

LEGAL NOTICE

STATE OF NEW JERSEY DEPARTMENT OF HEALTH AND SENIOR SERVICES DEPARTMENT OF HUMAN SERVICES

MEDICAID NURSING FACILITY REIMBURSEMENT

TAKE NOTICE that the New Jersey Department of Health and Senior Services, pursuant to the Reorganization Plan 001-1996, in coordination with the Department of Human Services (DHS), Division of Medical Assistance and Health Services, intends to submit State Plan Amendments to the Centers for Medicare & Medicaid Services in order to implement a new nursing facility rate setting system effective July 1, 2010, as proposed in the State Fiscal Year 2011 budget provisions. This Notice is intended to satisfy the requirements of Federal law and regulations. 1902(a)(13) of the Social Security Act, 42 U.S.C. § 1396a(a)(13) and 42 CFR 447.205.

Subject to the passage of the New Jersey Fiscal Year 2011 Appropriations Act, a change to the methods and standards for setting nursing facility rates will be made for all Class I and Class II nursing facilities based on a direct care cost component adjusted for relative resource needs of each nursing facility's residents and subject to certain allowable cost limits, an operating and administrative price, a capital component based on a fair rental value allowance and a provider tax pass through. For dates of service July 1, 2010, through June 20, 2011, each rate, exclusive of the provider tax pass through, shall be no more than \$5.00 above and no less than \$5.00 below the total rate in effect June 30, 2010. For dates of service July 1, 2011, through June 20, 2012, each rate, exclusive of the provider tax pass through, shall be no more than \$10.00 above and no less than \$10.00 below the total rate in effect June 30, 2010. If the calculated rates result in estimated expenditures above that allowed for in the budget appropriations, operating and administrative prices and direct care limits will be adjusted downward and a budget adjustment factor shall be applied, if necessary and in the listed order of priority, so that estimated expenditures equal the amount allowed for in the budget appropriations.

Effective for July 1, 2010 through June 30, 2011, Special Care Nursing Facility rates will be each nursing facility's June 30, 2010 rate. Rates for dates of service after June 30, 2011, will be based on the lower of total allowable costs or rates in effect during the preceding rate year. Special Care Nursing Facility rates will be subject to the same budget adjustment factor as for Class I and Class II nursing facilities.

In addition, monies designated pursuant to N.J.S.A. 26:2H-97c. for distribution to nursing homes less the portion of those funds to be paid as pass-through payments in accordance with N.J.S.A. 26:2H-97d.(1) shall be combined with State appropriations for "Payments for Medical Assistance Recipients -- Nursing Homes and Global Budget for Long Term Care" for the purpose of Medicaid reimbursement to nursing facilities according to the new rate setting methodology. This language will allow monies collected from the provider tax to be used for rate setting under the new methodology rather than distributed as a uniform add-on.

The purpose of these changes is to create a payment system designed to provide rates based on the average needs of individuals in each nursing facility's care. Expenditures for these changes are expected to be no more and no less than expenditures under the old rate setting methodology.

A copy of this Notice is available for public review at all Offices of the Area Agency on Aging that are situated in all twenty-one counties, at the local Medical Assistance Customer Centers, County Welfare Agencies, and on the DHS website at <http://www.state.nj.us/humanservices/providers/grants/public/index.html>

Comments or inquiries must be submitted in writing within thirty days of the date of this notice to:

Kathleen Mason
Assistant Commissioner
Department of Health and Senior Services
PO Box 715
Trenton, New Jersey 08625-0715