



State of New Jersey

DEPARTMENT OF HUMAN SERVICES

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES
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Assistant Commissioner

July 12, 2021

Daniel Tsai
Deputy Administrator and Director
Center for Medicaid & CHIP Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850

Dear Mr. Tsai,

Please accept my sincere congratulations on your recent appointment, and warm greetings from New Jersey!

Enclosed please find New Jersey's initial HCBS spending plan in response to SMD# 21-003 RE: Implementation of American Rescue Plan Act of 2021 Section 9817: Additional Support for Medicaid Home and Community-Based Services during the COVID-19 Emergency issued May 13, 2021.

In accordance with that guidance I am designating Jonathan Tew, NJ Medicaid Regulatory Officer (Jonathan.Tew@dhs.nj.gov), as the state point of contact for the quarterly spending plan submissions.

In addition I would like to give assurance of the following:

- New Jersey is using the federal funds attributable to the increased FMAP to supplement and not supplant existing state funds expended for Medicaid HCBS in effect as of April 1, 2021;
- New Jersey is using the state funds equivalent to the amount of federal funds attributable to the increased FMAP to implement or supplement the implementation of one or more activities to enhance, expand, or strengthen HCBS under the Medicaid program;
- New Jersey is not imposing stricter eligibility standards, methodologies, or procedures for HCBS programs and services than were in place on April 1, 2021;

- New Jersey is preserving covered HCBS, including the services themselves and the amount, duration, and scope of those services, in effect as of April 1, 2021; and
- New Jersey is maintaining HCBS provider payments at a rate no less than those in place as of April 1, 2021.

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Daniel Tsai
July 12, 2021

If you have any questions, please contact Jonathan Tew at Jonathan.Tew@dhs.nj.gov.

Sincerely,



Jennifer Langer Jacobs
Assistant Commissioner

JLJ:jt
Enclosure
c: Greg Woods
Jonathan Tew
Matthew Shaw

State of New Jersey

Home and Community-Based Services Enhanced FMAP Spending Plan

Introduction

Section 9817 of the American Rescue Plan temporarily increases the Federal Medical Assistance Percentage (FMAP) for Medicaid Home and Community-Based Services (HCBS). This 10 percentage point increase is effective from April 1, 2021 until March 31, 2022. In order to qualify for this enhanced federal match, states are required to reinvest the additional federal dollars in enhancing, expanding or strengthening Medicaid HCBS. This funding source is an opportunity for states to make short and long-term investments in a critical part of their Medicaid system.

Per CMS guidance,¹ in order to claim and spend the increased FMAP funding, states must submit and receive CMS approval for an initial spending plan, outlining the priorities they are choosing to fund. This plan must then be updated quarterly. New Jersey's proposed investment plan below seeks to strengthen existing robust HCBS offerings, while making new investments to maintain beneficiaries' access to high-quality community-based care, and addressing the ongoing effects of the COVID-19 public health emergency.

Background

New Jersey considers public input to be a critical part of any process that spends public dollars. Stakeholders and the general public therefore played a crucial role in our efforts to craft this initial spending plan. Beginning May 25, 2021, several targeted small group calls were held, each focusing on a distinct subset of HCBS services. Over 50 organizations and individuals participated in these open discussions with DHS leadership. In addition, an open public listening session was held on June 4, 2021 following a posted public notice on the DMAHS website. Over 230 individuals attended the session where open comments were given to leadership representing the Governor's Office, the NJ Department of Human Services (NJ DHS) and the NJ Department of Children and Families (NJ DCF). Finally, an email inbox was provided for any written submissions and over 90 written submissions from the public were received and reviewed as this spending plan was constructed.

In developing this spending plan, New Jersey has prioritized supporting independence, community options and person-centered care through a system that serves people the best way possible. When crafting the spending plan, we relied on the stakeholder input outlined above to determine the universe of potential investments. Following that, criteria such as whether an investment had a short or long-term investment horizon, the number of beneficiaries that would be served by such an investment, the presence of other funding in a given investment area and the state funding gap that could remain after the enhanced funding opportunity ends, were all used to determine the most appropriate reinvestment of the federal matching funds.

¹ <https://www.medicaid.gov/federal-policy-guidance/downloads/smd21003.pdf>

It is important to New Jersey that where possible these investments are sustainable. Some proposed activities are by their nature time-limited, and will not require funding after the conclusion of the spending plan. For those initiatives that do require ongoing funding and that the state determines should be continued, we will look to other state resources for ongoing support.

Available Funds

New Jersey projects total qualifying HCBS expenditures of \$4.18 billion between April 2021 and March 2022. Therefore, \$416.5 million (10% of qualifying expenditures) in enhanced match is estimated to be available for reinvestment as part of this spend plan. This total is an estimate and will be updated as actual spending takes place and spend plan activities commence. Per CMS guidance, available funds must be reinvested by March 31, 2024.

Description of Proposed Activities

This section provides a brief narrative description of each reinvestment in Home and Community Based Services that New Jersey intends to pursue as part of its Section 9817 spend plan.

Personal Care Assistant (PCA) Rate Increase to \$22 Per Hour

With the growing elderly population in need of home care services, a sufficient workforce is crucial. Current wages are not competitive with comparable careers in alternative industries and New Jersey’s recent progressive increase of the minimum wage could further erode the ability of agencies to hire and retain Personal Care Assistants. In June, the New Jersey Legislature passed the State Fiscal Year 2022 budget, which increased the rate paid to agencies for PCA services to \$22 per hour to keep pace with the minimum wage and maintain a strong PCA workforce in New Jersey. Although the Legislature appropriated funds for this purpose in SFY 2022, additional funds are needed to support the increased rate. This proposal meets the additional need for SFY 2022 and supports the \$22 per hour rate through March 2024.

	SFY 2022 July 2021 – June 2022	SFY 2023 July 2022 – June 2023	SFY 2024 July 2023 – March 2024	Total
Estimated State Share	\$12 million	\$38 million	\$28.5 million	\$78.5 m
Estimated Total Investment (State+Federal)	\$30.5 million	\$76 million	\$57 million	\$163.5 m

Personal Preference Program (PPP) Rate Increase to \$19 Per Hour

The New Jersey Personal Preference Program offers an alternative way for NJ FamilyCare members to obtain PCA services without the use of a home health agency. Under PPP, PCA services are provided on a self-directed basis by someone hired and managed by the member. A budget is calculated using a base rate, which must cover wages, worker’s compensation insurance, and other administrative cost. These expenses have risen over time and New Jersey has not increased the base rate in some time. In order to preserve the buying power of the base rate, New

Jersey proposes increasing PPP base rates to \$19 per hour through March 2024. The PPP base rate is slightly lower than the PCA rate because the member is taking on the oversight duties of the employing agency.

	SFY 2022 July 2021 – June 2022	SFY 2023 July 2022 – June 2023	SFY 2024 July 2023 – March 2024	Total
Estimated State Share	\$22 million	\$50.5 million	\$39.4 million	\$112 m
Estimated Total Investment (State+Federal)	\$48.8 million	\$101.1 million	\$78.9 million	\$228.9 m

PCA Rate Increase - Additional \$1 per hour with required pass through

In addition to the PCA rate increase provided by the New Jersey Legislature above, we also propose a further \$1 increase to \$23 per hour through March 2024 to ensure beneficiaries retain access to experienced home health workers during an economic cycle in which many alternative career choices are drawing experienced workers away from this essential work. We intend to condition this additional rate increase on agencies passing these additional dollars to their frontline workforce, in the form of increased wages.

	SFY 2022 July 2021 – June 2022	SFY 2023 July 2022 – June 2023	SFY 2024 July 2023 – March 2024	Total
Estimated State Share	\$8.5 million	\$19 million	\$14.2 million	\$41.8 m
Estimated Total Investment (State+Federal)	\$19 million	\$38 million	\$28.5 million	\$85.5 m

Assisted Living Legislated Rate Increase

Assisted Living represents a crucial option for Medicaid beneficiaries who wish to live with more independence than a nursing facility can provide, but who may not have the means or desire to live alone in the community. Facility workforces are under strain, with Medicaid beneficiaries' access to care at risk. To strengthen these crucial facilities, the New Jersey Legislature passed the State Fiscal Year 2022 budget, increasing the per diem rate paid to Assisted Living Facilities (\$87), Comprehensive Care Homes (\$77) and Assisted Living Programs (\$67). The Legislature appropriated funds for this purpose in SFY 2022. This proposal supports the legislated rate increase through March 2024.

	SFY 2022 July 2021 – June 2022	SFY 2023 July 2022 – June 2023	SFY 2024 July 2023 – March 2024	Total
Estimated State Share		\$6.5 million	\$4.8 million	\$11.3 m

Estimated Total Investment (State+Federal)		\$12.9 million	\$9.7 million	\$22.6 m
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Assisted Living Tiered Rate Incentive

In addition to the above general rate increase, New Jersey proposes an incentive program where Assisted Living Facilities, Comprehensive Care Homes and Assisted Living Programs that take on a higher percentage of Medicaid beneficiaries are rewarded with higher daily rates. This proposal is intended to incentivize facilities to serve more Medicaid members, thus increasing access to Assisted Living services for members who may not have the means or desire to live alone in the community.

	SFY 2022 July 2021 – June 2022	SFY 2023 July 2022 – June 2023	SFY 2024 July 2023 – March 2024	Total
Estimated State Share	\$2.3 million	\$2.5 million	\$2.2 million	\$7 m
Estimated Total Investment (State+Federal)	\$5.8 million	\$5.1 million	\$4.5 million	\$15.3 m

Person-Centered Planning

Person-centered Planning (PCP) is an important tool in enabling and assisting people to identify and access the services and supports they need. PCP provides a strong foundation for fulfilling a person’s needs, preference and goals. New Jersey proposes to use this funding to expand the implementation of person-centered planning across relevant HCBS populations, including MLTSS. Depending on the population, funding may be deployed through managed care organizations, provider agencies, or other relevant care delivery entities.

	SFY 2022 July 2021 – June 2022	SFY 2023 July 2022 – June 2023	SFY 2024 July 2023 – March 2024	Total
Estimated State Share	\$0.1 million	\$0.5 million	\$0.4 million	\$1 m
Estimated Total Investment (State+Federal)	\$0.2 million	\$1 million	\$0.8 million	\$2 m

Nursing Facility Transitions to Community Settings

Nursing Facility Transitions (NFT) refer to moving a member from a custodial care setting to a home and community-based setting. MCO care management is currently required to identify and

support nursing facility transitions. In an effort to enhance this program, New Jersey proposes to dedicate temporary funding to support increased and accelerated NFTs through a Community Transition Success Incentive, modifying and expanding the existing MLTSS pay for performance, and reviewing existing rate-setting practices.

	SFY 2022 July 2021 – June 2022	SFY 2023 July 2022 – June 2023	SFY 2024 July 2023 – March 2024	Total
Estimated State Share	\$2.2 million	\$2.5 million	\$2.1 million	\$6.9 m
Estimated Total Investment (State+Federal)	\$5.8 million	\$5 million	\$4.3 million	\$15 m

Enhancements to “No Wrong Door” System

In partnership with the Division of Aging Services, DMAHS will strengthen the educational and informational resources available to community members around the various home and community-based services that are available under Medicaid. Specific expenditures under this heading may include funding for county Aging and Disability Resource Connections (ADRCs) and/or other community-based organizations partnering with New Jersey’s MLTSS program. Specific focus areas will include ensuring existing community-based resources are working in a coordinated and aligned fashion to improve awareness with accessible processes and culturally appropriate communications.

	SFY 2022 July 2021 – June 2022	SFY 2023 July 2022 – June 2023	SFY 2024 July 2023 – March 2024	Total
Estimated State Share	\$0.5 million	\$0.5 million	\$0.4 million	\$1.3 m
Estimated Total Investment (State+Federal)	\$1.2 million	\$1 million	\$0.8 million	\$3 m

Healthy Homes – Dedicated Housing for NJ Family Care Members

A lack of affordable housing is a health barrier to many of New Jersey’s Medicaid beneficiaries. New Jersey proposes funding the development of 100 deed-restricted, subsidized, and accessible rental units for Medicaid beneficiaries across the state. These “Healthy Homes” will support better health outcomes for individuals at risk of homelessness or institutionalization. Operating funds will ensure that the housing remains affordable and dedicated to Medicaid beneficiaries for the 30-year life of the unit.

	SFY 2022 July 2021 – June 2022	SFY 2023 July 2022 – June 2023	SFY 2024 July 2023 – March 2024	Total
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Estimated State Share	\$3 million	\$25 million	\$25 million	\$53 m
Estimated Total Investment (State+Federal)	\$3 million	\$25 million	\$25 million	\$53 m

Enhanced Reimbursement for Applied Behavior Analysis (ABA) Services

Applied Behavior Analysis services are provided at an early age to assist children with autism spectrum disorders with personal care services, focusing on independence and decreasing their dependence on others as they age. They also provide caregiver and member training to support sustainability. When successful, ABA services reduce the likelihood of a beneficiary transitioning into adult group home settings and improve the chances of successful integration into the community by improving social interaction skills, supporting impulse control and often allowing successful employment. In order to preserve access and availability of these services and to better compete with the commercial market, New Jersey is proposing to raise the current reimbursement rate to \$15 per 15 minutes.

	SFY 2022 July 2021 – June 2022	SFY 2023 July 2022 – June 2023	SFY 2024 July 2023 – March 2024	Total
Estimated State Share	\$14.8 million	\$14.4 million	\$10.8 million	\$40 m
Estimated Total Investment (State+Federal)	\$38.9 million	\$28.8 million	\$21.6 million	\$89.3 m

Traumatic Brain Injury Provider Payment

New Jersey proposes a one-time payment for Traumatic Brain Injury Providers to offset costs associated with health and safety protocols required by COVID-19.

	SFY 2022 July 2021 – June 2022	SFY 2023 July 2022 – June 2023	SFY 2024 July 2023 – March 2024	Total
Estimated State Share	\$3.5 million			\$3.5 m
Estimated Total Investment (State+Federal)	\$8.7 million			\$8.7 m

Jersey Assistance for Community Caregiving (JACC) Program Rate Increase

JACC is a program of the Division of Aging Services (DoAS) that provides a broad array of inhome services to enable an individual at risk of placement in a nursing facility and who meets

income and resource requirements, to remain in his or her community home. By providing a uniquely designed package of supports for the individual, JACC delays or prevents placement in a nursing facility. Many individuals in the community use the JACC program while spending down their resources, so this program is critical to avoiding institutionalization in the months leading up to Medicaid eligibility. JACC beneficiaries frequently utilize PCA services and therefore the same workforce pressures referenced above apply to this program. New Jersey proposes increasing rates for the duration of the spend plan to maintain a strong workforce in this program.

	SFY 2022 July 2021 – June 2022	SFY 2023 July 2022 – June 2023	SFY 2024 July 2023 – March 2024	Total
Estimated State Share	\$1.3 million	\$2.5 million	\$1.9 million	\$5.7 m
Estimated Total Investment (State+Federal)	\$1.3 million	\$2.5 million	\$1.9 million	\$5.7 m

Intensive Mobile IDD Services

New Jersey has one of the highest rates of autism in the United States, with a prevalence of 2030 of every 1,000 children diagnosed with autism spectrum disorder (ASD). As many as 85% of children with autism also have some form of comorbid psychiatric diagnosis. The Department of Children and Families’ Children’s System of Care (DCF/CSOC) is committed to serving youth in their homes and community whenever possible. Many youth with intensive IDD and/or cooccurring needs experience challenges prohibitive to their remaining in home and connected with their families with the level of intervention and supervision necessary to ensure their safety and wellbeing. CSOC’s current array of in-home, in-community services do not provide the intensity, duration, or multi-disciplinary capacity necessary to stabilize these youth in the community. New Jersey proposes the implementation of the Mobile Intellectual / Developmental Disabilities Services (IM-IDD), an innovative in-community treatment model for youth with intensive Intellectual / Developmental Disabilities (IDD) and/or co-occurring behavioral health needs. Through the IM-IDD model, a multidisciplinary and flexible mobile treatment team will deliver intervention and support for youth with significant I/DD and co-occurring needs within their home environment and the context of their caregiving system.

	SFY 2022 July 2021 – June 2022	SFY 2023 July 2022 – June 2023	SFY 2024 July 2023 – March 2024	Total
Estimated State Share	\$2.5 million	\$2.5 million	\$1.9 million	\$6.8 m
Estimated Total Investment (State+Federal)	\$6.3 million	\$5 million	\$3.8 million	\$15 m

Behavioral Health Promoting Interoperability Program (PIP)

New Jersey has previously established an SUD-specific Promoting Interoperability Program for behavioral health providers using HITECH funding to encourage providers to establish or enhance their electronic health records systems. There is a subset of behavioral health providers that would benefit from implementing or upgrading EHR technology including advancing the capabilities of existing EHRs who do not meet the program requirements for an SUD-focused incentive. New Jersey proposes to establish a Behavioral Health PIP for non-SUD providers, based on incentive payments tied to provider milestones.

	SFY 2022 July 2021 – June 2022	SFY 2023 July 2022 – June 2023	SFY 2024 July 2023 – March 2024	Total
Estimated State Share	\$0.3 million	\$1 million	\$0.8 million	\$2 m
Estimated Total Investment (State+Federal)	\$0.5 million	\$2 million	\$1.5 million	\$4 m

Support Coordinator Rate Increase

Division of Developmental Disabilities Support Coordinators function as case managers for the 22,000 Medicaid beneficiaries receiving IDD waiver services. They are responsible for all aspects of service plan development and monitoring. Support Coordinators are required to have a college degree, however current rates make it challenging to recruit this workforce. New Jersey proposes raising the Support Coordinator rate to reflect the higher educational requirement.

	SFY 2022 July 2021 – June 2022	SFY 2023 July 2022 – June 2023	SFY 2024 July 2023 – March 2024	Total
Estimated State Share	\$9.9 million	\$16 million	\$12 million	\$37.9 m
Estimated Total Investment (State+Federal)	\$24 million	\$32 million	\$24 million	\$80 m

Home Health Workforce Development Initiatives

The increased difficulty in hiring direct homecare workers mentioned above can be linked to poor quality of care, unstaffed or understaffed cases and increased medical costs. To help combat this issue, New Jersey proposes to fund several recruitment and retention initiatives in this spending plan. First, is an investment in training self-directed caregivers. These crucial members of the workforce need support and training to be as effective as possible and perhaps enter the healthcare workforce in other ways. Second, recruitment and retention bonuses will be made available for beginning employment in the field and after 1 year with an agency. Finally, a portion of funds will

be set aside to reward agencies with high member satisfaction rates as established in a standardized member survey similar to the Home Health Care CAHPS.

	SFY 2022 July 2021 – June 2022	SFY 2023 July 2022 – June 2023	SFY 2024 July 2023 – March 2024	Total
Estimated State Share	\$2.3 million	\$2.5 million	\$2.2 million	\$7 m
Estimated Total Investment (State+Federal)	\$5.8 million	\$5 million	\$4.4 million	\$15.3 m

Summary Budget Tables

The following tables summarize all of New Jersey’s expected Section 9817 HCBS investments between now and 2024.

<i>Estimated State Share</i>	SFY 2022 July 2021- June 2022	SFY 2023 July 2022- June 2023	SFY 2024 July 2023- March 2024	Total
Personal Care Assistant (PCA) Rate Increase – SFY 2022 Enacted Budget	\$11,964,042	\$38,025,434	\$28,519,076	\$78,508,551
Personal Preference Program (PPP) Rate Increase	\$22,022,371	\$50,593,307	\$39,483,949	\$112,099,627
PCA Rate Increase - Additional	\$8,550,000	\$19,000,000	\$14,250,000	\$41,800,000
Assisted Living Facility Rate Increase	\$-	\$6,458,410	\$4,843,808	\$11,302,218
Assisted Living Facility Tiered Rate Increase	\$2,253,679	\$2,542,675	\$2,225,660	\$7,022,013
Person Centered Planning	\$125,000	\$500,000	\$375,000	\$1,000,000
Nursing Facility Transitions	\$2,250,250	\$2,513,250	\$2,137,500	\$6,901,000
Enhancements to “No Wrong Door” System	\$494,000	\$500,000	\$375,000	\$1,369,000
Healthy Homes – Housing Units for New Jersey Family Care Members	\$3,000,000	\$25,000,000	\$25,000,000	\$53,000,000
Enhanced Reimbursement for Applied Behavior Analysis (ABA) Services	\$14,750,649	\$14,420,000	\$10,815,000	\$39,985,648
Traumatic Brain Injury Provider Rate Increase	\$3,480,000	\$-	\$-	\$3,480,000

Jersey Assistance for Community Caregiving (JACC) Program Rate Increase	\$1,275,000	\$2,550,000	\$1,912,500	\$5,737,500
Intensive Mobile IDD Services	\$2,470,000	\$2,500,000	\$1,875,000	\$6,845,000
Behavioral Health Promoting Interoperability Program	\$250,000	\$1,000,000	\$750,000	\$2,000,000
Support Coordinator Rate Increase	\$9,904,000	\$16,000,000	\$12,000,000	\$37,904,000
Home Health Workforce Development Initiatives	\$2,250,250	\$2,538,250	\$2,212,500	\$7,001,000
Total	\$82,039,241	\$159,141,325	\$121,774,991	\$415,955,557

<i>Estimated Total Investment (State + Federal)</i>	SFY 2022 July 2021- June 2022	SFY 2023 July 2022- June 2023	SFY 2024 July 2023- March 2024	Total
Personal Care Assistant (PCA) Rate Increase – SFY 2022 Enacted Budget	\$30,450,868	\$76,050,868	\$57,038,151	\$163,539,887
Personal Preference Program (PPP) Rate Increase	\$48,817,263	\$101,186,613	\$78,967,898	\$228,971,774
PCA Rate Increase - Additional	\$19,000,000	\$38,000,000	\$28,500,000	\$85,500,000
Assisted Living Facility Rate Increase	\$-	\$12,916,820	\$9,687,615	\$22,604,435
Assisted Living Facility Tiered Rate Increase	\$5,800,454	\$5,085,349	\$4,451,320	\$15,337,123
Person Centered Planning	\$250,000	\$1,000,000	\$750,000	\$2,000,000
Nursing Facility Transitions	\$5,790,500	\$5,026,500	\$4,275,000	\$15,092,000
Enhancements to “No Wrong Door” System	\$1,250,000	\$1,000,000	\$750,000	\$3,000,000
Healthy Homes – Housing Units for New Jersey Family Care Members	\$3,000,000	\$25,000,000	\$25,000,000	\$53,000,000
Enhanced Reimbursement for	\$38,862,748	\$28,839,999	\$21,629,999	\$89,332,746

Applied Behavior Analysis (ABA) Services				
Traumatic Brain Injury Provider Rate Increase	\$8,700,000	\$-	\$-	\$8,700,000
Jersey Assistance for Community Caregiving (JACC) Program Rate Increase	\$1,275,000	\$2,550,000	\$1,912,500	\$5,737,500
Intensive Mobile IDD Services	\$6,250,000	\$5,000,000	\$3,750,000	\$15,000,000
Behavioral Health Promoting Interoperability Program	\$500,000	\$2,000,000	\$1,500,000	\$4,000,000
Support Coordinator Rate Increase	\$24,000,000	\$32,000,000	\$24,000,000	\$80,000,000
Home Health Workforce Development Initiatives	\$5,790,500	\$5,076,500	\$4,425,000	\$15,292,000
Total	\$196,737,333	\$315,732,649	\$241,637,483	\$807,107,465