

LEGAL NOTICE

STATE OF NEW JERSEY

DEPARTMENT OF HUMAN SERVICES

MEDICAID NURSING FACILITY REIMBURSEMENT

TAKE NOTICE that the Department of Human Services, Division of Medical Assistance and Health Services, intends to submit a State Plan Amendment to the Centers for Medicare & Medicaid Services in order to implement a change to the nursing facility rate setting system as adopted in the State Fiscal Year (SFY) 2015 budget provisions. This Notice is intended to satisfy the requirements of federal law and regulations, specifically 42 U.S.C. §1396a(a)(13) and 42 CFR §447.205.

Notwithstanding the provisions of N.J.A.C.8:85 or any other law or regulation to the contrary and subject to any required federal approval, the amounts hereinabove appropriated for Payments for Medical Assistance Recipients - Nursing Homes and for Managed Long Term Services and Supports are subject to the following conditions: (1) each nursing facility that is being paid on a fee-for-service basis shall receive a Fiscal Year 2015 per diem reimbursement rate that is obtained by adjusting the calculation of the rate received on June 30, 2014 to incorporate an additional \$8,500,000 in State and \$8,500,000 in federal appropriations above the total gross Fiscal Year 2014 appropriations used to calculate the June 30, 2014 rate, provided that the rate setting methodology, parameters, and data used to calculate the Fiscal Year 2015 per diem reimbursement rate shall be otherwise identical to the rate setting methodology, parameters, and data used to calculate the June 30, 2014 rate and provided, further, that the Fiscal Year 2015 per diem reimbursement rate shall not be less than the per diem rate received by that facility on June 30, 2014; (2) nursing facilities that are being paid by a Managed Care Organization (MCO) for custodial care through a provider contract that includes a negotiated rate shall receive that negotiated rate; (3) any Class I (private) that is being paid by an MCO for custodial care through a provider contract but has not yet negotiated a rate shall receive the same per diem reimbursement rate as it received on June 30, 2014, as adjusted for the incorporation of the additional \$17,000,000 in State and federal appropriations, and any Class II (county) nursing facility that is being paid by an MCO but has not yet negotiated a rate shall receive the per diem reimbursement rate it would have received on June 30, 2014, as adjusted for the incorporation of the additional \$17,000,000 in State and federal appropriations, had it been a Class I nursing facility; (4) monies designated pursuant to subsection c. of section 6 of P.L.2003, c.105 (C.26:2H-97) for distribution to nursing facilities, less the portion of those funds to be paid as pass-through payments in accordance with paragraph (1) of subsection d. of section 6 of P.L.2003, c.105 (C.26:2H-97), shall be combined with amounts hereinabove appropriated for Payments for Medical Assistance Recipients - Nursing Homes for the purpose of calculating Medicaid reimbursements for nursing facilities ; and (5) any Class III (special care) nursing facility that is being paid by an MCO for custodial care through a provider contract but has not yet negotiated a rate shall receive the same per diem reimbursement rate as it received on June 30, 2014, which per diem reimbursement rate shall be adjusted on January 1, 2015 such that an additional \$2,450,000 in State and \$2,450,000 in federal appropriations shall be allocated to Class III nursing facilities during the fiscal year. For the purposes of this

paragraph, a nursing facility's per diem reimbursement rate or negotiated rate shall not include, if the nursing facility is eligible for reimbursement, the difference between the full calculated provider tax add-on and the quality-of-care portion of the provider tax add-on, which difference shall be payable as an allowable cost pursuant to section 6 of P.L.2003, c.105 (C.26:2H-97(d)). Provided, further, that on or before September 15, 2014, the Department shall calculate and disseminate to the MCOs the amount of the add-on payable during the year starting October 1, 2014 as an allowable cost, as well as the list of nursing facilities that will receive this add-on, and the MCOs shall adjust the rates paid to nursing facilities accordingly; the add-ons calculated for FY 2014 shall be applied from July 1, 2014, through September 30, 2014 and the first add-on shall be applied to fee-for-service per diem reimbursement rates effective October 1, 2014.

This reimbursement is expected to increase New Jersey Medicaid program expenditures for nursing facilities (State and federal) as set forth above in comparison to the amount expended in SFY 2014 for this initiative.

A copy of this Notice is available for public review at all Offices of the Area Agency on Aging that are situated in all twenty-one counties, as well as at the local Medical Assistance Customer Centers, County Welfare Agencies, and the DHS website at <http://www.state.nj.us/humanservices/providers/grants/public/index.html>. Comments or inquiries must be submitted in writing within 30 days of the date of this notice to:

Division Director
Division of Aging Services
PO Box 715
Trenton, New Jersey 08625-0715