

Visual description: A green Disability Support Services logo sits to the left of the New Zealand Government crest in black.

MSD Disability Support Services Operational Policy

Administration of the Community Group Home Pricing Model

Effective from 1 December 2025

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Purpose

This operational policy:

- defines the role of the Community Group Home Pricing Model (CGH Pricing Model) in providing a nationally consistent and transparent funding approach for community group home residential services.
- establishes how the CGH Pricing Model will be applied by Needs Assessment and Service Coordination organisations (NASC) and Enabling Good Lives (EGL) sites to determine a person's funding for community group home residential services.
- establishes the requirements for MSD Disability Support Services (DSS) in maintaining the CGH Pricing Model to ensure it remains accurate, financially sustainable, and fit-for-purpose.

This operational policy must be read alongside the following:

- MSD DSS Community Residential Support Services Operational Policy.
- MSD DSS Application of the Community Group Home Pricing Model Operational Procedure.
- MSD DSS Operational Policy and Guidelines 2025 / 26 Financial Year Management of NASC and EGL site budgets.
- MSD DSS Review Panel Terms of Reference.

Scope of this policy

This operational policy applies to funding for newly assessed and reassessed individuals eligible for community group home residential services.

It excludes individuals with disabilities living in aged residential care, children and young people under 18 in residential care under the oversight of Oranga Tamariki – Ministry for Children, and those supported under the Intellectual Disability (Compulsory Care and Rehabilitation) Act 2003, the High and Complex Framework, Choices in Community Living and Flexible Disability Support contracts.

This operational policy applies to:

- NASC and EGL sites responsible for applying the CGH Pricing Model to determine funding for individuals eligible for community group home residential services.
- Disability Support Services (DSS) functions involved in the governance, administration, and continuous improvement of the CGH Pricing Model.

It does not extend to community group home residential support service providers.

Background

Community group home services are delivered by MSD DSS-contracted providers to enable disabled people to live in a home-like setting within their community while receiving support services for up to 24 hours a day.

NASC and EGL sites are responsible for assisting eligible individuals to access the most appropriate community group home service provider to meet their support needs.

The CGH Pricing Model provides a nationally consistent framework for managing the funding of community group home residential services. It is used to determine the reasonable cost of delivering the services and is a tool to determine a funding package that aligns with a person's assessed level of support need. The intent of the CGH Pricing Model is to assist with a fair and consistent allocation of funding, while promoting transparency, accountability, and effective financial management.

This operational policy and accompanying procedures are issued in accordance with Cabinet's decision CAB-25-MIN-0063, which approved the CGH Pricing Model and directed the Ministry of Social Development to implement it.

Policy statement

DSS is committed to providing nationally consistent and transparent funding for community group home residential services. The CGH Pricing Model provides a clear, evidence-based framework for determining funding levels, covering banded allocations for most people (around 90 percent) and exceptional rates for those with unique or complex support needs (around 10 percent). All funding decisions are guided by the methodology of the CGH Pricing Model to ensure fairness, consistency and long-term fiscal sustainability.

Principles

The allocation of funding under this operational policy is guided by the following principles:

- Consistency – Funding allocations are applied uniformly and impartially across all regions.
- Transparency – Funding allocations are clear and auditable.
- Fair and Person-Centred Approach – Disabled people have supports that are tailored to their individual needs and goals.
- Accountability – All parties involved in the assessment and funding process have clear roles and responsibilities.

- Financial Sustainability – Funding allocations are made within available resources and support the long-term sustainability of the disability support system.
- Human Rights Compliance – All processes adhere to the Human Rights Act 1993.

The CGH Pricing Model

The CGH Pricing Model is a structured framework for determining the funding of community group home residential services.

The CGH Pricing Model has two primary functions. It:

- establishes prices that fairly and reasonably reflect the costs of delivering community group home residential services; and
- is used to align a person's assessed disability support needs with the price paid to a community group home residential service provider for delivering that support.

Methodology

The CGH Pricing Model is underpinned by a cost-based methodology that considers the following main cost groups:

- Staffing – such as remuneration, sleepovers / wake overs.
- Resident related expenses – such as food, laundry, specialist services and therapies.
- Housing costs – such as market rents, furniture, household supplies and transport costs.
- Maintenance and utilities – such as insurances, property maintenance, telecommunications, water and power.
- Provider overheads – such as management staff, administration, and IT costs.

Cost assumptions are reviewed annually to ensure that the model remains accurate, transparent, and fit for purpose.

Structure

Banded rates

A banded rate approach is used, grouping individuals into one of six pricing bands across four regions based on their assessed support needs. Each band has a minimum and maximum price value, with a weighted average price used to determine the banded funding rate.

DSS expects that banded rates will apply to around 90% of people.

Exceptional rates

Exceptional rates are available for people with unique or more complex support needs that cannot be fully met within the CGH Pricing Model's banded rates.

DSS expects up to 10 percent of funding allocations, 5 percent above band and 5 percent below band, may be determined through individualised exemptions.

Tools

The CGH Pricing Model operates primarily through two complementary tools:

- **the Band Allocation Tool (BAT)** – collects detailed information about each person's assessed support needs and summarises their requirements. The BAT indicates whether a person fits within banded funding or may require consideration for an exceptional rate.
- **the Global Pricing Tool (GPT)** – uses cost data, service delivery assumptions and regional factors to establish the banded pricing for community group home residential services. It is also the tool used to assign a banded rate to an individual or, where required, calculate an exceptional rate.

Exceptional rates

Exceptional rates ensure that funding for those with more unique and complex requirements is consistent with the intent of the CGH Pricing Model, while maintaining overall fiscal sustainability.

Exceptional rates are applied only where a person's assessed support requirements are unable to be accommodated within the CGH Pricing Model's funding bands.

Exceptional rates are determined using the CGH Pricing Model tools (the BAT and GPT) up to the limits of what those tools can calculate. Where a person's support needs exceed those limits, a prescribed manual calculation is applied, as outlined in the accompanying procedure. Where a person's needs cannot fully be costed using the prescribed calculation, bespoke evidence-based costing will be required to reflect their specific circumstances.

NASC and EGL sites may apply an exceptional rate in accordance with the approved procedures, which set out the criteria and assurance requirements.

Roles and Responsibilities

Disability Support Services

DSS is responsible for maintaining the integrity of the CGH Pricing Model by managing key tools, providing support to NASC/EGL staff, and ensuring effective oversight of funding decisions. Specifically, DSS will:

- Maintain and update the GPT and BAT as required to ensure they remain accurate and effective.
- Setting and maintaining the methodology used to calculate exceptional rates.
- Provide guidance and technical support to NASC/EGL staff to promote consistent and correct application of tools and processes.
- Review requests for exceptional funding rates, via the DSS Review Panel, ensuring that any endorsements are justified and comply with established criteria.
- Monitor and report on consistency of funding decisions nationwide, in accordance with the monitoring framework approved to guide oversight and reporting for this policy, to support transparency and continuous improvement.

NASC and EGL sites

NASC and EGL sites are responsible for applying the CGH Pricing Model (banded and exceptional rates) accurately and consistently.

Application of the CGH Pricing Model

Training and support

NASC and EGL sites responsible for completing assessments and allocating funding must be trained on the use of the CGH Pricing Model. DSS will provide initial training to designated NASC and EGL trainers, who will then deliver training within their own organisations.

DSS will maintain training materials to support application of the CGH Pricing Model and related policy and procedures. Where updates to the CGH Pricing Model or procedures occur, training materials will be reviewed and updated accordingly. Depending on the extent of any change, DSS may provide additional training to trainers to support consistent implementation.

Requirements for applying the CGH Pricing Model

NASC and EGL sites are required to apply the CGH Pricing Model when determining the allocation of a person's funding for community group home residential services. They are responsible for:

- **Confirming eligibility:** Ensuring the person has a current needs assessment and is confirmed as eligible to receive DSS funded community group home residential services prior to application of the CGH Pricing Model.

- Managing reassessments: Undertaking reassessment when due and ensuring updated assessment information is used to support application of the CGH Pricing Model.
- Completing the BAT: Entering comprehensive and accurate information into the BAT, using all available assessment details to support a robust and transparent funding determination.
- Assigning funding bands: Using the GPT to assign individuals to the appropriate funding bands.
- Calculating exceptional funding rates: Where a person requires an exceptional rate, applying the method set out in the '*Application of the Community Group Home Pricing Model Operational Procedure*'
- Undertaking review: Ensuring funding packages are submitted to the Review Panel where required by its Terms of Reference.
- Finalising funding: Confirming approved funding with the relevant community group home residential services provider and recording final allocations in Socrates.

NASC and EGL sites must follow the associated procedures when using the CGH Pricing Model to support accurate and consistent application.

Review Panel

The DSS Review Panel provides DSS with assurance that NASCs and EGL sites are making decisions that are consistent with the available evidence and relevant Policy.

The Review Panel will consider community group home funding allocations that meet the criteria defined in the '*Review Panel Terms of Reference*' and '*Operational Policy and Guidance: Management of NASC and EGL site budgets*'.

Information handling and privacy

The BAT and GPT, including all associated intellectual property, are owned by the Ministry of Social Development (MSD) and are commercially sensitive. These tools must only be used for their intended purpose and in accordance with all MSD-issued legal disclaimers and conditions of use. They must not be disclosed to any third party unless explicit authorisation has been granted by MSD.

All information collected by NASC and EGL sites for assessments, including completion of the BAT and GPT, must be handled in accordance with the Privacy Act 2020 and the Health Information Privacy Code 2020. For NASCs, the requirements of the *NASC Service Specification – DSS Needs Assessment and Service Co-ordination (DSS1040) Including Discretionary Funding (DSS1039D)* also apply.

Information collected for purposes of applying the CGH Pricing Model is personal to the disabled person and must only be shared in a lawful and appropriate manner. Any sharing of information must respect both the privacy of the disabled person and the restrictions on the use of the BAT and GPT set out above. In practice this means:

- The BAT and GPT tools and any commercially sensitive information (including pricing methodology) must not be shared with the disabled person or community group home service providers.
- Information used to inform the BAT may, in this specific circumstance, be provided to the disabled person upon request using the summary view available in the BAT.
- Assessment information can only be shared with community group home service providers to the extent necessary for the provider to determine the services they are contracted to deliver. This will likely require providing the information in a format that does not include a product of the tools (BAT or GPT), any commercially sensitive content, or information beyond what the provider needs to know.

Monitoring and review of CGH Pricing Model

Monitoring

The application and performance of the CGH Pricing Model, including its use by NASC and EGL sites, will be monitored in accordance with the Monitoring Framework as approved by DSS. The framework will ensure the CGH Pricing Model remains stable, and functions as intended, monitor and inform understanding of the changes in residents' support needs, and monitor emerging shifts in NASC and EGL practice to maintain alignment with policy direction. Detailed monitoring processes and reporting are set out in procedures and other relevant policy documents.

Maintenance of the GPT

DSS is responsible for maintaining the integrity of the GPT. This includes keeping all underlying datasets, service delivery assumptions, and regional factors up to date so they accurately reflect service and cost information.

The GPT will be reviewed annually. Following each review, DSS will consider whether updates to the funding bands are required to ensure that funding remains aligned with the fair and reasonable cost of delivering community group home residential services. Any adjustments will depend on future budget funding decisions. The review process will be documented and will cover review frequency, decision-making authority, key factors for change, communication of outcomes, provider contracting considerations, and alignment with budget cycle processes.

Glossary: Terms and definitions

Term	Description
Above-band	When a person's support needs exceed the standard funding bands in the CGH Pricing Model and require an exceptional rate determination.
Banded rate	A standardised funding rate assigned to a disabled person based on their assessed support needs using the CGH Pricing Model's pricing bands.
BAT	Band Allocation Tool
Below-band	When a person's support needs fall below the standard funding bands in the CGH Pricing Model and require an exceptional rate determination.
CGH Pricing Model	A structured funding model that establishes fair and reasonable prices for community group home residential services, and allocates funding based on a person's assessed level of support need.
Community Group Home residential service	A residence providing 24-hour, person-centred support that enables disabled people to live safely, build independence, and participate fully in home and community life.
Community Group Home Service Provider	An organisation contracted by MSD DSS to provide a community group home residential service to a disabled person.
Dual Funding	A dual funding arrangement where the cost of support is shared with another agency (e.g., Health New Zealand).
DSS	Disability Support Services (MSD Business Group).
EGL	Enabling Good Lives
Exceptional rate	A funding rate applied to an individual when their assessed support needs cannot be met from within the CGH Pricing Model's banded rates.
Funding package / allocation	The level of funding determined through the CGH Pricing Model assigned to a person for community group home residential services based on their assessed support needs.
GPT	Global Pricing Tool
MSD	Ministry of Social Development
NASC	Needs Assessment and Service Coordination organisation
Review Panel	Provides DSS with assurance that NASC and EGL sites are making decisions that are consistent with the available evidence and relevant Policy.