DAIL Universal Flexible Spending Guidance – DESK REFERENCE

(11/28/25 – Revised)

Summary: This Desk Reference provides case managers with universal guidance for flexible spending across all Department of Disabilities, Aging & Independent Living (DAIL) Medicaid Home and Community-Based Services (HCBS) programs listed in the table below. This guidance aligns with Vermont Health Care Administrative Rules (HCAR). Maximum benefit caps are subject to change.

HCBS Program/Service	Medicaid Billing Entity	Max Benefit Cap (as of 7/1/25)
1. Brain Injury Program (BIP) Environmental & Assistive Technology	BIP Provider	$5,039.76 per Lifetime
2. Choices for Care High/Highest - Assistive Devices Home Modifications (CFC ADHM)	Area Agency on Aging	$2,000 per Calendar Year
3. Choices for Care High/Highest - Adult Family Care (CFC AFC)	Authorized Agency	Individual Bundled Tier Rate
4. Choices for Care High/Highest - Flexible Choices (CFC FC)	ARIS Solutions	Individual Budget
5. Choices for Care Moderate Needs Flexible Funds (CFC MNG)	Area Agency on Aging	$3,500 soft cap per Calendar Year
6. Developmental Disabilities Services (DDS) – Home Modifications, vehicles, and flexible purchases within clinical services, and employment supports spending categories.	Designated Agency/Specialized Services Agency	$10,000 Home Modifications
7. Money Follows the Person (MFP) Transition Funds	Area Agency on Aging	$9,000 One-Time

Universal Coverage Criteria

1. Participants must be actively enrolled in the applicable program to access flexible spending.

2. The participant's need for flexible spending must be documented by case managers through the participant's assessment, person-centered care plan and service authorization before an item/service can be purchased.

3. Flexible spending purchases must:
   a. Increase, maintain, or improve functional capabilities as identified in the participants' needs assessment, and
   b. Align with the participant's person-centered goals for maintaining their health, safety, wellbeing and independence at home.
   c. Be reasonable and necessary and not already covered by Medicare, Medicaid or other insurance.
   d. Be well-documented and are subject to quality review and audit.

Universal Purchasing Categories

Regardless of program, flexible spending purchases must fall into at least one of the following categories:

1. Devices, technology, goods and services which are used to increase, maintain, or improve functional capabilities and are intended to benefit the participant's identified goals for maintaining their health, safety, wellbeing and independence at home. Technology includes hardware and software as well as stand-alone devices.

2. Physical modifications to the participant's home that help to ensure the health and welfare of the participant or that improve the participant's ability to perform Activities of Daily Living and/or Instrumental Activities of Daily Living. Home modifications must be approved by the owner of the home.

3. One-time or short-term purchases for housing and living expenses that:

    a. Address specific barriers to transitioning from homelessness or from a facility to a community-based setting.
    b. Prevent immediate risk of homelessness or facility placement within 45 days.

NOTE: The Money Follows the Person Transition Funds utilizes an Operational Protocol with a prescribed list of covered items.

Universal Limitations

1. Funding shall **not** be used for:

    a. Items/services that can be adequately met by services available through other sources. This includes but is not limited to Medicare, Medicaid and private insurance coverage. Contact Medicaid Customer Support Center at 1-800-250-8427 for more information on Medicaid coverage.
    b. Items/services purchased prior to a participant's active program enrollment.
    c. Items/services that are not of direct benefit to the participant's identified goals/needs, health, wellbeing, safety, accessibility and independence at home.
    d. Medical devices that are surgically implanted, or the replacement of such devices.
    e. Illegal items/services.
    f. Gambling, alcohol and recreational drugs, both legal and illegal.
    g. Ongoing housing and living expenses such as rent, mortgage, room and board, food, clothing, toiletries, household supplies and maintenance. See Universal Purchasing Categories for one-time/short-term purchases.
    h. Out-of-pocket medical expenses that have been used by the participant towards their Medicaid patient share obligation. Contact the participant's Medicaid Benefits Worker with questions about patient share.

2. Expenditures shall not:

    a. Exceed the maximum benefit cap for the specific flexible spending service.
    b. Conflict with Medicaid regulations.

3. Funds provided through a designated or licensed agency must follow all applicable federal and state regulations applicable to that provider.

4. Services purchased through a Vermont Medicaid vendor must be billed at the vendors' Medicaid rate on file for the same service.

5. Funds used to pay self-directed Independent Direct Care Workers:

    a. Must be paid at or above the required minimum wage set by the Independent Direct Support Worker's Collective Bargaining Agreement and below the maximum market rate for that service.
    b. Must ensure that workers pass a background check as described in the DAIL Background Check Policy.

6. Funds used to purchase devices must comply with all applicable medical and manufacturing standards.

7. Funds used to purchase home modifications must be approved by the homeowner and comply with all applicable State and local building codes.

8. The parents of a child under the age of 18 are financially responsible for costs not covered by any Medicaid program or funded by the Department, specifically: housing; food; clothing; non-medical transportation; personal items; and childcare necessary for a parent to work. (HCAR 7.100)

Requests

Case Managers must first identify flexible spending needs through the participant's assessment and person-centered planning process. Program-specific Checklist Tools are available to guide case managers through the criteria. Purchases that meet criteria must be well documented in the Case Management records which must be made available to DAIL upon request. Case Managers must verify that the participant has funds available within their maximum benefit cap to cover the cost of the purchase. Invoices, billing and payment must be coordinated with the vendor and billing entity. Processes may vary depending on the program. All purchases using Medicaid funds are subject to audit.

Exceptions/Variances

When a purchase does not appear to meet the coverage criteria set by DAIL, the Case Manager shall contact the DAIL program lead to discuss options. For Choices for Care High/Highest, Moderate Needs, and the Brain Injury Program, the Case Manager may initiate a variance request using the prescribed DAIL process and Variance Form.

Program	Program Contact
Brain Injury Program	Heather Blair at Heather.Blair@vermont.gov
Choices for Care High/Highest	Dawn Weening at Dawn.Weening@vermont.gov
Choices for Care Moderate Needs	Wanda Wright at Wanda.Wright@vermont.gov
Developmental Disabilities Program	Melanie Fedderson at Melanie.Feddersen@vermont.gov
Money Follows the Person	Sarah Lipton at Sarah.Lipton@vermont.gov

Denials

DAIL will send a denial notice when a flexible spending purchase is denied. The notice will contain the reason for the denial and appeal rights in compliance the Vermont Health Care Administrative Rules (HCAR 8.100.3 (b)(2)(C)).

Helpful Links

	Links
Brain Injury Program	• Regulations Pending HCAR Section 7.101 • Program Manuals | Adult Services Division • ASD Medicaid Rate Table
Choices for Care High/Highest	• Regulations HCAR Section 7.102 • Program Manuals | Adult Services Division • ASD Medicaid Rate Table
Choices for Care Moderate Needs	• Regulations HCAR Section 7.102 • Program Manuals | Adult Services Division • ASD Medicaid Rate Table
Developmental Disabilities Services	• Regulations HCAR Section 7.100 • MEDICAID MANUAL FOR DEVELOPMENTAL DISABILITIES SERVICES • DDSD Medicaid Rate Table
Dept. of VT Health Access Medicaid Covered Services	• Regulations HCAR Section 4, Subchapter 2. • Vermont Medicaid Programs | Department of Vermont Health Access
Money Follows the Person	• Operational Protocol