regulation which requires that all service recipients be given the opportunity to contribute to the cost of services received (45CFR Section 1321.67). In North Carolina, however, this requirement has not been uniformly implemented as intended.

The Service Cost-Sharing Policy integrates the provisions of the State and Federal laws into a single set of policies and procedures. The policy is intended to ensure that all service recipients are given the opportunity to share in the cost of services rendered. The decision to share in the cost of services is ultimately the decision of the individual receiving services. These policies and procedures will be implemented regardless of the fund source used to provide services subject to the Service Cost-Sharing Policy.

B. Service Cost-Sharing

All individuals determined eligible to receive service(s) subject to the Service Cost-Sharing Policy must be informed of the provisions of the State and Federal laws which require that all service recipients be requested to share in the cost of services rendered, based upon their ability to pay. Service recipients must be informed of the cost (e.g. actual cost/fixed rate per unit) of providing service(s) and agencies must give each service recipient a copy of their cost-sharing schedule. The cost-sharing schedule distributed to service recipients must be based on the recommended cost-sharing schedule outlined on page 115 of this section. Those individuals who have the ability to pay are expected by General Statute 143B-181.1(a)(10) to share in the cost of services. Agencies are also expected by General Statute 143B-181.1(a)(10) to make a reasonable effort to collect a portion of the cost of service(s) rendered from every service recipient.

C. Purpose

The purpose of the Service Cost-Sharing Policy is to extend the availability of in-home and community based services administered by the Division of Aging by soliciting from all service recipients a portion of the cost for services rendered based upon their ability to pay. Revenues collected from service recipients will be retained by the local service provider and used to increase services to existing clients and/or provide in-home and community based services to other individuals in need of such services.

D. Services Subject to Cost-Sharing Policies

The following services shall be subject to the Service Cost-Sharing Policies and Procedures.

1. Adult Day Care
2. Adult Day Health Care
3. Congregate Nutrition/Congregate Supplemental Meals
4. Group Respite
5. Home Delivered Meals/Home Delivered Supplemental Meals
6. Housing and Home Improvement (Individual Counseling/Home Repair and Appliance Purchases)
7. In-Home Aide Services (includes in-home Respite Care)
8. Institutional Respite
9. Skilled Home (Health) Care Services
10. Transportation

When a local department of social services requests that any of the above services be provided to an individual as part of an Adult Protective Services Plan, the individual will be excluded from any cost-sharing requirement, up to a maximum of 12 months.

The Service Cost-Sharing Policy does not apply to services administered by the Division of Aging which are not listed above. However, in accordance with the requirements of the Older Americans Act, agencies must provide all individuals receiving services not subject to the Service Cost-Sharing Policy with the opportunity to contribute to the cost of service.

E. Implementation of Service Cost-Sharing

1. Initial Review

Agencies must review the following information with each individual who has been determined eligible to receive a service subject to Service Cost-Sharing:

- a. the provisions of the State and Federal laws which require that all individuals be requested to share in the cost of services rendered, based upon their ability to pay;
- b. the purpose of Service Cost-Sharing;
- c. the cost of the service(s) received (e.g. actual cost/fixed rate per unit);
- d. the process by which cost-sharing revenues will be collected;
- e. the individual whom the service recipient should contact with questions pertaining to Service Cost-Sharing; and
- f. the fact that services will not be terminated for failure to share in the cost of services rendered.

2. Annual Review

On at least an annual basis, preferably during a service reassessment, agencies must review the following information with each individual receiving services subject to the Service Cost-Sharing Policy:

- a. the purpose of Service Cost-Sharing;
- b. the agency's cost (e.g. actual cost/fixed rate per unit) to provide service(s) received;
- c. the agency's procedures for collecting cost-sharing revenues and the individual whom the service recipient should contact with questions pertaining to Service Cost-Sharing; and
- d. the fact that services will not be terminated for failure to share in the cost of service(s) rendered.

F. Declaration of Income

Agencies are not required to ask service recipients to declare their income or negotiate a cost-sharing amount with each service recipient. The following information is provided as guidance to enable agencies to respond to questions from service recipients regarding what constitutes countable income for the purpose of calculating the recommended amount of cost-sharing based on the agency's cost-sharing schedule. This information is also provided as guidance for agencies voluntarily choosing to include their cost-sharing schedule on the Service Cost-Sharing Form for the purpose of negotiating cost-sharing amounts from service recipients.

Service Cost-Sharing percentages should be based upon the monthly income of the service recipient only, unless the service recipient is residing in the same household with his/her spouse. In instances where the service recipient and his/her spouse are residing in the same household, the Service Cost-Sharing percentage should be based upon the income of the service recipient and his/her spouse. (In those instances where a Respite Care activity is to be provided, the caregiver is the client.)

G. Sources of Income

Sources of income which should be considered by the service recipient for the purpose of determining monthly income include the following:

1. Wages, pensions, retirement benefits;
2. Social Security, Supplemental Security Income;
3. Dividends/interest from savings, bonds, and stocks;
4. Income from estates, trusts, royalties and rental property;
5. Unemployment/worker's compensation; and
6. Alimony.

For additional information about income to be included, see Attachment A.

H. Recommended Cost-Sharing Schedule

The Division of Aging is required by North Carolina General Statute 143B-181.1(a)(10), to establish a fee schedule to cover the cost of providing in-home and community based services administered by the Division of Aging. The law allows the fee schedule to vary on the basis of the type of service provided and the ability of the recipient to pay for the service(s).

An essential element of the Service Cost-Sharing Policy is the need to establish and implement methods of determining a service recipient's ability to pay for services in a fair, equitable and comprehensible manner, resulting in increased revenues for the provision of in-home and community based services. To ensure that service recipients are treated in an equitable manner, some aspects of the cost-sharing schedule will be implemented uniformly across the state.

The recommended cost-sharing schedule outlined below is a tool which may be used to determine what are reasonable and fair cost-sharing amounts for the income ranges indicated. The purpose of the recommended cost-sharing schedule is to establish, as a basic policy, that it is reasonable to expect persons whose annual income is at, or above, 150% of the federal poverty level to pay a portion of the cost of services rendered. As such, the recommended cost-sharing schedule begins at 150% of the federal poverty level. This equates to an annual income (in 1992) of \$10,224 per year, for an individual or \$13,788 per year, for a couple. The cost-sharing percentages indicated below are minimums that the agency should seek to

collect from service recipients. General Statute 143B-181.1(a)(10) outlines state policy stipulating that all service recipients will pay a portion of the cost of in-home and community based services, based upon their ability to pay. Ultimately, it is up to each service recipient to determine what they are able to pay based on their individual circumstances. Therefore, the cost-sharing schedule outlined below is recommended. However, steps must be taken by the agency to ensure that the requirements of the state policy are met by: explaining the cost-sharing policy to all service recipients; distributing a copy of the recommended cost-sharing schedule to all service recipients; and completing a cost-sharing form for all service recipients except for those individuals receiving congregate nutrition and/or transportation service.

Agencies are not required to include their cost-sharing schedule on their Service Cost-Sharing Form. However, agencies must distribute a copy of their cost-sharing schedule to each service recipient. The cost-sharing schedule distributed by agencies must reflect the income ranges and minimum percentages outlined below. Distribution of the agency's cost-sharing schedule to each service recipient will ensure that every service recipient has been made aware of the state's recommended cost-sharing schedule. Ultimately, it is up to each service recipient to determine the amount of service cost-sharing they will pay based on their individual financial circumstances.

Agencies must establish percentages or an amount that will be requested from individuals whose monthly income is below 150% of the federal poverty level for inclusion as part of the service cost sharing schedule. To comply with the Older Americans Act regulation that requires that each service recipient be given the opportunity to share in the cost of services rendered, the recommended amount of cost-sharing indicated on the cost-sharing schedule for persons below 150% of poverty may not be zero.

RECOMMENDED COST-SHARING SCHEDULE

Monthly Income		Recommended
Individual	Couple	Percentage
\$ 852 - 970	\$1,149 - 1,301	30%
971 - 1,090	1,302 - 1,516	40%
1,091 - 1,209	1,517 - 1,600	50%
1,210 - 1,328	1,601 - 1,761	60%
1,329 - 1,447	1,762-1,952	75%
1,448 - above	1,953 - above	100%

The following information is provided as guidance for agencies voluntarily choosing to include the recommended cost-sharing schedule on their Service Cost-Sharing Form for the purpose of negotiating a cost-sharing amount with service recipients.

Agencies may negotiate higher Service Cost-Sharing percentages than those recommended. Agencies may also negotiate lower percentages than those recommended based upon each individual service recipient's circumstances. For instance:

Ms. Jones is 60 years of age and will receive 12 hours of In-Home Aide Services (respite) per month. Her annual income is 1,100 per month. The recommended cost-sharing amount for her monthly income range is 50%. When applied to a \$9.00 per hour service cost, her recommended cost-sharing amount would be \$4.50 per hour. This would equate to \$54.00 per month. Mrs. Jones indicates that she is unable to pay \$54.00 per month toward the cost of the In-Home Aide Services she receives because, in addition to her own routine living expenses, she is spending \$250 per month to pay for medications for her 85 year old mother who lives with her. The medications needed are not reimbursed by Medicare or private insurance and her mother is unable to pay for them herself. Based upon this information, the agency representative deducts \$250 from Mrs. Jones monthly income. Based upon the adjusted income range, the recommended cost-sharing amount is 30%. The agency representative asks Mrs. Jones if she would be able to pay \$2.70 per hour which equates to \$32.40 per month. Mrs. Jones indicates that she would be willing and able to pay \$32.40 per month for her In-Home Aide Services, provided she does not incur any additional medical or other unforeseen expenses. The agency representative explains to Mrs. Jones that she should contact her if there are any significant changes in her financial situation.

There are a multitude of situations which may impact the ability of a service recipient to pay the recommended cost-sharing amount such as: catastrophic medical expenses; service recipients who are providing primary financial support for adult children who are mentally or physically disabled; service recipients who are providing significant financial support for parents who are functionally impaired and residing with the service recipient; etc. Since the cost-sharing schedule is recommended, it is ultimately up to each service recipient to determine the amount of service cost-sharing to be paid based upon their individual circumstances.

I. Service Cost-Sharing Form

Agencies must complete a cost-sharing form for all individuals receiving services subject to cost-sharing except for Congregate Nutrition and/or Transportation. Agencies may utilize the Division of Aging's recommended cost-sharing schedule (DOA form #402A) or develop their own form. A sample form is included as Attachment B. DOA form #402 (Attachment C) will continue to be available for agencies voluntarily choosing to include the income schedule on the cost-sharing form for the purpose of negotiating a cost-sharing amount with service recipients. The following information must be included on the Service Cost-Sharing Form:

1. the purpose of Service Cost-Sharing;
2. space to list the service(s) to be received;
3. space to indicate the cost (e.g. actual cost/fixed rate per unit) of service(s) to be received;
4. information regarding what procedures the agency will use to request cost-sharing revenues and whom the service recipient should contact if he/she has questions regarding Service Cost-Sharing collection procedures;
5. a statement indicating that services will not be terminated for failure to share in the cost of services rendered; and
6. space for signatures by the service recipient/designated representative and the agency representative indicating that the form has been reviewed with the service recipient and the date.

Each service recipient/designated representative shall be given a copy of the signed cost-sharing form and a copy shall be kept in the service recipient's file.

J. Calculating Cost-Sharing Amounts

Agencies are not required to calculate cost-sharing amounts with service recipients. The following information is provided as guidance to enable agencies to respond to questions from service recipients regarding how they should calculate their recommended cost-sharing amount as well as to provide guidance for agencies voluntarily choosing to include the recommended service cost-sharing schedule on their Service Cost-Sharing Form for the purpose of negotiating cost-sharing amounts with service recipients.

To determine the cost sharing amount the service recipient will be requested to pay for service(s), apply the appropriate percentage, based upon the service recipient's self-declared income range, to an amount not to exceed the actual cost of service. If applicable, the calculated cost-sharing amount should then be multiplied by the units/hours of each service the individual will receive. Based upon this information, the agency representative and the service recipient could establish, in writing, an agreed upon monthly cost-sharing amount.

K. Collection and Accounting for Cost-Sharing Revenues

1. The services listed below will, at a minimum, be subject to the following procedures for the collection of cost-sharing revenues from service recipients:

- a. Adult Day Care
- b. Adult Day Health
- c. Group Respite
- d. Home Delivered Meals
- e. Home Health Services
- f. Housing and Home Improvement (Individual Counseling/Home Repair and Appliance Purchases)
- g. In-Home Aide Services (includes in-home Respite Care)
- h. Institutional Respite

Agencies shall complete a Service Cost-Sharing Form for each service recipient.

Agencies shall distribute a copy of their cost-sharing schedule to each service recipient on an annual basis.

Agencies shall establish policies and procedures governing the collection of cost-sharing revenues from all service recipients at least quarterly.

2. For Congregate Nutrition and Transportation services, agencies are not required to complete a Service Cost-Sharing Form for each service recipient. At a minimum, however, the following procedures shall be utilized to collect cost-sharing revenues from service recipients:

Agencies shall display a poster or distribute a flyer/leaflet/brochure indicating:

- a. the purpose of Service Cost-Sharing;
- b. the agency's Service Cost-Sharing schedule;
- c. the total cost of the service per unit; and
- d. a statement indicating that services will not be terminated for failure to make a cost-sharing contribution.

Agencies shall establish policies and procedures governing the collection of cost-sharing revenues for all service recipients at least quarterly. (Agencies providing Congregate Nutrition and/or Transportation Services may collect cost-sharing revenues on a daily basis.

3. Agencies must establish percentages or an amount that will be requested from individuals whose monthly income is below 150% of the federal poverty level for inclusion as part of the service cost-sharing schedule.
4. Agencies must document that reasonable efforts have been made to collect cost-sharing funds from all service recipients at least quarterly.
5. Service recipients may use notices received to request cost-sharing revenues to meet a Medicaid deductible provided the following conditions are met:
 - a. the service is medically necessary and physician authorized;
 - b. the agency has a signed cost-sharing form from the service recipient indicating the amount of cost-sharing the recipient agrees to pay; and
 - c. there is an expectation by the agency that the service recipient will pay the cost-sharing amount requested on the notice.

For further information regarding how Medicaid deductibles may be met through Service Cost-Sharing payments contact the county department of social services.

L. Termination for Failure to Pay

Clients will not be terminated for failure to share in the cost of services rendered.

M. Reporting of Cost-Sharing Revenues

Monthly Reporting Requirements

Service providers will report, by service, on a monthly basis, the net amount of Service Cost-Sharing revenues collected. The net amount equals the total amount of Service Cost-Sharing revenues collected minus any "reasonable and necessary" costs incurred to generate Service Cost-Sharing revenues, if applicable. The Division of Aging has defined "reasonable and necessary" to include the following:

1. the cost of printing cost-sharing forms; and
2. the cost of printing brochures/flyers for the explicit purpose of explaining Service Cost-Sharing for Congregate Nutrition and/or Transportation services. (Does not include the cost of printing general brochures which describe agency services and operations.)
3. the cost of postage to mail notices requesting cost-sharing contributions from service recipients; and
4. the cost of administrative/clerical time necessary to prepare notices.

For purposes of federal regulatory compliance, agencies must be able to document any costs which are deducted from the amount of Service Cost-Sharing revenues reported.

The net amount of Service Cost-Sharing revenues collected will be retained by the service provider and deducted from the amount of reimbursement due for the month being reported. Cost-Sharing revenues collected will not decrease the total allocation available for the fiscal year to provide a given service.

In the event that Cost-Sharing revenues collected prevent a service provider from utilizing the entire annual allocation for a given service, allocated resources may be re-budgeted to support other services subject to Service Cost-Sharing.

ATTACHMENTS

ATTACHMENT A

Sources of income to be included when computing monthly gross income:

1. Money, wages or salary - i.e. total money earnings received for work performed as an employee, including wages, salary, Armed Forces pay, commissions, tips, piece-rate payments, and cash bonuses earned, before deductions are made for taxes, bonds, pensions, union dues, and similar purposes.
2. Net income from non-farm self-employment - i.e. gross receipts minus expenses from one's own business, professional enterprise, or partnership. Gross receipts include the value of all goods sold and services rendered. Expenses include costs of goods purchased, rent, heat, light, power, depreciation charges, wages and salaries paid, business taxes (not personal income taxes), and similar costs. The value of salable merchandise consumed by the proprietors of retail stores is not included as part of net income.
3. Net income from farm self-employment - i.e. gross receipts minus operating expenses from the operation of a farm by a person on his own account, as an owner, renter, or sharecropper. Gross receipts include the value of all products sold, government crop loans, money received from the rental of farm equipment to others, and incidental receipts from the sale of wood, sand, gravel, and similar items. Operating expenses include cost of feed, fertilizer, seed and other farming supplies, cash wages paid to farmhands, depreciation charges, cash rent, interest on farm mortgages, farm building repairs, farm taxes (not State and Federal income taxes), and similar expenses. The value of fuel, food, or other farm products used for family living is not included as part of net income.
4. Social Security includes Social Security pensions, survivors' benefits, and permanent disability insurance payments made by the Social Security Administration prior to deductions for medical insurance and railroad retirement insurance checks from the U.S. Government. Supplemental Security Income is also included as income.
5. Dividends, interest (on savings or bonds), income from estates or trusts, net rental income or royalties include dividends from stockholdings or membership in associations, interest on savings or bonds, periodic receipts from estates or trust funds, net income from rental of a house, store, or other property to others, receipts from boarders or lodgers, and net royalties.
6. Pensions include pensions or retirement benefits paid to a retired person or his survivors by a former employer or by a union, either directly or through an insurance company; periodic receipts from annuities or insurance.

7. Unemployment compensation means compensation received from government unemployment insurance agencies or private companies during periods of unemployment and any strike benefits received from union funds.
8. Worker's compensation means compensation received periodically from private or public insurance companies for injuries incurred at work. The cost of this insurance must have been paid by the employer and not by the person.
9. Alimony.
10. Veteran's pensions means money paid periodically by the Veterans' Administration to disabled members of the Armed Forces or to survivors of deceased veterans, subsistence allowances paid to veterans for education and on-the-job training, as well as so-called "refunds" paid to ex-servicemen as GI insurance premiums.

ATTACHMENT B

SERVICE COST-SHARING FORM

The purpose of the Service Cost-Sharing Policy is to extend the availability of in-home and community based services administered by the Division of Aging by soliciting from all service recipients a portion of the cost of services rendered based upon their ability to pay. Revenues collected from service recipients will be retained by the local service provider and used to increase services to exiting clients and/or provide in-home and community based services to other individuals in need of such services.

Listed below is/are the service(s) which will be provided and the agency's cost to provide this/these service(s) to you.

- 1. _____ Cost of Services per unit/hour \$ _____
- 2. _____ Cost of Services per unit/hour \$ _____
- 3. _____ Cost of Services per unit/hour \$ _____

The following represents the method and the frequency by which cost-sharing contributions will be requested from you.

METHOD

FREQUENCY

- | | |
|--------------------------------------|-----------------|
| ___ Individual Notice Sent by Mail | ___ Monthly |
| ___ Individual Notice Hand Delivered | ___ Quarterly |
| ___ Flyer | ___ Other _____ |
| ___ Other _____ | |

The Service Cost-Sharing Policy and the procedures that will be used to request a cost-sharing contribution have been explained to me. I understand that service(s) will not be terminated if I fail to share in the cost of the services I receive.

Client/Family Member/
Authorized Representative

Agency Representative

Date

Date

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ATTACHMENT C

SERVICE COST-SHARING FORM

The purpose of the Service Cost-Sharing Policy is to extend the availability of in-home and community based services administered by the Division of Aging by soliciting from all service recipients a portion of the cost of services rendered based upon their ability to pay. Revenues collected from services recipients will be retained by the local service provider and used to increase services to existing clients and/or provide in-home and community based services to other individuals in need of such services.

In order to determine the recommended cost-sharing amount, please place a check mark in the space provided next to the income range that most nearly indicates the client's monthly income. Income includes earnings from wages, pensions, and Social Security benefits as determined by the statement of the client/family member or authorized representative. For additional information on whose income is to be included and the sources of income to be included, please see the Division of Aging's Service Cost-Sharing Policies and Procedures contained in the Division of Aging Home and Community Block Grant Procedures Manual for Community Service Providers.

Monthly Income of		Percentage	Service	Total Cost of Service	Cost-Share Amount
Individual	Couple				
___ \$ 852 - 970	___ \$ 1,149-1,301	30%	_____	_____	_____
___ 971 - 1,090	___ 1,302-1,516	40%	_____	_____	_____
___ 1,091 - 1,209	___ 1,517-1,600	50%	_____	_____	_____
___ 1,210 - 1,328	___ 1,601-1,761	60%	_____	_____	_____
___ 1,329 - 1,447	___ 1,762-1,952	75%	_____	_____	_____
___ 1,448 - above	___ 1,953-above	100%	_____	_____	_____

Based upon the sliding scale above or the mutually agreed upon negotiated rate(s), I agree to submit ___ per unit/hour/activity for _____ services, ___ per unit/hour/activity for _____ services. I understand that if I have any questions regarding Service Cost-Sharing, I should contact _____ at _____. I understand that service(s) will not be terminated if I fail to submit the agreed upon cost-sharing amount.

The agency's procedures for the collection of Service Cost-Sharing have been explained to me.

 Client/Family Member/Authorized Representative

 Agency Representative

 Date

 Date

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INSTRUCTIONS FOR COMPLETING COST-SHARING FORM

In determining the recommended cost-sharing amount that the client will contribute for service, the following procedures will apply:

- * Service Cost-Sharing percentages will be based upon the monthly income of the service recipient only, unless the service recipient is residing in the same household with his/her spouse. In instances where the service recipient and his/her spouse are residing in the same household, the Service Cost-Sharing percentage will be based upon the income of the service recipient and his/her spouse.
- * The caregiver is considered the client for purposes of calculating Service Cost-Sharing for respite care.
- * Income will not be verified.

The client checks the income range which corresponds to his/her monthly income.

To determine the recommended cost-sharing amount the client will be asked to pay (per unit/hour/activity) for services, the agency representative will apply the client's income to the sliding scale by multiplying the appropriate percentage by the total cost of service. The recommended sliding scale is as follows:

Monthly Income of		Minimum Cost-Sharing Percentages
Individual	Couple	
\$ 852 - 970	\$ 1,149 - 1,301	30%
971 - 1,090	1,302 - 1,516	40%
1,091 - 1,209	1,517 - 1,600	50%
1,210 - 1,328	1,601 - 1,761	60%
1,329 - 1,447	1,762 - 1,952	75%
1,448 - above	1,953 - above	100%

The percentage which corresponds to the range indicating the monthly income of the client is noted on the form along with the total cost of service and the amount of cost-sharing the client agrees to submit.

The client will sign the form indicating that Service Cost-Sharing policies and procedures have been explained and that the agency representative has explained the process for collecting the cost-sharing amount the client has agreed to pay. A copy of the form is given to the client, and a copy is maintained by the agency.

The name and telephone number of the agency as well as a contact person to whom questions regarding Service Cost-Sharing should be addressed shall be noted on the form.

The agency's Service Cost-Sharing Form shall be reviewed with the client by an agency representative on an annual basis.