

CHAPTER 7

ROLE OF THE COUNTY ADJUSTER

Authority

N.J.S.A. 30:1-12, P.L. 1990, c.73.

Source and Effective Date

R.1992 d.31, effective January 21, 1992.  
See: 23 N.J.R. 2953(a), 24 N.J.R. 278(a).

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Chapter 7, Role of the County Adjuster, expires on January 21, 1997.

Chapter Historical Note

Chapter 7, Role of the County Adjuster, became effective on January 21, 1992. See: Source and Effective Date.

See section annotations for specific rulemaking activity.

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SUBCHAPTER 1. GENERAL PROVISIONS

10:7-1.1 Purpose and scope

(a) In accordance with P.L.1990, c. 73, approved July 17, 1990, the Department of Human Services, Office of Finance and Accounting is codifying the administrative rules governing the role of the county adjuster. The promulgation of these rules shall assure that the role of each county adjuster is standardized and carried out in an effective and efficient manner.

(b) These rules on the role of the county adjuster apply to the county adjusters of the 21 counties of the State of New Jersey.

(c) The rules, on the role of the county adjuster, relating to the Administrative Office of the Courts (AOC), have been written utilizing the Civil Practice Rules 4:74-7, Civil Commitment, current during 1991. Should these civil commitment rules be changed in the future, the latest effective Civil Practice Rules 4:74-7, Civil Commitment, shall supercede these rules, where appropriate.

SUBCHAPTER 2. DEFINITIONS

10:7-2.1 Definitions

The following words and terms, when used in this chapter, shall have the following meanings unless the context clearly indicates otherwise.

"Agency" means a Division, institution, facility, or organizational unit within the Department of Human Services.

"Amended order" means a superior court order changing the terms of a court order.

"Chief executive officer" means the highest ranking official in a State agency or county psychiatric facility.

"Client" means an individual receiving services from the Department of Human Services or the county psychiatric facilities.

"Compromise" means a decision made by the Office of the Commissioner, with regard to State agencies and the county governing body or a proper committee thereof, with regard to a county psychiatric facility, as authorized by N.J.S.A. 30:4-77 and 30:4-80.6, to: satisfy any debt due to a State agency or county psychiatric facility, as appropriate, by accepting less than the amount owed; or release all or part of the assets subject to a lien claim for the use or benefit of the client or his/her dependents, heirs or assignees. A compromise is not necessary for the release of a lien claim if

a partial payment is made that constitutes the final distributive share to a creditor (the Department or county) from: the estate of a deceased client; or assets available from a bankruptcy proceeding of a client or former client. (N.J.S.A. 30:4-80.6)

"Compromise offer" means a written offer by or on behalf of a client or former client to: satisfy any debt due to a State agency or county psychiatric facility by offering less than the amount owed; or release all or part of the assets subject to a lien claim for the use or benefit of the client or his/her dependents, heirs, or assignees. Compromise offers can also be made by or on behalf of legally responsible relatives (LRRs) to satisfy any unpaid debts the LRR is obligated to pay, as substantiated by a court order, for the care and maintenance of a client or former client. (N.J.S.A. 30:4-80.6)

"County adjuster" means the county official charged with the responsibility for determining the client's financial ability to pay the DHS agency and/or the county psychiatric facility for the cost of care and maintenance. The individual is also responsible for determination of a client's legal settlement. The use of this term in these rules shall mean the county adjuster or county designee.

"County bills" means the monthly State charges to the counties for their share of care and maintenance costs for services provided by the various Department of Human Services agencies to county chargeable clients.

"County of admission/commitment" means the county where the temporary order of commitment was signed committing a client to a short-term care facility, psychiatric facility or special psychiatric hospital or where a voluntary or DDD client is admitted to a facility for treatment. The county of admission/commitment issues the original and all amended support orders, unless venue has been transferred to the county of settlement. The county of admission/commitment need not be the county of settlement.

"County per diem rate" means the daily per capita rate established for each State agency. It is set annually by the State House Commission. It is used to charge counties for their share of the cost of care and maintenance for clients with county settlement in State operated facilities.

"County psychiatric facility" means a county operated psychiatric facility which participates in the State Aid Program of the New Jersey Division of Mental Health and Hospitals.

"County settlement" means continuous residence of a client or parents of a child under age 18 in a county for a period of not less than five years immediately preceding the date of application for admission/commitment. The time spent in any charitable or correctional institutions, or public hospital does not count toward an establishment of or a change in a client's settlement. (Refer to N.J.S.A. 30:4-49 et seq. for additional settlement criteria.)

"Court order" means a legal document issued by the superior court that authorizes the admission/commitment/discharge of a client and specifies financial liability and/or legal settlement of the client.

"Division of Developmental Disabilities" (DDD) means a division of the Department of Human Services which administers the State developmental centers, provides special residential facilities, and supplies social services for the developmentally disabled.

"Division of Mental Health and Hospitals" (DMH & H) means a division within the Department of Human Services which establishes State-wide policy and coordination regarding the delivery of mental health services, operates the seven State psychiatric hospitals, and contracts with community-based mental health providers for direct services.

"Involuntary commitment—adult" means a commitment of an adult who is mentally ill, whose mental illness causes the person to be dangerous to self or dangerous to others or property and who is unwilling to be admitted to a facility voluntarily for care, and who needs care at a short term care facility, psychiatric facility or special psychiatric hospital because services are not appropriate or available to meet the person's mental health care needs. (N.J.S.A. 30:4-27.2m)

"Involuntary commitment—minor" means a commitment of a minor in need of intensive psychiatric therapy which cannot practically or feasibly be rendered in the home or in the community or on an outpatient basis. (Civil Practice Rules 4:74-7(f))

"Legal settlement" means the client's legal residence defined by statute and used to determine whether the State and/or a specific county is responsible for the cost of care and maintenance of the client if he/she is unable to pay the full private rate. (Refer to N.J.S.A. 30:4-49 et seq. for additional settlement criteria.)

"Legally responsible relative (LRR)" means a spouse, mother, father, or adult child who is statutorily responsible for a client's cost of care and maintenance. (Refer to N.J.S.A. 30:4-66 for additional criteria.)

"Lien" means a legal encumbrance against the assets of a client or LRR precluding disposition until settlement with the State and/or county for services. Settlements in this context can take many forms, for example, payment, compromise, etc. Liens are filed by the chief executive officer (or equivalent) or a duly constituted agent, for example, county adjuster or supervisor of patient's accounts (SPA). (N.J.S.A. 30:4-80.1, 80.2 and 80.3 et seq.)

"Lien subordination" means a lien claim for the cost of care and maintenance on a client/LRR is placed in a subordinate position to another debt.

“Maintenance bill” means a billing, by year, reflecting the number of days a client was present at the agency, multiplied by the daily State Board of Human Services rate for those years. From this charge, all payments and recoveries realized from the client and/or LRR are deducted.

“No settlement” means a client who does not have State or county settlement and is charged to the State pending his or her removal to the place where he/she has legal settlement, if any. (N.J.S.A. 30:4-52)

“Notice of Commitment Hearing” means a written document giving the time and place of the commitment hearing. The form of notice served upon the client and his or her counsel or guardian *ad litem* shall include a copy of the temporary court order, a statement of the client’s rights at the hearing and the screening or clinical certificates and supporting documents. (Civil Practice Rules 4:74-7(c)(4))

“Order of Commitment” means a document signed by either a municipal court judge or a superior court judge which orders a client to be detained in or transferred to a short-term care facility, a psychiatric facility, or a special psychiatric hospital and contains all the terms mandated in the Civil Practice Rules 4:74-7(c)4.

“Order of Settlement and Support” means a superior court order establishing legal settlement and financial obligations for institutional care. The order determines the extent of county, State, client and LRR liability.

“Petition for Settlement and Maintenance” means a document by which the county adjuster petitions the court for the designation of the client’s legal settlement and provision for payment of the expenses of the client’s care and treatment. The petitions shall be accompanied by a report stating the results of the county adjuster’s investigation and his or her recommendations. (Civil Practice Rules 4:74-7(i)(1))

“Power of attorney” means a legal document authorizing an individual to represent another.

“Private rate” means the full per capita rate as set by the State Board of Human Services for State agencies and the county governing body or a proper committee thereof for the county psychiatric facilities.

“Psychiatric facility” means a State psychiatric hospital listed in N.J.S.A. 30:1-7, a county psychiatric hospital, or a psychiatric unit of a county hospital. (N.J.S.A. 30:4-27.2u)

“Recovery” means any money received on behalf of a client to offset accumulated maintenance charges for care and treatment in a State or county facility or community program. Sources of recoveries may include: regularly recurring income such as wages, pensions, interest, annuity benefits and Social Security benefits; inheritances; judge-

ments; voluntary contributions; LRR contributions; and Medicare and other third-party insurance coverage.

“Release of property from lien” means to preserve a lien on a client/LRR while removing certain property from its effect. (N.J.S.A. 30:4-80.4)

“Representative payee” means an individual or agency receiving federal annuity benefits for another person. A representative payee is necessary whenever a client is incapable of managing funds.

“Short-term care facility” means an inpatient, community based mental health treatment facility which provides acute care and assessment services to a mentally ill person whose mental illness causes the person to be dangerous to self or dangerous to others or property. A short-term care facility is so designated by the Commissioner and is authorized by the Commissioner to serve persons from a specified geographic area. A short-term care facility may be a part of a general hospital or other appropriate health care facility and shall meet certificate of need requirements and shall be licensed and inspected by the Department of Health pursuant to P.L. 1971, c.136 (N.J.S.A. 26:2H-1 et seq.) and in accordance with standards developed jointly with the Commissioner of Human Services. (N.J.S.A. 30:4-27.2bb; N.J.A.C. 8:43E-3.3)

“Special psychiatric hospital” means a public or private hospital licensed by the Department of Health to provide voluntary and involuntary mental health services, including assessment, care, supervision, treatment and rehabilitation services to persons who are mentally ill. (N.J.S.A. 30:4-27.2cc)

“State House Commission” means commission empowered by the State Legislature to establish the yearly per capita costs to counties for client maintenance in county psychiatric facilities and in specific State funded programs in the Department of Human Services.

“State settlement” means when there is no continuous residency in any county for a period of five years or more immediately preceding the date of admission/commitment and there is continuous residence in the State for one year. There are no county charges. (N.J.S.A. 30:4-51)

“Treasury formula” means the method of determining the financial ability to pay for care and maintenance by a client and/or LRR(s). (N.J.S.A. 30:4-60)

“Voluntary admission—adult” means an admission of an adult who is mentally ill, whose mental illness causes the person to be dangerous to self or dangerous to others or property and is willing to be admitted to a facility voluntarily for care, needs care at a short-term care or psychiatric facility because other facilities or services are not appropriate or available to meet the person’s mental health care needs. A person may also be voluntarily admitted to a

psychiatric facility if his or her mental illness presents a substantial likelihood of rapid deterioration in functioning in the near future, there are no appropriate community alternatives available and the psychiatric facility can admit the person and remain within its rated capacity. (N.J.S.A. 30:4-27.2ee)

“Voluntary admission—minor” means any minor 14 years of age or over may request his or her admission to an institution for psychiatric treatment provided the court, on a finding that the minor’s request is voluntary, enters an order approving the admission. If an order approving a voluntary admission of a minor is entered, the minor may discharge himself or herself from the institution in the same manner as an adult who has voluntarily admitted himself or herself. (Civil Practice Rules 4:74-7(k))

“Warrant to Enter Satisfaction” means the legal document by which the satisfaction of liens are authorized. They are signed by the chief executive officer or equivalent at the State agency or county psychiatric facility making the claim. (N.J.S.A. 30:4-4.80.6)

### SUBCHAPTER 3. COMMITMENTS/ADMISSIONS/ REVIEWS/DISCHARGES

#### 10:7-3.1 Procedures for commitments/admissions/reviews/discharges

(a) The county adjuster shall be responsible for commitment, admission, reviews and discharges of persons receiving DDD services and DMH & H services (including county psychiatric facilities).

(b) The county adjuster’s responsibilities for commitments/admissions to DMH & H services (including county psychiatric facilities) are as follows:

1. Regarding voluntary admissions, the county adjuster shall arrange for a hearing at short-term care facilities, psychiatric facilities or special psychiatric hospitals for all involuntary clients converting to voluntary status within 20 days of conversion. The county adjuster shall arrange for hearings within 20 days of admission to short-term care facilities and psychiatric facilities for voluntary admitted clients from screening centers. The county adjuster shall make certain that the client is represented by counsel at the hearing. The county adjuster shall review the notification of voluntary admission documentation for sufficiency and completeness. The county adjuster shall conduct an investigation to determine the client’s/LRR’s ability to pay for the cost of care and maintenance per N.J.A.C. 10:7-4.

2. Regarding involuntary commitments, the county adjuster shall receive commitment papers for clients committed to Federal facilities, short-term care facilities, psychiatric facilities or special psychiatric hospitals. The county adjuster shall review the involuntary admission documents for sufficiency and completeness and shall forward the involuntary admission documents to the court for its consideration and possible issuance of a temporary commitment order, except when the hospital/facility seeks a temporary commitment order on an emergent basis during non-business hours. The county adjuster shall arrange for a commitment hearing to be held in accordance with Civil Practice Rules 4:74.7, Civil Commitment. The county adjuster shall include, in the form of the notice of commitment hearing served upon the client and his or her counsel or guardian ad litem, a copy of the temporary court order, a statement of the client’s rights at the hearing and the screening or clinical certificates and supporting documents. The county adjuster, as directed by the court, shall make certain that the client is represented by counsel at the hearing.

3. The county adjuster shall arrange for the conduct of review hearings, as directed by the court. The county adjuster shall make certain that the client is represented by counsel at the review hearing. The county adjuster shall prepare and submit for the court’s action the appropriate order.

4. The county adjuster shall complete reports to the Administrative Office of the Courts (AOC) each month, as directed by the court. These reports include information utilized to track all involuntary and voluntary psychiatric commitments/admissions through the court system.

(c) Regarding admissions to DDD services, the county adjuster shall receive the DDD admissions documentation once eligibility and placement are determined. The county adjuster shall review the DDD admissions documentation for sufficiency and completeness.

(d) If the county adjuster is licensed to practice law in this State, the county adjuster shall present the case for the client’s involuntary commitment to the court. The county adjuster shall be available to advise the court of the appropriate Federal and State laws and regulations pertaining to commitment and review hearings.

(e) The county adjuster, for those counties with Medicaid-certified county psychiatric facilities, shall make certain that a Medicaid application has been submitted for each potentially eligible client.

(f) The county adjuster shall process the necessary documentation for the payment of legal representation and/or interpreters utilized by clients at their hearings, where necessary.

**Case Notes**

Effective date of Medicaid eligibility was not date of patient's admission to long-term care facility, but was date of her subsequent

submission of Medicaid application. E.M. v. Division of Medical Assistance, 95 N.J.A.R.2d (DMA) 63.

## SUBCHAPTER 4. COURT ORDERS OF SETTLEMENT AND SUPPORT

**10:7-4.1 County adjuster's responsibilities for preparing court orders of settlement and support**

(a) The county adjuster, at the discretion of the court, shall act as referee to conduct investigations to determine each client's legal settlement and the client's/LRR's financial ability to pay for the cost of care and maintenance. This investigation shall be a thorough and systematic attempt to learn the facts about the client's/LRR's financial circumstances and residence(s).

1. The county adjuster shall utilize his or her subpoena powers to conduct such investigation, when necessary.
2. The investigation shall be completed within six to eight weeks but no later than 60 days after receipt of notification of admission/commitment of the client.
3. The county adjuster's investigatory testimony, in the form of findings, conclusions and recommendations, are subject to the approval of the court and shall be based on factual evidence.
4. The county adjuster shall utilize the "Methodology and Formula for Determination of Financial Ability to Pay of Clients and Legally Responsible Relatives—The Treasury Formula" procedures manual. Published annually, this manual assists in identifying those areas to be addressed by these investigations.
5. The county adjuster of the county of admission shall refer all cases when an investigation indicates settlement is in another county. The county adjuster of the county to which the client's case is referred shall review the information provided by the county of admission, conduct its investigation as required and respond in writing to the referring county. If accepted, the county of admission shall obtain an order transferring venue to the county of settlement and the county of settlement will then proceed with petition.

(b) The formal investigation to determine legal settlement shall, as necessary, take into consideration each of the following listed items. However, it need not be limited to just those items. The county adjuster shall:

1. Obtain client residency data from screening, admissions and commitment documents;
2. Contact facilities from previous admissions of the client to obtain residency data and to inquire as to the county of admission and the classification of the admission (including private hospitals, county facilities, other counties and their facilities, and State agencies);

3. Interview the client for residency data, when possible;
4. Interview the client's spouse, relatives, friends and neighbors for residency data;
5. Obtain residency data from Federal, State and county agencies supplying the client with benefits or assistance (SSA, SSI, SSD, RR, VA, Pensions, Medicare, Medicaid, DYFS, DEA, General Assistance, etc.);
6. Contact county, State and Federal correctional facilities for residency data (including county probation offices), if applicable;
7. Review local municipal records to verify residency data, such as property tax records, police records, occupancy permits/inspections, etc.;
8. Obtain written verification of residency data, whenever possible;
9. Obtain oral verification of residency data when written data is not obtainable; and
10. Keep a record of the client's settlement investigation, including date, time, data obtained, method data obtained and the source of the data.

(c) The formal investigation of support to determine financial ability of the client and/or LRR(s) to pay shall, as necessary, take into consideration each of the following listed items. However, it need not be limited to just those items. The county adjuster shall:

1. Obtain client financial data from admissions documents;
2. Contact facilities from previous admissions of the client to obtain financial data (including private hospitals, county facilities, other counties and their facilities, and State agencies);
3. Interview the client for financial data, when possible;
4. Interview the client's spouse, relatives, friends and neighbors for financial data;
5. Obtain financial data from Federal, State and county agencies supplying the client with benefits or assistance (SSA, SSI, SSD, RR, VA, Pensions, Medicare, Medicaid, DYFS, DEA, General Assistance, etc.);
6. Obtain client's/LRR's employment financial data, when possible;
7. Review client/LRR's tax records, pay stubs, banking/savings institution's records, employment retirement records, insurance records, etc., for financial data;
8. Contact county, State and Federal correctional facilities for financial data, if applicable;
9. Review local municipal records to verify financial data, such as property tax records;

10. Obtain written verification of financial data, whenever possible;

11. Obtain oral verification of financial data when written data is not obtainable;

12. Keep a record of the client's/LRR's financial investigation, including date, time, data obtained, method data obtained and the source of the data; and

13. Complete the appropriate treasury formula worksheets.

(d) The county adjuster shall utilize the procedures found in the "Methodology and Formula for Determination of Financial Ability to Pay of Clients and Legally Responsible Relatives—The Treasury Formula" procedures manual to calculate the amount of monthly charges to clients/LRRs.

1. The county adjuster shall utilize the appropriate treasury formula worksheets. The county adjuster shall complete the appropriate worksheet to the maximum extent possible. The county adjuster shall complete the "Summary of Total Charges" form for each client/LRR.

2. The county adjuster shall only utilize the manual for the current calendar year. The "Methodology and Formula for Determination of Financial Ability to Pay of Clients and Legally Responsible Relatives—The Treasury Formula" procedures manuals are distributed in December of each year with an effective date of January 1st of the next year. Copies can be obtained from the:

Department of Human Services  
Office of Finance and Accounting  
222 South Warren Street, 4th Floor  
CN 700  
Trenton, New Jersey 08625

(e) The county adjuster shall review the settlement and support court orders prior to submission to make sure that they are in compliance with all appropriate Federal and State laws and regulations. Specifically, the county adjuster shall ensure that said orders do not contain Federal benefit funds consisting of Social Security benefits, Veterans Administration benefits, Railroad Retirement benefits and/or Federal Civil Service Pension benefits.

(f) The county adjuster shall submit a petition for the court to determine the client's legal settlement and provision for payment of expenses of the client's care and maintenance, in accordance with Civil Practice Rules 4:74.7, Civil Commitment. The county adjuster shall attach a report to the petition which includes the investigative findings and/or testimony, the treasury formula worksheet(s), the results of the investigation and the recommendations for an order of settlement and support. The county adjuster shall schedule a hearing, with proper notice, for settlement and support, only if there are objections to the proposed court order. The county adjuster shall distribute a copy of the petition and report:

1. Directly to the client or the client's guardian or guardian ad litem, if any, by certified mail, return receipt requested, or as directed by the court;

2. To the client's counsel, by regular mail, as required;

3. To the supervisor of patients accounts of the State agency where the client is located, by regular mail;

4. To the CEO or his or her designee of the county psychiatric facility where the client is located, by regular mail;

5. To the Division of Mental Health and Hospitals for State and no settlement clients in county psychiatric facilities, by regular mail; and

6. To the legally responsible relative(s) (LRRs), where applicable, by certified mail, return receipt requested, or as directed by the court.

(g) The county adjuster shall file the completed Orders of Settlement and Support in the county clerk's office of the county of settlement.

(h) The county adjuster shall re-evaluate the client's and/or LRR's financial circumstances annually or sooner when information is obtained that their financial circumstances have changed. The county adjuster shall take the appropriate action to initiate an amendment to the client's and/or LRR's Order of Settlement and Support.

(i) The county adjuster shall distribute copies of the following documentation to the appropriate agency's supervisor of patients' accounts, or equivalent, no later than 90 days after receipt of notification that the client is admitted/committed:

1. An appropriate Order of Settlement and Support;

2. An amended Order of Settlement and Support, if applicable;

3. Investigative findings and/or testimony;

4. Treasury Formula worksheets;

5. Summary of Monthly Charges form(s); and

6. Outside representative payee voluntary agreement(s), if applicable.

## SUBCHAPTER 5. ACCOUNTING

### 10:7-5.1 County adjuster accounting procedures

(a) The county adjuster is responsible for accounting activities with respect to the State billing for clients with county settlement, the county billing for clients with State or no settlement, and billing and collection of client and/or LRR maintenance contributions and recoveries for clients with county settlement.

(b) The county adjuster shall review and reconcile the State billing to the county for clients with county settlement. The county adjuster shall determine that those clients charged to the county have appropriate county settlement, and that the number of days charged are accurate to the extent possible. The county adjuster shall certify to the county administration that the State billing is correct and is authorized for payment.

1. The county adjuster shall notify the Department of Human Services, Office of Finance and Accounting, in writing within 25 days from the date of receipt of the State billing of any adjustments required.

2. The county adjuster shall review all credits issued by the State to determine if appropriate for clients charged to the county. The county adjuster shall notify the State within 25 days of receipt of the credits of any discrepancies, additional information and/or adjustments required.

(c) The county adjuster shall review the county billing to the State and certify to the State that clients billed by the county psychiatric facility have appropriate State or county settlement and that the clients were resident in the facility for the number of days charged.

1. The Department of Human Services, Division of Mental Health and Hospitals shall notify the county adjuster in writing within 25 days from the receipt of the county billing of any adjustments required.

2. The county adjuster shall review all credits issued by the county to the State to determine if the clients were properly charged to the State. The Division of Mental Health and Hospitals will review the accuracy of the credits to the State and notify the county adjuster within 25 days of receipt of any adjustments required.

(d) The county adjuster shall actively pursue court-ordered and voluntary contributions due from county chargeable clients. A monthly statement shall be issued to contributing clients and/or LRRs indicating the amount of contribution expected (court ordered or voluntary) for the month as well as any open balances from previous months.

(e) The county adjuster shall maintain a ledger account for each client with county settlement. This ledger shall reflect the amounts of county charges incurred on the clients' behalf for services in State agencies and county psychiatric facilities. The ledger shall also reflect the amounts of offsetting client/LRR contributions, State maintenance recoveries, retroactive recoveries (compromises, settlements, etc.), and credits from county and/or State facilities for Medicare and/or commercial insurance recoveries.

(f) The county adjuster shall issue a monthly report to the Department of Human Services, Office of Finance and Accounting, indicating the amounts of client/LRR court ordered and/or voluntary contributions received by client, service period, and nature of contribution. This report shall

be issued no later than 25 days after the end of each month on forms developed by the State.

1. The county adjuster shall report LRR contributions for county chargeable clients in DDD Intermediate Care Facility/Mental Retardation (ICF/MR) facilities to the Division of Medical Assistance and Health Services.

2. The county adjuster shall issue an aged statement of court ordered accounts receivable to the Department of Human Services, Office of Finance and Accounting, and the county administration on forms developed by the State. This statement shall reflect the amounts outstanding at the end of each quarter resulting from the county contributor billing. The statement shall reflect the age of the amounts due from each client by segregating the amounts in the following categories: one to three months, three to six months, six to 12 months, 13 to 24 months, 25 to 36 months, and over 36 months old. The statement shall also segregate all balances for litigation, which has been initiated or is pending for collection, and write-offs.

i. For the purpose of reporting to the State, the county adjuster shall not consider voluntary contributions as receivables.

ii. For court-ordered contributions, the county adjuster shall initiate individual collection efforts for those balances outstanding for more than six months.

iii. For court ordered contributions, the county adjuster shall refer to the court for collection, those balances outstanding for more than one year.

iv. For court ordered contributions, the county adjuster shall prepare justification to support balances outstanding for more than two years. The justification shall document previous collection efforts taken in accordance with (f)2ii and iii above.

v. For court-ordered contributions, the county adjuster shall prepare a request to remove from the receivables, those balances determined to be uncollectible. The removal of the receivable, an accounting transaction, must be reported to the Department of Human Services, Office of Finance and Accounting. For court-ordered contributions, the county adjuster shall prepare an amended order for removal of those balances determined to be uncollectible.

(g) The county adjuster shall forward for payment a duly executed voucher to be issued to the State within 25 days after the end of each month. This payment shall remit to the State amounts collected by the county in excess of the county share of the cost for county clients in State agencies and programs. The amounts paid by client, service period and source, shall be made payable to the "Treasurer, State of New Jersey" and mailed with a remittance advice, on a form developed by the State, to the "New Jersey Department of Human Services, P.O. Box 15280, Newark, New Jersey 07192." Amounts reported shall also be segregated into court-ordered payments and voluntary payments.

(h) The county adjuster is responsible for reconciling with the State agencies the county charges on behalf of clients with county settlement in State agencies net of subsequent contributions and recoveries, on a monthly basis.

## SUBCHAPTER 6. LIENS

### 10:7-6.1 Procedures for handling Liens

(a) If after collecting third party insurance and other payments, there is still an outstanding debt, the county adjuster shall file a lien for the cost of care and maintenance against the real and personal property of every State and county settlement client admitted or committed to a State agency or county psychiatric facility, whether or not a client has any known property. Such liens shall be filed by the chief executive officer or his or her designee or by the county adjuster on his or her specific request for authorization to the chief executive officer. The only exception is that liens for Medicaid clients shall be filed by the Division of Medical Assistance and Health Services. The county adjuster, when authorized, shall file the non-Medicaid liens with the county clerk, or the register of deeds and mortgages, as appropriate for that county. The county adjuster may also file liens with the clerk of the Superior Court of New Jersey, depending on the circumstances.

1. Regarding state agencies, the county adjuster, acting as an agent for a particular Department of Human Services agency, may request and be authorized in writing by the chief executive officer to file the liens required for all clients, except Medicaid clients, with their county's settlement. This authorization to file liens is in the form of a power of attorney, which shall be completed anew whenever the county adjuster and/or the person authorizing the power of attorney changes.

i. The county adjuster, if authorized to file liens by the chief executive officer of the agency, shall file liens against LRRs of clients only when the LRR fails to pay the court ordered payments which were based on his/her ability to pay. (N.J.S.A. 30:4-80.1)

ii. The county adjuster, if authorized to file liens, shall mail a copy of the lien by certified mail, return receipt requested, to the client, the LRR, or the person with power of attorney over the client's assets. Additionally, a copy shall be forwarded by regular mail to the State agency.

2. Regarding county psychiatric facilities, the county adjuster shall request authorization in writing from the chief executive officer of the county psychiatric facility to file liens against all clients, except those receiving Medicaid, in the county psychiatric facility and their LRRs, as appropriate. Liens shall be filed against LRRs only when they fail to make the court ordered payments based on their ability to pay. (N.J.S.A. 30:4-80.1)

i. The county adjuster shall mail a copy of the lien by certified mail, return receipt requested, to the client, the LRR, or the person with power of attorney over the client's assets. Additionally, a copy shall be mailed to the county psychiatric facility.

3. Liens shall not be filed against those portions of bank or investment accounts which are comprised of Social Security, Veterans Administration, Railroad Retirement or Federal Civil Service benefits. Federal law specifies that these benefits be excluded from legal attachment.

(b) A lien against a client shall only be discharged after receiving payment in full for the outstanding cost of the client's non-Medicaid care and maintenance, as documented in the client profile (see N.J.A.C. 10:7-5.1(e)), or as a result of a compromise and settlement. Only the Division of Medical Assistance and Health Services shall discharge Medicaid filed liens. A lien against an LRR shall be discharged after receiving payment of the delinquent court ordered payments from the LRR or the client or as stipulated in a compromise and settlement.

1. Regarding state agencies, the chief executive officer of the State agency shall discharge a lien by filing a "Warrant to Enter Satisfaction" in the county or with the clerk of the Superior Court of New Jersey, depending on where the original lien(s) were filed.

i. The chief executive officer shall mail a copy of the "Warrant to Enter Satisfaction" by certified mail, return receipt requested, to the client, the LRR, or the person with power of attorney over the client's assets. Additionally, a copy shall be mailed, by regular mail, to the county adjuster if the involved client has county settlement.

2. Regarding county psychiatric facilities, the chief executive officer of a county psychiatric facility or his or her designee shall discharge a lien by filing a "Warrant to Enter Satisfaction" with the county or with the clerk of the Superior Court of New Jersey, depending on where the original lien(s) were filed.

i. The chief executive officer of a county psychiatric facility or his/her designee shall mail a copy of the "Warrant to Enter Satisfaction" by certified mail, return receipt requested, to the client, the LRR, or the person with power of attorney over the client's assets. Additionally, a copy shall be mailed, by regular mail, to the county adjuster to be placed in the client's file.

### 10:7-6.2 Procedures for compromises, settlements, releases of property from liens and lien subordinations

(a) The following apply only to actions on non-Medicaid liens or debt. Liens filed by Division of Medical Assistance and Health Services shall only be compromised, settled, subordinated or released by Division of Medical Assistance and Health Services.

(b) Regarding state agencies, the county adjuster shall forward all requests for compromises, settlements, releases of property from liens and lien subordinations to the State agency involved. The county adjuster shall be notified of a compromise by the State or by an original request. The county adjuster shall include his or her written opinion and any additional information on the request in the package sent to the appropriate State agency. The agency will process the request and the Department of Human Services, Office of Finance and Accounting, will notify the county adjuster of the decision and action taken.

(c) Regarding county psychiatric facilities, the county adjuster shall investigate, gather testimony in the form of findings and conclusions and make recommendations to the county governing body concerning the compromise of lien claims for current and former clients and/or LRRs of clients in county psychiatric facilities.

1. The county adjuster shall request an opinion from the Department of Human Services, Office of Finance and Accounting, on all compromises where the State is a creditor party to the lien.

2. The county adjuster shall notify the Department of Human Services, Office of Finance and Accounting, within 30 calendar days, of all compromises of liens and provide the appropriate amount of funds owed to the State of New Jersey by the client/LRR in accordance with the laws for the time periods covered by the lien and the compromise settlement.

3. The county adjuster shall mail a copy of the letter of approval/disapproval of a compromise offer to the client, the LRR, or the person with power of attorney over the client's assets. A copy of this letter shall also be forwarded to the Department of Human Services, Office of Finance and Accounting.

(d) Regarding county psychiatric facilities, on occasion, requests may be received from clients, former clients or LRRs to permit the release of specified property from a lien or to subordinate a lien. Generally these requests are as a result of a desire to secure a home equity loan, second mortgage, car loan or to avoid a foreclosure proceeding. Each request shall be reviewed on a case-by-case basis and the approval/disapproval of the request should be documented to the requestor and in the client's file. By subordinating the lien or releasing only specified property from the lien, the county and State are able to maintain their claims for potential collection in the future.

1. If a lien has encumbered a savings or investment account which is exclusively Social Security, Veterans Administration, Railroad Retirement or Federal Civil Service benefits, the chief executive officer of the county psychiatric facility or his or her designee (the county adjuster if so designated) shall immediately release the account from the lien by filing a "Release of Property

from Lien" form. Federal law specifies that these benefit funds are immune from legal attachment.

2. The chief executive officer of the county psychiatric facility or his or her designee (the county adjuster if so designated) shall file the "Release of Property from Lien" and "Lien Subordination Form" with the county or with the clerk of the Superior Court of New Jersey, depending on where the original lien(s) were filed.

**SUBCHAPTER 7. ADMINISTRATION**

**10:7-7.1 Procedures for administering the county adjuster's office**

(a) The county adjuster shall meet the appropriate records retention requirements specified by the State in the county adjuster's record retention schedule, by the county governing body and/or by the Administrative Office of the Courts (AOC).

1. The county adjuster shall ensure that these records are secured in accordance with the appropriate Federal and State confidentiality and/or access laws and regulations.

2. The county adjuster shall ensure that records to be microfilmed/fiched are not destroyed until the microfilm/fiche has been returned from processing and reviewed. Such film shall be scanned for light spots, piggy-backed items and illegibility. If a problem has developed, the original documents shall be reprocessed.

(b) The county adjuster shall serve as a member of the county Board of Social Services, as required by law (N.J.S.A. 44:7-7). The county adjuster shall also serve as a member of other boards or committees as directed by their county government.

(c) The county adjuster shall conduct mental health searches of individuals seeking gun permits for any history of psychiatric admissions within the county, as required by law (N.J.S.A. 2C:58-3c).

(d) The county adjuster shall participate, where appropriate, in guardianship proceedings.

(e) The county adjuster shall accomplish those office administrative duties which include, but are not limited to, the areas of personnel, payroll and budgeting as determined by the county.

(f) The county adjuster shall act as liaison between county government, the clients/LRRs, and the Department of Human Services agencies.

1. The county adjuster shall forward to the Department of Human Services, Office of Finance and Account-

ing, each January, a current organizational chart of the adjuster's office with names of employees, their titles and their office phone numbers.

2. The county adjuster shall report all communication/cooperation problems with State agencies to the Department of Human Services, Office of Finance and Accounting, to permit appropriate corrective actions.

3. The county adjuster may act as liaison with the Administrative Office of the Courts (AOC) pertaining to involuntary commitments.

(g) The county adjusters shall also complete any number of additional responsibilities that their particular county government or AOC may assign.

## SUBCHAPTER 8. SANCTIONS/APPEAL PROCEDURES

### 10:7-8.1 Sanctions for Non-Compliance with Federal and State Laws and Regulations

The county adjuster shall assure compliance with Federal and State law and these regulations or appropriate sanctions may be applied. A county's failure to submit required legal documents, financial reports and payments within the time periods specified may result in the imposition or initiation of sanctions by the Commissioner of the Department of Human Services. Notice will be provided to the county governing body and the county adjuster prior to the imposition of sanctions when the county adjuster is found to not be in compliance with these rules. Sanctions shall be initiated at the Commissioner's discretion on a case-by-case basis. Sanctions may be administrative and/or financial. Administrative sanctions may be, but are not limited to, letters of warning and/or notice to the county for non-compliance and/or referral to the Attorney General for advice and/or action. Financial sanctions may be, but are not limited to, the withholding of funds from the county.

### 10:7-8.2 Procedures for appeals from sanctions

(a) The governing body of each county shall be afforded an opportunity to appeal any sanction imposed. Appeals will not be expected to resolve issues which have policy implications or broader applicability. There are two levels of appeal available:

1. Level 1: A request for a Level 1 appeal will be considered timely filed if it is submitted in writing to the Department of Human Services, Director of Finance and Accounting within 30 days of receipt of the State applied sanctions.

i. The first level of appeal represents an informal administrative process. The appeal will be heard by the Director and appropriate staff of the Office of Finance and Accounting of the Department of Human Services within 60 days of receipt.

ii. The county should be prepared to present such substantiating materials as may be required for an informal discussion of the subject matter.

iii. This level of appeal will attempt to reach equitable resolutions of the matters under dispute.

iv. Notice of the decision relating to the first level of appeal will be provided to the county governing body and the county adjuster when the level 1 appeals process is completed.

2. Level 2: If the county is not satisfied with the results of the first level of appeal, a second level may be requested. A request for a Level 2 appeal will be considered timely filed if it is submitted in writing to the Commissioner, Department of Human Services, within 60 days of receipt of notification of results of the Level 1 appeal.

i. The second level appeal will be heard by a panel of representatives from the Department of Human Services consisting of the Commissioner or designee, the Assistant Commissioner of Budget, Finance and Administration or designee, and the Director(s) of the Division(s) appropriate to the subject under dispute. The Department will schedule an appropriate time and place for the panel to hear the appeal within 60 days of receipt.

ii. Notice of the decision relating to the second level of appeal will be provided to the county governing body and the county adjuster when the level 2 appeals process is completed.

(b) Any financial adjustments resulting from an appeal will be determined during the appeals process and depend on the specific situation.

(c) The date of submission is defined as the date received by the Department.