

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-25-26
Baltimore, Maryland 21244-1850



State Demonstrations Group

January 13, 2025

Greg Woods
Assistant Commissioner, NJ Department of Human Services
Director of the Division of Medical Assistance and Health Services
P.O. Box 712
Trenton, NJ 08625-0712

Dear Assistant Commissioner Woods:

The Centers for Medicare & Medicaid Services (CMS) is approving the Health-Related Social Needs (HRSN) payment methodology document that the state submitted January 3, 2025, in accordance with special term and conditions (STCs) STC 10.14. This document reflects the payment methodologies New Jersey will use for covering the state's HRSN benefits, as authorized by the section 1115(a) demonstration New Jersey FamilyCare Comprehensive Demonstration (Project Numbers: 11-W-00279/2 and 21-W-00068/2).

This approval is conditioned upon compliance with the previously approved STCs, which set forth in detail the nature, character, and extent of anticipated federal involvement in the project.

We look forward to our continued partnership on the New Jersey demonstration. If you have any questions, please contact your CMS project officer, Laura Gray, at Laura.Gray@cms.hhs.gov.

Sincerely,

Angela D. Garner
Director
Division of System Reform Demonstrations
State Demonstrations Group

Enclosure

cc: Terri Fraser, State Monitoring Lead, CMS Medicaid & CHIP Operations Group

NJ HRSN Payment Methodologies and Fee Schedule: Housing Supports

HRSN Services: housing supports. In accordance with the state’s Section 1115 Demonstration Special Terms and Conditions (STCs), all rate and/or payment methodologies for authorized HRSN services outlined in the STCs must be submitted to CMS for review and approval prior to implementation, including but not limited to FFS payment as well as non-risk payments and capitation rates in managed care delivery systems, as required by Section 10.14.

The STCs require that NJ must submit all documentation requested by CMS, including but not limited to the payment rate methodology, as well as other documentation and supporting information (e.g., state responses to Medicaid non-federal share financing questions). The state must also comply with the Public Notice Procedures set forth in 42 CFR 447.205 for changes in statewide methods and standards for setting FFS payment rates. NJ will publish public notice of the rates for pre-tenancy and tenancy sustaining services prior to the effective date of those services and will inform CMS of the published notice also prior to the effective date for the services.

1 Health-Related Social Need (HRSN) Service Fee Schedule: Housing Supports

| Service | Procedure code | Expected Unit Cost | Service unit | Service description | Methodology DMAHS used to develop rate/cap/range |
|---|-----------------------|---------------------------------------|--------------------------------------|--|---|
| Pre-Tenancy Services: Lower Level of Need | H0044; Modifier U1 | \$320 | Per Member Per Month ¹ | Case management services to support members in obtaining housing; ‘higher need’ services require greater intensity of services by provider ² | State derived cost-based payment amount by comparison to other NJ homelessness services programs ³ and validating rate by benchmarking to peer state programs ⁴ |
| Pre-Tenancy Services: Higher Level of Need | H0044; Modifier U3 | \$640 | Per Member Per Month ¹ | | |
| Tenancy Sustaining Services: Lower Level of Need | H0044; Modifier U4 | \$320 | Per Member Per Month ¹ | Case management services that support members with achieving their goal of maintaining housing; ‘higher need’ services require greater intensity of services by providers ² | State derived cost-based payment amount by comparison to other NJ homelessness services programs ³ and validating rate by benchmarking to peer state programs ⁴ |
| Tenancy Sustaining Services: Higher Level of Need | H0044; Modifier U6 | \$640 | Per Member Per Month ¹ | | |
| Move-in Supports | T2038; Modifier U1 | Actual cost, subject to capped amount | Cost-based, up to cap; one-time | Payment to support the setup of new housing or a move | The total capped cost aligns to NJ MLTSS community transition services as detailed in Appendix B.9.0 of the MCO contract |

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|---|------------------------|---------------------------------------|-----------------------|--|--|
| Move-in Supports: administration | T2038; Modifier U6 | MCO-determined rates | Per move | Payment to provider for the cost of administering move-in supports | MCO determined rates, consistent with administration rates for community transition services |
| Residential Modification and Remediation Services | S5165; Modifier U2, U3 | Actual cost, subject to capped amount | Cost-based, up to cap | Payment for medically necessary modifications or remediation services | The total capped cost aligns to NJ MLTSS modification services as detailed in Appendix B.9.0 of the MCO contract |
| Residential Modification and Remediation Services: evaluation | T1028 | MCO-determined rates | Per evaluation | Payment for provider to evaluate need for modification or remediation services | MCO determined rates, consistent with evaluation rates for MLTSS modification services |

Notes:

1. Rates for pre-tenancy and tenancy sustaining services may be paid as “per member per 30 days” to simplify implementation and better align with the authorization process.
2. Members will be assessed as higher or lower level of need for pre-tenancy and tenancy sustaining services using a state-developed tool. If a member is assessed as higher-level of need, the provider will be required to provide a greater intensity of services (e.g., more touchpoints in a month).
3. To develop a rate, NJ referenced salaries and fringe rates established in similar programs already in operation in NJ outside of Medicaid such as Department of Community Affairs [Office of Homelessness Prevention](#) (DCA OHP) programs Document Assistance and Supportive Housing (DASH) and Homelessness Prevention and Rapid Rehousing Program (HPRP2). This comparable rate information was combined with expected housing case manager ratios. The rates and ratios are consistent with DCA OHP programs and the findings of a survey of NJ housing services organizations.
4. To validate that NJ’s cost-based estimate of pre-tenancy and tenancy sustaining rates is appropriate, NJ compared rates to peer state benchmarks including Rhode Island Home Find and Home Stabilization services; North Carolina Health Opportunities Pilot; Washington Foundational Community Supports; Washington D.C. Housing Support Services; Massachusetts Community Support Program and Flexible Services Program; and California Community Supports and Enhanced Care Management.