

Date: 2 / 2 / 2026

Subject: New Jersey County Option Hospital Fee Program Fee and Expenditure Report

County: Bergen County

GENERAL

Describe the proposed hospital fee program the county intends to enact by providing details on all of the elements listed below.

FEE PROGRAM

1. What is the county's proposed effective date of the fee program?

July 1, 2026

2. List of all licensed hospitals located in your county:

Please Include: Name, address, facility ownership (for profit, NFP or government owned) **and** type of facility (acute care, psychiatric, rehabilitation, children's, LTACH, Specialty)

Please see "Attachment A" for a full list of hospitals located in Bergen County.

3. Federal law and regulations require all hospitals in a jurisdiction to be taxed, unless a specific process is followed to exempt particular hospitals – a process that includes meeting a statistical test.

Does the county plan on excluding any hospitals from the fee program? No Yes

If so, please list name(s) and type of facility:

4. If the county plan **proposes to exempt** particular hospitals/classes of hospitals, please provide a policy justification for excluding those specific hospitals/classes of hospitals from the fee program. (If not, please leave blank)

5. The law creating the County Option Hospital Fee Program requires that counties consult with affected hospitals within their jurisdiction prior to submitting the Fee and Expenditure Report to the Commissioner of Human Services. Please detail when and how county officials consulted with affected hospitals.

Beginning with the first program year, the County through its contractor, Eyman Partners, implemented a comprehensive process of educating, consulting, and gathering feedback from all hospitals within the jurisdiction, and developing criteria used to evaluate potential models. Those criteria continue to inform the process for the current year. For SFY2027 the County has collected updated data from the hospitals to reevaluate the model (both assessment and payment bases) and has involved the hospitals throughout. Informed by insights from the original modeling process, we reviewed the impact of updated data on the current model, identified any deviations from the guidelines/priorities we set out in creating the initial model, and then reviewed targeted additional options to address those deviations. We shared this information with the hospitals by email and gathered feedback to inform the design of the program for SFY27. We also provided support for hospitals in completing all required forms.

6. Please describe the basis of the proposed fee – e.g. net patient revenue, days of care, discharges? (N.J.A.C. 10:52B)

The County's program involves two fees: an inpatient hospital services fee based on days excluding Medicare days, and an outpatient hospital services fee based on non-Medicare outpatient visits. The fees were set so that 64% of the total fees are derived from the inpatient fee, and the remaining 36% from the outpatient fee. Those hospitals that have provider-based facilities located outside the county have segregated their in-county from out-of-county services and only the services provided within the County will be assessed.

The County proposes to use calendar year 2024 data, inflated through 2027, as the source for calculating the fees.

We request that fees assessed from Englewood Hospital facilities in Essex County and fees assessed from CareOne in Middlesex County be transferred and used as the non-federal share of payments in Bergen County to promote efficiencies in the program across Counties. Additionally, we request that fees assessed from Kessler in Bergen County be transferred and used as the non-federal share of payments in Essex County.

7. Will the basis for the proposed fee exclude Medicare and /or Medicaid data?

Yes, the fees exclude Medicare data (Medicare days are excluded from the inpatient fee and Medicare outpatient visits are excluded from the outpatient fee).

8. What is the proposed fee rate or fee amount?

Please specify if different fee rates or amounts will be applied to inpatient versus outpatient services and identify respective notes/ amounts.

The fee rates are as follows: \$285.13 per diem, excluding Medicare days, for inpatient services; \$50.33 per non-Medicare outpatient visit.

9. Will the same fee rate or fee amount apply to all hospitals included in the fee program? No Yes

If not, please describe which fee rate or amount is proposed to be applied to each hospital and the policy rationale.

10. If the fee program is not uniform or broad based, one or more statistical tests must be passed for the fee to comply with federal regulations. If the proposed fee program is **not broad-based** or **not uniform**, please provide a copy of the federally compliant statistical test(s) in an excel document. N/A Attached

Information on federally compliant statistical test (s) can be accessed at 42 CFR § 433.68

- Permissible health care-related taxes.

<https://www.govinfo.gov/content/pkg/CFR-2018-title42-vol4/xml/CFR-2018-title42-vol4-sec433-68.xml>

11. While the transfers to the state from the county must occur quarterly, what is the planned timing for collecting the fee – quarterly, monthly, biannually?

Quarterly Monthly Biannually Other _____

12. What interest and/or penalties will be imposed for failure to pay the fee?

In the event a hospital fails to remit the fee by the due date, the County may apply interest to the amount due, not to exceed 1.5% of the outstanding payment amount per month, reflected on the following quarter's invoice.

13. What appeal process will be established to resolve any disputes related to the fee program?

Upon federal approval of the program, the County will officially notify hospitals that the fee program will take effect, and the amount of the quarterly fee they will be required to pay throughout the program. The hospitals will have 15 days from receipt of that notice to contest the fee amount, by submitting a letter, including any supporting documents, to the County specifying the basis for the appeal.

14. How will hospitals be notified of their fee obligation and any other related operational requirements under the fee program?

The County will distribute annual notice of the fee amounts to each hospital upon CMS approval of the preprint and will send each hospital quarterly invoices notifying them of their fee obligation and the payment deadline at least 20 days in advance of each quarterly due date.

15. Please provide any additional pertinent information that you believe would be helpful in describing the program.

This Fee & Expenditure report was prepared by the County's contractors who have nationwide experience working with these types of programs. The County has relied extensively on their expertise in developing the model, responding to these questions and assuring compliance with state and federal rules. The signed certification below relies in large part on the work and advice of the contractors.

PROPOSED PAYMENT PROGRAM

As part of the program, counties may submit a proposed payment methodology detailing how program funds will be distributed to hospitals and the basis of the distribution. However, as the single State agency for the Medicaid Program, the Department's role is to review the proposed programs to assure that the assessment design and proposed expenditure methodology, if provided, comply with federal regulations governing such programs. A county's proposed payment method must include details on elements listed below.

1. What is the proposed basis for determining the hospital payment amounts?

See Attachment B

2. The purpose of the County Option Hospital Fee Program is to increase financial resources through the Medicaid/NJ FamilyCare program to support local hospitals and to ensure that they continue to provide necessary services to low-income residents. How will the payments be utilized to effectuate this purpose?

The resources generated from the County Option Hospital Program will help to stabilize the hospitals' financial positions, strengthen their capacity to continue providing access to comprehensive and essential healthcare services to low-income County residents and encourage the hospitals to expand their provision of Medicaid services.

OTHER COUNTY REQUIREMENTS

CHECK BOX TO CONFIRM COMPLETION AND/OR AGREEMENT

- The county has provided the state with all calculations for the fee, the proposed payments, and the statistical test.
- The county understands that the funds created from this program are to increase financial resources through the Medicaid/NJ FamilyCare program to support local hospitals in providing necessary services to low-income residents.
- The county understands that at least 90% of the fee amounts collected will be transferred to the state to be used as the non-federal share for federally matched hospital payments.
- The county understands that at least 1% of the fee amounts collected will be transferred to the state for the state's administrative costs.
- The county understands that fees to be collected may not exceed 2.5% of the net patient revenue of hospitals included in the fee program.
- The following FORMS and ATTESTATION must be submitted with the Fee and Expenditure Report for each hospital located in the county (Include all source documents)
 - Data Form for County Option Hospital Fee Program**
 - Preliminary DSH Calculation Template**
- Attestation**
Signed by each hospital located in the county.

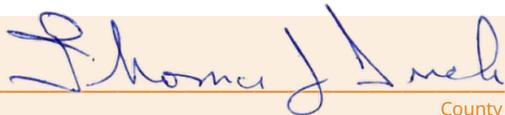
ATTESTATION

NEW JERSEY COUNTY OPTION HOSPITAL FEE PROGRAM FEE AND EXPENDITURE ATTESTATION

CERTIFICATION BY COUNTY OFFICER OR ADMINISTRATOR

I hereby certify that I have examined the Fee & Expenditure Report for the reporting periods specified and that to the best of my knowledge and belief it is true, correct and complete statement prepared from the county option hospital fee state data set created from reports submitted by the hospitals within the county's jurisdiction in accordance with applicable instructions, except as noted. I understand that misrepresentation or falsification of any information contained in this report may be punishable by criminal, civil and administrative action, fine and/or imprisonment under state or federal law.

Signed



County Officer or Administrator

Name: Thomas J. Duch, Esq.

Full Name (Printed)

Title: County Administrator/County Counsel

Date: 02 / 02 / 2026

Email Address: tduch@bergencountynj.gov

Comparison of SFY26 and Recommendation Only

NJ County Option Hospital Fee Program: Bergen County, NJ (SFY27)
Comparison of Fee and Medicaid Payment Amounts



Last Edit Date: 1.29.2026

		Fee		Payments		ROI	
Model		Bergen 2		Bergen 2		Bergen 2	
		SFY26	SFY27	SFY26	SFY27	SFY26	SFY27
CCN	Provider	<i>Pending</i>		<i>pending</i>		<i>pending</i>	
		Valley Adj		CMS Approval	Valley Adj	CMS Approval	Valley Adj
310001	Hackensack UMC	\$ 61,798,253	\$ 62,357,599	\$ 177,852,856	\$ 173,911,154	188%	179%
310008	Holy Name	\$ 16,184,500	\$ 19,261,947	\$ 54,893,333	\$ 55,057,415	239%	186%
310012	Valley	\$ 27,402,810	\$ 30,436,296	\$ 28,582,853	\$ 31,730,646	4%	4%
310045	Englewood	\$ 22,947,439	\$ 20,611,807	\$ 64,485,136	\$ 60,745,658	181%	195%
310058	New Bridge	\$ 32,470,221	\$ 34,994,836	\$ 143,916,141	\$ 144,054,239	343%	312%
310130	HUMC Pascack Valley	\$ 4,245,051	\$ 3,796,469	\$ 7,136,604	\$ 11,097,992	68%	192%
312018	CareOne Pascack Valley	\$ 503,876	\$ 253,848	\$ 1,436,464	\$ 1,073,985	185%	323%
312019	Select Specialty	\$ 1,009,470	\$ 791,334	\$ 600,313	\$ 1,196,254	-41%	51%
313025	Kessler	\$ -	\$ -	\$ -	\$ -	0%	0%
314012	Ramapo Valley (Carrier)	\$ 11,392	\$ 17,247	\$ -	\$ -	-100%	-100%
314019	Ramapo Ridge Psych	\$ 3,682,326	\$ 3,721,011	\$ 5,721,153	\$ 5,692,644	55%	53%
999	Total Bergen Co.	\$ 170,255,338	\$ 176,242,395	\$ 484,624,853	\$ 484,559,987	185%	175%

Bergen 2



**NJ County Option Hospital Fee Program: Bergen County, NJ (SFY27)
Tax Assessment and Interim Payment Distribution**

Tax Transferred in from Out-of-County 310045. Englewood (Essex) **\$ 1,589,312**
 312018. CareOne (Union) **\$ (182,957)**
 312018. CareOne (Middlesex)-closed \$ -

v need nos. Last Edit: 1.19.2026

1	2	3	4	5	6	7	8	9 = 5 + 8	10	11 = 9 + 10	12	13	14	15	16	17 = 12 * 15	18 = 13 * 16	19 = 17 + 18		
		Fee Assessment									Payment Distribution Prior to DSH Limit									
CCN	Provider	Inpatient Days exc. Medicare (2024)	Assessment Rate	Hospital Assessment	Outpatient Visits exc. Medicare (2024)	Assessment Rate	Hospital Assessment	Hospital Assessment	Hospital Assessment Transferred from/(to) Another County	Hospital Assessment Total	MMCO Days (CY24)	MMCO OP Visits (CY24)	Class	Distribution Rate #1 (c)	Distribution Rate #2 (c)	Distribution Amount #1	Distribution Amount #2	Medicaid Directed Payment Amount	Net Impact	
310001	Hackensack UMC	149,458	\$ 285.68	42,697,161	389,856	\$ 50.43	19,660,438	\$ 62,357,599	\$ -	\$ 62,357,599	31,950	83,084	3	\$ 4,591.18	\$ 327.66	\$ 146,688,142	\$ 27,223,012	\$ 173,911,154	\$ 111,553,555	
310008	Holy Name	30,559	\$ 285.68	8,730,095	208,841	\$ 50.43	10,531,852	\$ 19,261,947	\$ -	\$ 19,261,947	6,647	24,811	2	\$ 5,915.89	\$ 634.18	\$ 39,322,889	\$ 15,734,526	\$ 55,057,415	\$ 35,795,468	
310012	Valley	52,392	\$ 285.68	14,967,347	306,741	\$ 50.43	15,468,949	\$ 30,436,296	\$ -	\$ 30,436,296	4,129	11,520	2	\$ 5,915.89	\$ 634.18	\$ 24,424,945	\$ 7,305,701	\$ 31,730,646	\$ 1,294,350	
310045	Englewood	34,970	\$ 285.68	9,990,230	179,105	\$ 50.43	9,032,265	\$ 19,022,495	\$ 1,589,312	\$ 20,611,807	5,720	42,428	2	\$ 5,915.89	\$ 634.18	\$ 33,838,864	\$ 26,906,794	\$ 60,745,658	\$ 40,133,851	
310058	New Bridge	104,999	\$ 285.68	29,996,114	99,122	\$ 50.43	4,998,722	\$ 34,994,836	\$ -	\$ 34,994,836	23,560		1	\$ 6,114.38	\$ -	\$ 144,054,239	\$ -	\$ 144,054,239	\$ 109,059,403	
310130	HUMC Pascack Valley	7,869	\$ 285.68	2,248,016	30,705	\$ 50.43	1,548,453	\$ 3,796,469	\$ -	\$ 3,796,469	1,601	2,565	2	\$ 5,915.89	\$ 634.18	\$ 9,471,332	\$ 1,626,660	\$ 11,097,992	\$ 7,301,523	
312018	CareOne Pascack Valley	1,529	\$ 285.68	436,805	-	\$ 50.43	-	\$ 436,805	\$ (182,957)	\$ 253,848	325		4	\$ 3,304.57	\$ 1,285.05	\$ 1,073,985	\$ -	\$ 1,073,985	\$ 820,137	
312019	Select Specialty	2,770	\$ 285.68	791,334	-	\$ 50.43	-	\$ 791,334	\$ -	\$ 791,334	362		4	\$ 3,304.57	\$ 1,285.05	\$ 1,196,254	\$ -	\$ 1,196,254	\$ 404,920	
313025	Kessler	9,322	\$ 285.68	2,663,109	24,523	\$ 50.43	1,236,695	\$ 3,899,804	\$ (3,899,804)	\$ -			9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
314012	Ramapo Valley (Carrier)	-	\$ 285.68	-	342	\$ 50.43	17,247	\$ 17,247	\$ -	\$ 17,247			4	\$ 3,304.57	\$ 1,285.05	\$ -	\$ -	\$ -	\$ (17,247)	
314019	Ramapo Ridge Psych	6,536	\$ 285.68	1,867,204	36,760	\$ 50.43	1,853,807	\$ 3,721,011	\$ -	\$ 3,721,011	1,557	426	4	\$ 3,304.57	\$ 1,285.05	\$ 5,145,212	\$ 547,432	\$ 5,692,644	\$ 1,971,633	
999	Total	400,404	-	114,387,415	1,275,995	-	\$ 64,348,428	\$ 178,735,843	\$ (2,493,448)	\$ 176,242,395	75,851	164,834	-	-	-	\$ 405,215,862	\$ 79,344,124	\$ 484,559,987	\$ 308,317,592	

Bergen 2



NJ County Option Hospital Fee Program: Bergen County, NJ (SFY27)
Tax Assessment and Interim Payment Distribution

Tax Transferred in from Out-of-County	310045. Englewood (Essex)	\$ 1,589,312	v need nos.	Last Edit: 1.19.2026
	312018. CareOne (Union)	\$ (182,957)		
	312018. CareOne (Middlesex)-closed	\$ -		2.1% 1.6%

		<i>Cap</i>																	
NPSR Reduction Factor / % of NPSR	53.10%	2.66%	3.05%																
(a1) Assessment																			
County Aggregate Assessment (Table 1)	\$ 178,732,041	1.70%	1.83%																
Share funded by OP assessment	\$ 114,388,506	64%																	
Assessment Basis	400,404																		
Assessment Rate	\$ 285.68																		
(a2) Assessment																			
County Aggregate Assessment (Table 1)	\$ 178,732,041	0.96%	1.22%																
Share funded by IP assessment	\$ 64,343,535	36%																	
Assessment Basis	1,275,995																		
Assessment Rate	\$ 50.43																		
Variance due to rounding	\$ 3,802																		

Average Commercial Rate (ACR) Equivalent Analysis: Inpatient (SFY27)

County	Payment Class	1	2	3 = 1 / 2	4	5 = 4 / 2	6	7 = 6 / 2	8	9 = 8 / 2	10 = 3+5+7+9	11	12 = 10 / 11
		MMCO IP Payments CY24\$ to SFY27\$ (Exhibit B)	MMCO Days (CY24)(Exh. B)	Medicaid MCO Enc. Avg. Payment per Day	COHP Directed Payment (per above)	COHP Directed Payment Per Day	QIP Estimated Payment (Exhibit C)	QIP Estimated Payment per Day	State Outpatient Directed Payment	State Outpatient Directed Payment per Day	Total Avg. Medicaid MC Payment per Day	2024 County Average Commercial Rate (audited)	% of ACR
Bergen	Public	\$ 19,625,003	23,560	\$ 832.98	\$ 144,054,239	\$ 6,114.38	\$ 6,873,266	\$ 291.74	\$ -	\$ -	\$ 7,239.09	\$ 8,692.45	83.28%
Bergen	Private	\$ 41,352,569	18,097	\$ 2,285.09	\$ 107,058,031	\$ 5,915.89	\$ 4,777,363	\$ 263.99	\$ -	\$ -	\$ 8,464.96	\$ 8,692.45	97.38%
Bergen	Private 600+ Beds	\$ 89,659,842	31,950	\$ 2,806.25	\$ 146,688,142	\$ 4,591.18	\$ 4,214,100	\$ 131.90	\$ -	\$ -	\$ 7,529.33	\$ 8,692.45	86.62%
Bergen	Specialty	\$ 2,845,784	2,244	\$ 1,268.17	\$ 7,415,450	\$ 3,304.57	\$ -	\$ -	\$ -	\$ -	\$ 4,572.74	\$ 8,692.45	52.61%

Average Commercial Rate (ACR) Equivalent Analysis: Outpatient (SFY27)

County	Payment Class	1	2	3 = 1 / 2	4	5 = 4 / 2	6	7 = 6 / 2	8	9 = 8 / 2	10 = 3+5+7+9	11	12 = 10 / 11
		MMCO OP Payments CY24\$ to SFY27\$ (Exhibit B)	MMCO OP Visits (CY24) (Exh. B)	Medicaid MCO Enc. Avg. Payment per Visit	COHP Directed Payment (per above)	COHP Directed Payment Per Visit	QIP Estimated Payment	QIP Estimated Payment per Visit	State Outpatient Directed Payment (Exhibit D)	State Outpatient Directed Payment per Visit	Total Avg. Medicaid MC Payment per Visit	2024 County Average Commercial Rate (audited w/EHMC alignment)	% of ACR
Bergen	Private	\$ 74,696,220	81,324	\$ 918.50	\$ 51,573,681	\$ 634.18	\$ -	\$ -	\$ 9,359,960	\$ 115.09	\$ 1,667.77	\$ 2,354.38	70.84%
Bergen	Private 600+ Beds	\$ 108,414,807	83,084	\$ 1,304.88	\$ 27,223,012	\$ 327.66	\$ -	\$ -	\$ 15,517,800	\$ 186.77	\$ 1,819.31	\$ 2,354.38	77.27%
Bergen	Specialty	\$ 20,235	426	\$ 47.50	\$ 547,432	\$ 1,285.05	\$ -	\$ -	\$ -	\$ -	\$ 1,332.55	\$ 2,354.38	56.60%

Attachment A

New Jersey County Option Hospital Fee Program

List of hospitals located in Bergen County

Bergen New Bridge Medical Center

230 E Ridgewood Ave, Paramus, NJ 07652

- General Acute Care
- Government-Owned (County-Owned)

CareOne – The Rehab Hospital at Raritan Bay

250 Old Hook Rd 4 Central, Westwood, NJ 07675

- LTACH
- For-Profit

Englewood Hospital and Medical Center

350 Engle St, Englewood, NJ 07631

- General Acute Care
- Not-For-Profit

Hackensack University Medical Center

30 Prospect Ave, Hackensack, NJ 07601

- General Acute Care
- Not-For-Profit

Retreat and Recovery at Ramapo Valley

1071 Ramapo Valley Rd, Mahwah, NJ 07430

- Psychiatric
- Not-For-Profit

Holy Name Medical Center

718 Teaneck Rd, Teaneck, NJ 07666

- General Acute Care
- Not-For-Profit

Hackensack Meridian Health Pascack Valley Medical Center

250 Old Hook Rd, Westwood, NJ 07675

- General Acute Care
- Joint Venture between For-Profit and Not-For-Profit health systems

Ramapo Ridge Psychiatric Hospital

301 Sicomac Ave, Wyckoff, NJ 07481

- Psychiatric
- Not-For-Profit

Select Specialty Hospital – Northeast NJ

96 Parkway, Rochelle Park, NJ 07662

- LTACH
- For-Profit

The Valley Hospital

4 Valley Health Plaza, Paramus, NJ 07652

- General Acute Care
- Not-For-Profit

Kessler Institute for Rehabilitation – Saddle Brook

300 Market St, Saddle Brook, NJ 07663

- Rehabilitation Hospital
- For-Profit

Attachment B

The total nonfederal share for hospital payments will be divided, with 84.2% to be used for inpatient directed payments and 15.8% for outpatient directed payments.

The County proposes the state directed payments for inpatient hospital services and outpatient hospital services, respectively, be implemented as uniform rate increases to Medicaid Managed Care payments by provider class as follows:

- Inpatient hospital services: (% represent total of inpatient payment pool)
 - Public general acute care inpatient hospital services: 35.55%
 - Private general acute ≤ 600 licensed beds inpatient hospital services: 26.42%
 - Private general acute >600 licensed beds inpatient hospital services: 36.20%
 - Specialty acute inpatient hospital services: 1.83%

- Outpatient hospital services: (% represent total of outpatient payment pool)
 - Private general acute ≤ 600 licensed beds outpatient hospital services: 65.00%
 - Private general acute >600 licensed beds outpatient hospital services 34.31%
 - Specialty acute outpatient hospital services: 0.69%

The payment basis and resulting projected amount per service for each class is as follows:

- Inpatient hospital services per diem increase
 - Public general acute care inpatient hospital services: \$6,115.13
 - Private general acute ≤ 600 licensed beds inpatient hospital services: \$5,918.18
 - Private general acute >600 licensed beds inpatient hospital services: \$4,591.74
 - Specialty acute inpatient hospital services: \$3,304.97

- Outpatient hospital services per visit increase
 - Private general acute ≤ 600 licensed beds outpatient hospital services: \$634.25
 - Private general acute >600 licensed beds outpatient hospital services: \$317.70
 - Specialty acute outpatient hospital services: \$1,285.21

Consistent with the previous years' models, the County proposes to acknowledge the critical role played by the County's public hospital in providing care to Medicaid beneficiaries, as well as the relatively lower reimbursement rates public hospitals are able to secure, by providing a higher inpatient services rate increase for the public class. The state's separate outpatient directed payment results in the public class being paid up to the average commercial rate, so an outpatient County Option payment for the public class is no longer possible.

The County has split private general acute hospitals into two classes based on bed size to ensure that smaller private hospitals continue to be incentivized to maintain access for Medicaid managed care patients, while still appropriately supporting the significant volume of Medicaid managed care services provided by the largest private general acute hospital.

The County proposes classes for inpatient and outpatient services provided by specialty acute hospitals, which includes psychiatric and long term acute care hospitals (LTACHs) (although LTACHs do not provide outpatient hospital services). The separate classes enable the County to set rates for the freestanding psychiatric hospitals to ensure support for the critical behavioral health services provided and acknowledge the lack of federal reimbursement for non-elderly adults in this setting, and for the LTACHs, in acknowledgement of the challenge of exclusion from traditional Medicaid reimbursement under state law and resulting very limited Medicaid managed care coverage. At the same time, the separate classes will ensure appropriate limits on the specialty pools in the event actual lengths of stay are longer than estimated, given the lower acuity of patients compared to general acute hospitals.

It is our understanding that the State cannot break out encounter data for Kessler Institute for Rehabilitation-Saddle Brook and that all utilization is paid through the Essex County Kessler location. Thus, the Bergen model excludes acute rehabilitation hospitals from the specialty hospital services class.

The payments have been calculated using a Federal Medical Assistance Percentage (FMAP) of 69.051% for inpatient hospital services and 70.341% for all outpatient hospital services. These matching rates were calculated from CY2024 encounter data provided by the state for payment modeling purposes (with the adjustments described below).

The payment methodology would be the same for all hospitals in a class, thereby directing the expenditures equally, using the same terms of performance, as required by 42 CFR 438.6(c)(2)(ii)(B). Details of the calculation of this payment methodology are contained in the attached model, prepared by the County's contractors, who can provide additional information as needed. As in previous years, the directed payments would be made on a quarterly basis and paid to the managed care organizations as a separate payment term. The four quarterly payments would each be equal to 25% of the projected annual rate increase amount (which is estimated in the attached model), based on the state's CY2023 encounter data (with the adjustments described below). A final reconciliation adjustment would be determined after the end of the year, based on actual services provided. In this way, the payments would meet the federal requirement at 42 CFR 438.6(c)(2)(ii)(A) that directed payments be "based on the utilization and delivery of services."

The utilization data for the payment model is the CY2024 data provided by the state, with the exception of the Medicaid managed care inpatient days for Bergen New Bridge and Valley Hospital.

- Valley Hospital's inpatient operations moved from Ridgewood, New Jersey to Paramus, New Jersey in April 2024. The hospital reports it has seen a significant increase in Medicaid inpatient services at its internal CY2024 data for the period after April validates this claim. We propose to adjust Valley's inpatient days by annualizing its internal data from May through December of 2024 and then applying adjustment factors. First, the annualized number is adjusted according to the difference between its internal data for this period and DMAHS's, resulting in an 8% reduction. We then apply a further 10% reduction to ensure that the estimate is conservative. As a result, the payment methodology uses Hospital-

provided data that reflects ongoing operations to improve payment accuracy and ensure payment stability for Valley Hospital and other smaller private acute care hospitals in the County. (See Ex. B-IP in model).

- Bergen New Bridge submitted additional NPIs for utilization data pull on January 6, 2025. This data has not yet been shared by the state, and therefore estimates from hospital reported data have been included in the current model. We will update the model once this data is received.

Upon reconciliation, the state would apply the actual inpatient and outpatient FMAPs to the allocated share of the fee proceeds for IP (84.2%) and OP (15.8%) payment pools respectively. Each class would receive their allocated share of the IP and OP pools as defined above, and the rate for each class would be determined based on actual utilization for each class.