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State/Territory Name: **New Jersey**

State Plan Amendment (SPA) #: **12-05**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Division of Medicaid and Children's Health Operations
Financial Management Group

SEP 27 2016

Valerie Harr
State Medicaid Director
Department of Human Services
Division of Medical Assistance and Health Services
State of New Jersey
P.O. Box 712
Trenton, NJ 08625-0712

RE: State Plan Amendment (SPA) NJ 12-05

Dear Ms. Harr:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State Plan submitted under transmittal number (TN) NJ 12-05. Effective July 13, 2012, this amendment (1) reduces the budget adjustment factor used in setting nursing home rates and (2) adds a provision that limits rates from dropping below the last rate paid in SFY 2012.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the Federal regulations at 42 CFR Part 447 Subpart C. This letter is to inform you that New Jersey SPA 12-05 is approved effective July 13, 2012. The CMS-179 and approved plan pages are enclosed.

If you have any questions, please contact Tom Brady at 518-396-3810.

Sincerely,



Kristin Fan
Director

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: 12-05 MA NJ	2. STATE New Jersey
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
FOR: HEALTH CARE FINANCING ADMINISTRATION	4. PROPOSED EFFECTIVE DATE July 13, 2012	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: Social Security Section 1902(a)(13)	7. FEDERAL BUDGET IMPACT: a. FFY 2012 \$ 3,750,000 3,900,000 b. FFY 2013 \$ 14,250,000 11,700,000
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19D, page 197. ↑ 20, 28	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): New Attachment 4.19D Page 20

10. SUBJECT OF AMENDMENT: **Nursing Facility Rate Setting - Adjustment to rates for July 13, 2012 through June 30, 2013**

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:
Not required, pursuant to 7.4 of the Plan

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: Division of Medical Assistance and Health Services P.O. Box 712, #26 Trenton, NJ 08625-0712
13. TYPED NAME: Jennifer Velez	
14. TITLE: Commissioner	
15. DATE SUBMITTED: 8/30/12	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED: SEP 27 2012
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19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL 13 2012	20. SIGNATURE OF REGIONAL OFFICIAL:
21. TYPED NAME: KRISTIN FAN	22. TITLE: Director, FMG

23. REMARKS:
The state requests 'pen & ink' changes to boxes 7, 8, 9

(3) If the adjustment of the operating and administrative price to 95 percent of the Class I NF median and the reduction of the direct care limit to 112 percent of the Class I NF median still results in the statewide Medicaid day weighted average comparison rate exceeding the target rate, then a budget adjustment factor shall be calculated by dividing the target rate, exclusive of the Medicaid day weighted average provider tax pass-through per diem, by the statewide Medicaid day weighted average comparison rate, exclusive of the provider tax pass-through per diem as adjusted for (d)1 and 2 above.

(i) This budget adjustment factor shall be multiplied by each nursing facility's rate as adjusted for (d)1 and 2 above and exclusive of the provider tax pass-through per diem.

(ii) These adjusted rates shall be the rates paid during the rate year, as adjusted for changes in the facility average Medicaid case mix index recognized on a quarterly basis, plus the provider tax pass-through per diem.

(4) The budget adjustment factor shall be determined annually effective July 1, and shall be utilized in all Class I NF, Class II NF and Class III NF rates during the entire year.

(i) If new or improved data becomes available, subsequent to the budget adjustment calculation process and its use in rate setting, this new data shall be utilized in subsequent budget adjustment calculations, but it shall not be utilized to recalculate or otherwise adjust the current rate year budget adjustment factor.

(5) The application of the provisions in this Section results in the following budget adjustment factor.

(i) For SFY 2011, the budget adjustment factor is 1.00000; provisions of (d)(1) above resulted in a Class I operating and administrative price set at 100 percent of the Class I NF median; and, provisions of (d)(2) above resulted in a Class I direct care limit set at 115 percent of the Class I NF median.

(ii) For SFY 2012 ~~and thereafter~~, the budget adjustment factor is .92180; provisions of (d)(1) above resulted in a Class I operating and administrative price set at 95 percent of the Class I NF median; and, provisions of (d)(2) above resulted in a Class I direct care limit set at 112 percent of the Class I NF median.

(iii) For SFY 2013 and thereafter, the budget adjustment factor is ~~.90800~~.92180; provisions of (d)(1) above resulted in a Class I operating and administrative price set at 95 percent of the Class I NF median; and, provisions of (d)(2) above resulted in a Class I direct care limit set at 112 percent of the Class I NF median.

TN: 12-05

12-05-MA NJ

Approval Date:

SEP 27 2016

Supersedes TN: 10-09

Effective Date:

JUL 1 3 2012

Section 21. Payment limitations

(a) Excluding the provider tax add on as set forth in Section 12, the quarterly per diem rates for SFY 2013 for each nursing facility shall not be less than the per diem rate last received by that facility for SFY 2012.

12-05-MA (NJ)

TN: 12-05

Supersedes TN: New

Approval Date: **SEP 27 2016**

Effective Date: **JUL 1 8 2012**
