



## State of New Jersey

DEPARTMENT OF HUMAN SERVICES  
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

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VALERIE HARR  
*Director*

**MEDICAID COMMUNICATION NO. 12-16      DATE: December 10, 2012**

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

**SUBJECT:** Increase in the Penalty Divisor - Effective November 1, 2012

As you are aware, the average monthly cost of nursing home services in New Jersey is adjusted annually. The monthly and/or daily amount is used to determine the penalty period for institutional services when an individual transfers resources/assets for less than the fair market value. This average cost adjustment is based on the Consumer Price Index-All Urban Consumers (CPI-U), rounded up to the nearest dollar.

This Medicaid Communication is issued to confirm that, as of November 1, 2012, the statewide average monthly cost is **\$7,787.00** and **\$261.00** when calculating the daily divisor. As you are aware penalty calculations are no longer rounded down for periods less than a full month per the Deficit Reduction Act (DRA) of 2005, Section 6016 (a). This DRA section requires that a penalty be calculated and imposed for partial months of ineligibility.

Pending cases where the transfer of resources/asset penalty was calculated using \$7,757.00 as a divisor shall be recalculated using \$7,787.00 monthly/\$261.00 daily. However, eligibility may not be established prior to November 1, 2012, when applying the new divisor. For all cases received on or after November 1, 2012, the new monthly/daily divisor will be used.

In the past the Division's Office of Eligibility Policy has issued a calculating tool to assist determination agencies with determining the month and/or days of a transfer penalty period, this tool is forthcoming electronically once updated with the above figures.

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

Sincerely,



Valerie Harr  
Director

VH:s

c: Jennifer Velez, Commissioner  
Department of Human Services

Lynn Kovich, Assistant Commissioner  
Division of Mental Health and Addiction Services

Dawn Apgar, Deputy Commissioner  
Division of Developmental Disabilities

Jeanette Page-Hawkins, Director  
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