

Topic – FY26 Increases to Service Rates, Program Budgets, and DSP and DSP Supervisor Wages: Frequently Asked Questions (FAQ)

How much is the Direct Support Professional (DSP) and DSP Supervisor January 1, 2026 wage increase?

The Direct Support Professional (DSP) and DSP Supervisor wage increase for FY26 is about \$0.46 per hour, effective January 1, 2026.

Will there be simultaneous increases to Medicaid service rates and individualized up-to budget amounts?

Yes. To accommodate the DSP and DSP Supervisor wage increase, the Division of Developmental Disabilities (DDD) will apply an upward adjustment to the following:

- 1) The individualized up-to budget amounts for all people enrolled in the Fee-for-Service Community Care Program or Supports Program, AND
- 2) The Medicaid fee-for-service rates for the following services: Career Planning, Community Inclusion Services, Community-Based Supports, Day Habilitation, Individual Supports, Prevocational Training, Respite, Supported Employment-Group, and Supported Employment-Individual.

Is the DSP and DSP Supervisor wage increase retroactive to July 1, 2025?

No. The increase is in effect January 1, 2026 forward.

Will DDD update the fee-for-service policy manuals with the adjusted service rates and up-to budget amounts?

Yes. DDD will update the Supports Program and Community Care Program policy manuals to reflect the adjusted service rates and up-to budget amounts during the next revision of the policy manuals (expected to occur by spring 2026). In the meantime, individuals, families, and providers can refer to the following documents:

- [Public Notice](#), posted December 30, 2025 on the NJ Human Services [Public Notices](#) page
- [Quick Guide – FY26 DSP & Supervisor Rate Increases](#) (effective January 1, 2026)
- [Quick Guide – FY26 Supports and Community Care Program Budgets](#) (effective January 1, 2026)
- [DDD Information Bulletin 12/30/2025](#)

When will provider payments reflect the Medicaid fee-for-service rate increases?

Gainwell will issue reimbursement payments to providers at the new rates for all Medicaid claims submitted to Gainwell for an impacted service delivered on or after January 1, 2026.

When do providers need to increase DSP/Supervisor wages based on the January 1, 2026 service rate increases?

Consistent with previous fiscal year wage increases, provider agencies are required to pass the higher reimbursement payments they will realize from the January 1, 2026 service rate adjustments through to the base wage of every DSP and DSP Supervisor they employ. These base wage increases must occur no later than March 1, 2026, including DSP and DSP Supervisor compensation provided retroactively to January 1, 2026.

How will DDD ensure providers appropriately pass the funding through to DSP and DSP Supervisor wages?

As in previous years in which there was a wage increase, provider agencies must be prepared to demonstrate, by submitting a report to DDD in the fall of 2026, that they appropriately passed all increased funding through to DSP and DSP wages (about \$0.46 per hour).

If a provider already gave an increase to DSPs and/or DSP supervisors before January 1, 2026, do they still need to use the increased service rate funding, in effect on January 1, 2026, to increase DSP and DSP Supervisor compensation?

Yes. Provider agencies are required to pass the higher reimbursement payments they will realize from the January 1, 2026 service rate adjustments through to the base wage of every DSP and DSP Supervisor they employ.

If a provider already gave an increase to DSPs and/or DSP supervisors on or about July 1, 2025, do they still need to use the funding to increase DSP/Supervisor compensation?

Yes.

If a provider is already paying DSPs and DSP Supervisors more than New Jersey's mandatory minimum wage, do they still need to use the additional funding to increase DSP and DSP Supervisor compensation?

Yes. The FY26 State Budget (Appropriations Act) allocated the additional funding of about \$0.46 per hour effective January 1, 2026 for the sole purpose of increasing DSP and DSP Supervisor compensation.

Even in cases where a provider agency is already paying at or above the New Jersey mandatory minimum wage, the State requires the agency use 100% of this additional funding to further increase DSP and DSP Supervisor total compensation and prohibits the agency from using the additional funding for any other purpose.

Do providers need to re-submit claims to receive the increase?

Provider agencies should not need to re-submit claims because DDD expects to have all systems updated with the new rates in time for the January 1, 2026 effective date. Provider agencies will bill at the new rate for impacted services delivered on and after this effective date.

What portion of the service rate increase supports increased DSP compensation?

The increased service rates provide additional agency claims reimbursement of about \$0.46 for each billable hour a DSP and DSP Supervisor works. Depending on staffing ratios and payroll tax deductions, the actual amount realized by a DSP and DSP Supervisor may be more or less than \$0.46 per hour.

What portion of the service rate increase supports increased DSP supervisor compensation?

The increased service rates provide additional agency claims reimbursement of about \$0.46 for each billable hour a DSP Supervisor works, based on those who manage staff in a 3:1 ratio. Depending on DSP Supervisor staffing ratios and payroll tax deductions, the actual amount realized by a DSP Supervisor may be more or less than \$0.46 per hour.

Will there be an increase in self-directed employee wages?

All individuals enrolled in the Fee-for-Service Supports Program or Community Care Program will receive an increase in their individualized up-to budget amount. However, because self-directing individuals/families privately negotiate their self-directed employee's (SDE) hourly wage, SDEs do not receive an automatic increase. An individual/family wishing to increase an SDE's hourly wage that comports with SDE Reasonable and Customary Wage policy should reach out to their support coordinator to discuss.

It is important to note that SDE wages are *always* required to comply with New Jersey's most current mandatory minimum wage.