

**2014 Annual Report
Pursuant to Mental Hygiene Law Section 33.07(i):
The Use of Federal Benefits
Received by Directors of Office For People With Developmental Disabilities
Facilities as Representative Payee**

Introduction

This Report is submitted by the Commissioner of the New York State Office For People With Developmental Disabilities (OPWDD) to the Governor, the Speaker of the Assembly, the Temporary President of the Senate, the Chair of the Assembly Committee on Mental Health, and the Chair of the Senate Committee on Mental Health pursuant to section 33.07 (i) of the Mental Hygiene Law (MHL). MHL 33.07 (i) requires the submission of an annual report by OPWDD “detailing how persons’ federal benefits are being utilized.”

Section One of the Report explains the role of the representative payee under federal law and summarizes the 2010 amendments to MHL §33.07 relating to the handling of the funds of individuals receiving services by OPWDD directors in their capacity as representative payee.

Section Two of the Report summarizes existing OPWDD regulations (14 NYCRR 633.15) regarding the funds of individuals residing in state-operated residences, which provide the framework for the implementation of the 2010 amendments to MHL 33.07, and describes the OPWDD’s implementation actions.

Section Three of the Report provides information regarding the approximately 9,000 individuals for whom the OPWDD directors served as representative payee during the reporting period, the amount of money involved and the disposition of those funds.

Section One. MHL 33.07

In order to facilitate the proper receipt and management of Social Security funds for individuals who are eligible for benefits but lack capacity to manage (or to direct management of) the funds, Social Security law provides for the appointment by the Social Security Administration of a “representative payee” to act as a fiduciary to receive and manage the

beneficiary's federal benefits.¹ Similar provisions exist for benefits from the Veterans Administration and certain other federal benefit programs.

Pursuant to Social Security law, the primary purpose of social security benefits is to pay for the beneficiary's day-to-day food and shelter needs, including any "care and maintenance" received in an institutional setting. In the case *Washington State v. Keffeler et al.*, 537 U.S. 371 (2003), the United States Supreme Court held that it is the proper exercise of an institutional representative payee's fiduciary duty to apply funds received in that capacity to the cost of care and treatment in the payee's facility.

MHL Section 29.23 specifies that the receipt and application of federal benefits is governed by §33.07, not §29.23, and §33.07(e) provides that a facility director who, as representative payee of federal benefits, applies such benefits to the cost of the beneficiary's care and treatment at the facility is not engaging in a violation of the director's fiduciary obligation so long as the director acts in accordance with federal law and regulations.

MHL §33.07 also provides that when the director of a department facility who is representative payee for a federal or state benefit receives a lump sum retroactive payment of such benefit on behalf of a person which, in combination with other funds held on behalf of the person, would cause the person to become ineligible for government benefits, the director must, to the extent permitted by law, apply the excess funds to the person's personal needs or seek to establish a Medicaid qualifying trust for an individual. OPWDD would seek to place such excess funds into a qualifying Medicaid exception trust after first determining the person's personal needs, and providing for a burial fund, as appropriate.

Section Two. Exercising OPWDD's Fiduciary Duty As Representative Payee

OPWDD regulations, found at 14 NYCRR 633.15, establish specific requirements for the management of funds of individuals with developmental disabilities who reside in residences certified or operated by OPWDD, including funds received as representative payee. The

¹ The Social Security Administration maintains a website which explains the Representative Payee Program, including explaining the roles and responsibilities of a RP, and describing the proper use and management of funds received by the RP. The address for this website is: <http://www.socialsecurity.gov/payee/>.

regulations establish procedures for the management of the funds to assure that they are utilized for the benefit of the individual and in a manner that reflects his or her personal spending choices. Pursuant to Social Security Administration rules and regulations, payments for care and treatment provided by OPWDD are considered to be appropriate expenditures of Social Security benefits for the use and benefit of the individuals served. New York Social Services Law Section 131-o requires that each individual be provided with a monthly allowance out of his or her income for his/her personal expenditure.

Key provisions of OPWDD regulations include the requirement for an expenditure planning process conducted by the individual's planning team, which must include the individual, his or her advocate and service coordinator, along with agency staff; a requirement that the planning process consider the individual's needs, preferences and personal spending choices; detailed requirements for access to funds and documentation of expenditures; and provisions for transfer of funds when an individual moves to a new living arrangement.

MHL §33.07 sets forth a requirement that OPWDD seek to establish a Medicaid qualifying trust (or similar device) for a person who receives a lump-sum retroactive payment (as specifically defined in paragraph 2 of §33.07(e)) when receipt of such payment places their eligibility for governmental benefits at risk. Beginning in the late 1990's, OPWDD voluntarily initiated procedures to identify lump sum payments that could potentially disqualify individuals from receiving federal benefits, and to seek to place the funds into Medicaid exception trusts or other qualifying instruments. If there is no guardian, family member or other individual able and willing to take the necessary actions to place the funds into a Medicaid qualifying exception trust, OPWDD initiates action to protect the funds, including making referrals to the Office of the Attorney General, where appropriate, for the initiation of proceedings to establish appropriate Medicaid exception trusts or similar instruments.

As required by MHL 33.07(h), OPWDD has provided the Mental Hygiene Legal Service with a report regarding the management of funds of residents of state-operated facilities by DDSO Directors during the first year following enactment of the 2010 legislative changes, and met with representatives of MHLS as requested to collaboratively review those results.

Since enactment of the amendments to MHL 33.07, OPWDD has drafted revised regulations which build on the existing regulatory structure and has provided them for review and comment to self-advocates with developmental disabilities, family members, advocate groups, and the Mental Hygiene Legal Service. OPWDD is continuing to work with these important stakeholders in the development of final regulations as required by MHL 33.07(e.)

Section Three. Utilization of Federal Benefits Received By DDSO Directors as Representative Payee.

A summary of the receipt and utilization of federal benefits for the 9,379 individuals for whom OPWDD DDSO directors served as representative payees for the period from January, 2014 through December, 2014 is annexed as Exhibit “A.” Exhibit “A” comprises two charts:

The first chart, titled “Disposition of Monthly Recurring Benefits Received by DDSO Directors for Individuals in State-Operated Residential Programs During the Period January 2014 through December 2014” provides a summary of the aggregate amount of federally funded benefits received by the directors of each of the thirteen Developmental Disabilities Service Offices (DDSOs) of OPWDD, as representative payees for individuals residing in state-operated residential programs for the period commencing January, 2014 through December, 2014. The chart indicates that the total amount of benefits received by all DDSO directors was \$95,415,022.56, and provides a breakdown showing the amount received by each DDSO Director. The total amount billed to residents for the cost of care pursuant to Article 43 of the Mental Hygiene Law was \$76,904,048.40 and the total amount allocated to personal allowance for those individuals was \$18,510,974.16. Breakdowns of these amounts for each DDSO are also provided.

The second chart, titled “Personal Asset Allocation Summary Report for Lump Sum Federal Benefits from December 2013 through November 2014” provides a summary from each of the nine Revenue Support Field Offices of OPWDD, of the receipt and disposition of lump-sum federal benefit payments received by OPWDD DDSO directors as representative payees for individuals residing in state-operated residential programs for the period commencing December, 2013 through November, 2014. The chart indicates that 191 lump sum benefits were received during the reporting period. The total amount of lump sum benefits

received was \$512,144.90, and the amount applied to the cost of care and maintenance as required pursuant to Medicaid regulations was \$157,280.94. The aggregate amount of the lump sum benefits paid into the individuals' personal accounts maintained by the DDSOs for use by the individuals for their personal needs was \$333,435.39. If at the time of receipt of a lump sum benefit it appears that such funds, in combination with other funds of the person, would cause them to become ineligible for government benefits, the DDSO seeks to place the excess amount into a qualifying Medicaid exception trust. As shown in the column headed "Amount Placed in Trust" the amount placed in such trusts was \$21,428.57 during the reporting period. .

This report has also been placed on the OPWDD website at:

http://www.opwdd.ny.gov/opwdd_resources/benefits_information/personal_allowance

Exhibit A
OPWDD
DISPOSITION OF MONTHLY RECURRING
FEDERAL BENEFITS
AND
PERSONAL ASSET ALLOCATION SUMMARY
REPORT FOR LUMP SUM
FEDERAL BENEFITS

Disposition of Monthly Recurring Benefits Received by DDSO Directors for
Individuals in State-Operated Residential Programs During the Period
January 2014 through December 2014

DDSO	Benefits Received	Amount Billed for Services Provided	Amount Allocated to Personal Allowance
BERNARD M. FINESON DDSO	3,606,972.48	2,944,014.96	662,957.52
BROOKLYN DDSO	1,757,452.80	1,419,192.12	338,260.68
BROOME DDSO	7,777,739.52	6,456,326.88	1,321,412.64
CAPITAL DISTRICT DDSO	5,364,104.16	4,300,764.12	1,063,340.04
CENTRAL NEW YORK DDSO	14,538,354.60	11,507,835.24	3,030,519.36
FINGER LAKES DDSO	14,859,710.40	12,086,270.52	2,773,439.88
HUDSON VALLEY DDSO	10,137,676.92	8,227,101.48	1,910,575.44
LONG ISLAND DDSO	8,287,306.56	7,149,877.56	1,137,429.00
METRO NEW YORK DDSO	3,654,922.68	2,814,073.68	840,849.00
STATEN ISLAND DDSO	3,014,319.84	2,078,392.68	935,927.16
SUNMOUNT DDSO	4,328,810.16	3,441,409.44	887,400.72
TACONIC DDSO	6,742,861.68	5,480,621.52	1,262,240.16
WESTERN NEW YORK DDSO	11,344,790.76	8,996,168.20	2,346,622.56
Totals	\$95,415,022.56	\$76,904,048.40	\$18,510,974.16

TOTAL NUMBER OF INDIVIDUALS = 8,847

**Personal Allowance Asset Allocation Summary Report
for Lump Sum and Windfall Payments
from December 2013 through November 2014**

Responsible RSFO	Amount Received	Amount Applied to Care & Maintenance	Amount Paid to Personal Account	Amount Placed in Trust
<u>Broome (BR)</u> 33.07*	\$57,560.93	\$9,081.00	\$48,479.93	\$0.00
<u>Capital (CD)</u> 33.07	\$38,951.25	\$4,979.77	\$33,971.48	\$0.00
<u>Central/Sunmount (CS)</u> 33.07	\$29,409.17	\$2,023.34	\$27,385.83	\$0.00
<u>Finger Lakes (FL)</u> 33.07	\$57,848.85	\$205.00	\$57,643.85	\$0.00
<u>Hudson Valley (HV)</u> 33.07	\$53,158.24	\$18,522.96	\$34,635.28	\$0.00
<u>Long Island (LI)</u> 33.07	\$87,248.08	\$33,410.96	\$53,837.12	\$0.00
<u>New York City (NYC)</u> 33.07	\$103,259.85	\$68,598.83	\$34,661.02	\$0.00
<u>Taconic (TA)</u> 33.07	\$22,034.89	\$20,077.66	\$1,957.23	\$0.00
<u>Western (WS)</u> 33.07	\$62,673.64	\$381.42	\$40,863.65	\$21,428.57
<u>NYS Grand Totals</u>				
33.07	\$512,144.90	\$157,280.94	\$333,435.39	\$21,428.57

Total Number of Asset Receipts **191**

*Lump sum retroactive benefit payments received by a DDSO Director as Representative Payee

