



State of New Jersey

DEPARTMENT OF HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

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Director

MEDICAID COMMUNICATION NO. 16-05

DATE: June 6, 2016

TO: County Welfare Agency Directors
Institutional Services Section (ISS) Area Supervisors

SUBJECT: Decrease in the Penalty Divisor – Effective April 1, 2016

This Medicaid Communication is issued to announce that as of April 1, 2016, the penalty divisor has **decreased** from \$332.59 to **\$332.50**. As advised in previous Medicaid Communications, the average daily cost of nursing home services is called the penalty divisor which is adjusted annually through an independent survey of all nursing facilities in New Jersey. The penalty divisor is used to determine the penalty period for an individual applying for Long Term Services and Supports when that individual transfers resources/assets for less than the fair market value. The number of days in a penalty period is calculated using the value of the transferred resource/asset divided by the amount of the penalty divisor and then rounded down. The penalty clock begins on the date that an individual is determined to be otherwise eligible but for the penalty.

For all cases received on or after April 1, 2016, the new daily penalty divisor of \$332.50 must be used in the calculation.

For those cases pending on April 1, 2016, where the previous penalty divisor of \$332.59 was used to calculate the penalty period, it shall now be recalculated using the new daily divisor amount of \$332.50. However, eligibility may not be established prior to April 1, 2016, when applying the new daily figure for these pending cases.

In the past the Division's Office of Eligibility has issued a calculating tool to assist eligibility determining agencies with computing the month and/or days of a transfer penalty period. This tool is forthcoming electronically once updated with the above figure.

If you have any questions regarding this Medicaid Communication, please refer them to the Division's Office of Eligibility field staff for your agency at 609-588-2556.

MD:jm

c: Elizabeth Connolly, Acting Commissioner
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