

STATE OF NEW JERSEY  
DEPARTMENT OF HUMAN SERVICES

**SUBJECT:** Clusters

**EFFECTIVE:** This revised Policy Circular shall become effective on July 1, 2013.

**PROMULGATED:** June 14, 2013

**SUPERCEDES:** Policy Circular P1.12, dated August 11, 2005.

**PURPOSE:** The purpose of this Policy Circular is to instruct all Provider Agencies and DHS Departmental Components' contracting staff on the policy and procedures for identifying and utilizing Clusters within the Budget.

I. SCOPE

This Policy Circular applies to DHS Third Party Social Services and Training Contracts administered by the; 1) Division of Developmental Disabilities; 2) Division of Mental Health and Addiction Services; and 3) Division of Family Development.

II. DEFINITIONS

In addition to the terms defined in the DHS Contract Policy and Information Manual, and the DHS Contract Reimbursement Manual, the following terms, when capitalized, shall have meanings as stated:

Cluster means one or more service-related Programs designated by the Departmental Component, and identified in the Contract.

III. POLICY

The following three Departmental Components have identified service-related programs that may be combined to form Clusters:

- 1) Division of Developmental Disabilities (see criteria; DDD Attachment 1);
- 2) Division of Mental Health and Addiction Services (see criteria; DMHAS Attachment 2); and
- 3) Division of Family Development (see criteria; DFD Attachment 3).

For contracting purposes, service-related program components identified within a Cluster category will enable Provider Agencies to

move funds between these service-related programs to offset a deficit identified in one program with a surplus in another service-related program within the same Cluster category. However, it is important to note that Provider Agencies are precluded from moving funds between Cluster categories to offset a deficit identified in one Cluster category with a surplus in another Cluster category without an approved contract modification as required by Policy Circular P1.10.

A form is attached to this policy, DHS Attachment 4, which is required to be completed annually and updated as necessary by all provider agencies that have designated clusters. When Clusters are added or deleted within a Contract term, a Contract Modification is required.

1. Level of Service and/or Performance Outcomes Requirements

Each contracted service program component will have a minimum level of service and/or performance outcomes identified as part of the Annex A Contract requirements. These minimum requirements must be maintained as a prerequisite for any funds being transferred between service-related programs within the same Cluster.

2. Funding Source

Services funded under any one of the following sources may be clustered (by funding source), unless otherwise prohibited by the funding source's regulations or policies.

- a. Single funding source
- b. Multiple funding sources for the same service
- c. State funds
- d. Federal funds

Service program components that are funded by a federal grant will generally not be Clustered with services funded by other funding sources. However, where two or more service components are solely funded by the same federal grant, the services may be Clustered unless otherwise restricted by the grant language.

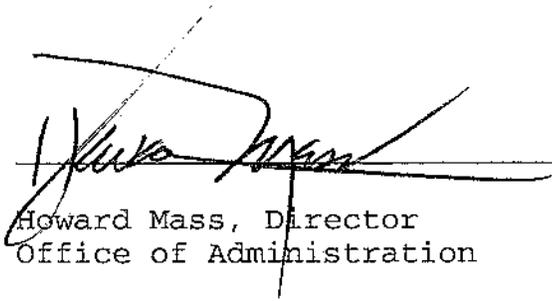
3. Fixed-Unit Rate Service Programs

Service program components funded under the fixed-unit rate method of payment will not be Clustered.

4. Required Form

The authorized Provider Agency signatory shall sign a Cluster Designation Form, Attachment 4, if any clusters are designated.

Issued By:



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Howard Mass, Director  
Office of Administration



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Gerald Suozzo,  
Chief of Staff

## DIVISION OF DEVELOPMENTAL DISABILITIES

### CLUSTER CATEGORIES

1. **Community Care Cluster:** Cost Reimbursement programs only, including:
  - a. Group Homes
  - b. Supervised Apartments
  - c. Supportive Living Arrangements
  - d. All Other Direct Residential Services
  - e. Community Care Residences (Skill)
  - f. Day Habilitation (including Special Needs)
  - g. Supported Employment
  - h. All Direct Support Services (Family Support, Respite, Case Management, etc.)

*\* Important Note:* A Fixed Rate program within the Community Care Cluster must remain independent of any Cost Reimbursement program. Reporting of Fixed Rate program elements (budgets/expenditures) must remain separate and may not be combined with any Cost Reimbursement program information.

2. **Emergency Capacity:** Any Emergency Capacity program must remain its own and separate budget and reporting cluster.
3. **New Initiative/Expansion Cluster:** Resources and costs related to new programs in their first year of operation must be maintained and reported in the New Initiatives/Expansion Cluster for the initial year of operation separate and distinct from the "Community Care Cluster". Preservation of resources and costs related to new program is necessary to ensure any surplus resulting from a delay in start-up of the program is not used to offset costs in other clusters. Further, confining cost reporting in this cluster will assist the Division in analyzing how actual placements and costs line up against budgeted projections.

While the typical preservation of funds in this cluster is for the initial year of operation, the Office of Contract Administration retains the prerogative to require an agency to preserve resources and costs in this cluster for a period of longer than one year, if necessary.

4. **Cognizant or Pass-thru Cluster:** This cluster will be utilized for any occurrence where DDD is the contracting entity but placement is being funded from a non-DDD source. This cluster may include, but is not limited to, placements funded within DDD contracts by the Division of Mental Health and Addiction Services or the Department of Children and Families.
5. **Non-Direct Service/Special Program Cluster:** This cluster will be utilized for any non-direct care program. Such programs may include, but are not limited to:
  - a. Support Coordination
  - b. Fiscal Intermediary Services
  - c. Special Non-Direct Care Programs
6. **Purchase of Care Cluster:** This cluster will be utilized for any purchase of care, fee for service based contracts (non-cost reimbursement).

**DIVISION OF MENTAL HEALTH AND ADDICTION SERVICES  
CLUSTER CATEGORIES**

DMHS recognizes three distinct program Clusters:

**(1) Community Care** cost-reimbursement programs, including:

Designated Screening  
Emergency Services  
Outpatient Services  
Partial Care  
Residential Services  
P.A.T.H.- Programs for Assistance in the Transition from Homelessness  
I.C.M.S.- Integrated Case Management Services  
Systems Advocacy  
I.F.S.S.- Intensive Family Support Services  
Self-Help Centers  
Supported Employment  
P.A.C.T.-Program for Assertive Community Treatment  
Criminal Justice Programs

**(2) Special Revenues:** Programs which utilize special revenues and which require separate accountability by DMHAS. Examples are: Child Residential programs for which DMHAS establishes final Medicaid rates; and Welfare to Work programs via Division of Family Development (DFD) which are federally funded.

**(3) New Initiatives:**

- a) New Community Care program awards will be treated as Clusters during the initial service phase-in, or until the program budget is stable. This will typically result in the new program treated as a Cluster during the first two years, with an additional year possible if necessary.
- b) New Revenue Initiatives, such as the Adult Mental Health Rehabilitation Medicaid revenue initiative for PACT and Adult Residential, will require the targeted revenue to be restricted or clustered during the two year phase-in period( a third year to be added if necessary), with program expenditures and other revenue not restricted by Cluster.

**DIVISION OF FAMILY DEVELOPMENT**

**CLUSTER CATEGORIES**

The Division of Family Development will recognize the following categories of Clustered Services. In the contracts for clustered services, it may be required to separate federal or state funded components. If this is the case, it will be so designated on the Annex B Summary Sheet.

1. Child Care Resource and Referral (CCRR) Agency contracts
  - Subsidy support for federally and state funded programs
  - Non-voucher Quality programs
2. WFNJ (Work First New Jersey) Transportation Services
3. Family Worker Outreach
4. SSH (Social Services for the Homeless)
5. SSBG (Social Services Block Grant) Homeless Assistance
6. SAIF (Supportive Assistance for Individuals and Families) Intensive Case Management
7. Refugee Resettlement Programs
8. New Initiatives, Special Projects or Expansion programs will have Clusters designated on Annex B.

**DEPARTMENT OF HUMAN SERVICES**

**Cluster Designation Form**

The Department of Human Services has defined the term "Cluster" in DHS Policy Circular P1.10 (Contract Modification) and this policy, as one or more service-related Programs designated by the Departmental Component, and identified in the Contract. For contracting purposes, the applicable Cluster determines the extent to which a Provider Agency can offset deficits in one program with surpluses in another program, without penalty, subject to other provision in this policy. Note: The contract settlement process will be performed on a cluster-by-cluster basis.

**PROVIDER AGENCY:** \_\_\_\_\_

**CONTRACT #:** \_\_\_\_\_ **CONTRACT TERM:** \_\_\_\_\_

**CONTRACT CLUSTER (complete one sheet for each cluster):**

Program Name

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_

**SIGNATURES:**

\_\_\_\_\_  
Provider Agency

\_\_\_\_\_  
Date