

# State of New Jersey

## Home and Community-Based Services

### Enhanced FMAP Spending Plan

FY 2024 Q1 Quarterly Spending Plan Narrative Update

#### Quarterly Spending Plan Narrative Update

FY 2024 Q1 Update: New Jersey is providing CMS with this quarterly submission in order to update our initial HCBS Enhanced FMAP Spending Plan submitted to CMS on July 12, 2021, given partial approval on September 29, 2021 and conditional approval on January 27, 2022. Updates to the content of the spend plan narrative are captured here in red text, as well as in the accompanying Quarterly Spending Plan update excel file, in order to preserve the initial spend plan and past quarterly updates for reference.

FY 2023 Q4 Update: New Jersey is providing CMS with this quarterly submission in order to update our initial HCBS Enhanced FMAP Spending Plan submitted to CMS on July 12, 2021, given partial approval on September 29, 2021 and conditional approval on January 27, 2022. Updates to the content of the spend plan narrative are captured here in red text, as well as in the accompanying Quarterly Spending Plan update excel file, in order to preserve the initial spend plan and past quarterly updates for reference. With this update, New Jersey is proposing new activities in the areas of housing and workforce development as well as updating on the progress on previously proposed and approved activities.

FY 2023 Q3 Update: New Jersey is providing CMS with this quarterly submission in order to update our initial HCBS Enhanced FMAP Spending Plan submitted to CMS on July 12, 2021, given partial approval on September 29, 2021 and conditional approval on January 27, 2022. Updates to the content of the spend plan narrative are captured here in red text, as well as in the accompanying Quarterly Spending Plan update excel file, in order to preserve the initial spend plan and past quarterly updates for reference.

FY 2023 Q2 Update: New Jersey is providing CMS with this quarterly submission in order to update our initial HCBS Enhanced FMAP Spending Plan submitted to CMS on July 12, 2021, given partial approval on September 29, 2021 and conditional approval on January 27, 2022. Updates to the content of the spend plan narrative are captured here in red text, as well as in the accompanying Quarterly Spending Plan update excel file, in order to preserve the initial spend plan and past quarterly updates for reference.

FY 2023 Q1 Update: New Jersey is providing CMS with this quarterly submission in order to update our initial HCBS Enhanced FMAP Spending Plan submitted to CMS on July 12, 2021, given partial approval on September 29, 2021 and conditional approval on January 27, 2022. This quarterly update situates the further information requested by CMS in the FY 22 Q2 Update within each activity description rather than in a separate appendix as well as updating previous activity narratives and fiscal estimates. Updates to the content of the spend plan narrative are

captured here in red text, as well as in the accompanying Quarterly Spending Plan update excel file, in order to preserve the initial spend plan and past quarterly updates for reference.

FY 2022 Q4 Update: New Jersey is providing CMS with this quarterly submission in order to update our initial HCBS Enhanced FMAP Spending Plan submitted to CMS on July 12, 2021, given partial approval on September 29, 2021 and conditional approval on January 27, 2022. This quarterly update adds several new proposed activities and updates previous activity narratives and fiscal estimates. Updates to the content of the spend plan narrative are captured here in red text, as well as in the accompanying Quarterly Spending Plan update excel file, in order to preserve the initial spend plan and past quarterly updates for reference.

FY 2022 Q3 Update: New Jersey is providing CMS with this quarterly submission in order to update our initial HCBS Enhanced FMAP Spending Plan submitted to CMS on July 12, 2021, given partial approval on September 29, 2021 and conditional approval on January 27, 2022. This quarterly update will revise the initial spend plan's activity narratives, and update previous fiscal estimates. Updates to the content of the spend plan narrative are captured here in red text, as well as in the accompanying Quarterly Spending Plan update excel file, in order to preserve the initial spend plan and past quarterly updates for reference.

FY 2022 Q2 Update: New Jersey is providing CMS with this quarterly submission in order to update our initial HCBS Enhanced FMAP Spending Plan submitted to CMS on July 12, 2021 and given partial approval on September 29, 2021. This quarterly update will revise the initial spend plan's activity narratives, update previous fiscal estimates, and provide more information on activities that have not yet been approved. Updates to the content of our spend plan are captured here in red text, as well as in two attachments, in order to preserve the initial spend plan for reference. Attachment A is an updated fiscal table displaying actual and anticipated spending for each category by Federal fiscal quarter and Attachment B contains further information, as requested by CMS, on each activity that has not yet been fully approved.

In the September 29<sup>th</sup> partial approval letter, New Jersey was asked to indicate whether it plans to “pay for capital investments or ongoing internet connectivity costs” as part of our spend plan. New Jersey is contemplating capital investments as part of the Healthy Homes activity but is not paying for ongoing internet connectivity costs as part of this spend plan.

## Introduction

Section 9817 of the American Rescue Plan temporarily increases the Federal Medical Assistance Percentage (FMAP) for Medicaid Home and Community-Based Services (HCBS). This 10-percentage point increase is effective from April 1, 2021 until March 31, 2022. In order to qualify for this enhanced federal match, states are required to reinvest the additional federal dollars in enhancing, expanding or strengthening Medicaid HCBS. This funding source is an opportunity for states to make short and long-term investments in a critical part of their Medicaid system.

Per CMS guidance,<sup>1</sup> in order to claim and spend the increased FMAP funding, states must submit and receive CMS approval for an initial spending plan, outlining the priorities they are choosing to fund. This plan must then be updated quarterly. New Jersey's proposed investment plan below

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<sup>1</sup> <https://www.medicaid.gov/federal-policy-guidance/downloads/smd21003.pdf>

seeks to strengthen existing robust HCBS offerings, while making new investments to maintain beneficiaries' access to high-quality community-based care, and addressing the ongoing effects of the COVID-19 public health emergency.

## Background

New Jersey considers public input to be a critical part of any process that spends public dollars. Stakeholders and the general public therefore played a crucial role in our efforts to craft this initial spending plan. Beginning May 25, 2021, several targeted small group calls were held, each focusing on a distinct subset of HCBS services. Over 50 organizations and individuals participated in these open discussions with DHS leadership. In addition, an open public listening session was held on June 4, 2021 following a posted public notice on the DMAHS website. Over 230 individuals attended the session where open comments were given to leadership representing the Governor's Office, the NJ Department of Human Services (NJ DHS) and the NJ Department of Children and Families (NJ DCF). Finally, an email inbox was provided for any written submissions and over 90 written submissions from the public were received and reviewed as this spending plan was constructed.

In developing this spending plan, New Jersey has prioritized supporting independence, community options and person-centered care through a system that serves people the best way possible. When crafting the spending plan, we relied on the stakeholder input outlined above to determine the universe of potential investments. Following that, criteria such as whether an investment had a short or long-term investment horizon, the number of beneficiaries that would be served by such an investment, the presence of other funding in a given investment area and the state funding gap that could remain after the enhanced funding opportunity ends, were all used to determine the most appropriate reinvestment of the federal matching funds.

It is important to New Jersey that where possible these investments are sustainable. Some proposed activities are by their nature time-limited, and will not require funding after the conclusion of the spending plan. For those initiatives that do require ongoing funding and that the state determines should be continued, we will look to other state resources for ongoing support.

## Available Funds

FY 2024 Q1 Update: Qualifying HCBS expenditures between April 2021 and March 2022 are estimated to be \$5.29 billion. This total projected qualifying expenditure will result in \$529.3 million in enhanced match available for reinvestment as part of this spend plan. The available fund totals by quarter are in the attached Quarterly Spend Plan budget table.

FY 2023 Q4 Update: Qualifying HCBS expenditures between April 2021 and March 2022 are estimated to be \$5.29 billion. This total projected qualifying expenditure will result in \$529.3 million in enhanced match available for reinvestment as part of this spend plan. The available fund totals by quarter are in the attached Quarterly Spend Plan budget table.

FY 2023 Q3 Update: New Jersey has re-calculated its total qualifying HCBS expenditures based on updated federal guidance. Qualifying HCBS expenditures between April 2021 and March 2022

are now estimated to be \$5.29 billion. This total projected qualifying expenditure will result in \$529.3 million in enhanced match available for reinvestment as part of this spend plan. The available fund totals by quarter have been added to the attached Quarterly Spend Plan budget table.

FY 2023 Q2 Update: There is no update to the available funds calculation given in the FY 2022 Q4 Update below. We will continue to allocate remaining funds in future updates. NJ acknowledges CMS guidance (SMD# 22-002) that the deadline for expending funds under the Spend Plan has been extended to March 31, 2025 and plans to expand the timelines for some activities in future quarterly updates.

FY 2023 Q1 Update: There is no update to the available funds calculation given in the FY 2022 Q4 Update below. We will continue to allocate remaining funds in future updates.

FY 2022 Q4 Update: New Jersey has re-estimated its total qualifying HCBS expenditures using actual spending for April 1, 2021 to December 31, 2021 and estimated expenditures for January 1, 2022 to March 31, 2022. Qualifying HCBS expenditures between April 2021 and March 2022 are now estimated to be \$5.28 billion. This total projected qualifying expenditure will result in \$528.9 million in enhanced match available for reinvestment as part of this spend plan. This quarterly update adds funding to new and existing activities in order to reflect this increased total. In addition, we will continue to allocate remaining funds in future updates as total available funding is confirmed.

FY 2022 Q3 Update: New Jersey has re-estimated its total qualifying HCBS expenditures using actual spending, when available, and updated projections. Qualifying HCBS expenditures between April 2021 and March 2022 are now projected to be \$5.40 billion. This total projected qualifying expenditure will result in \$540.2 million in enhanced match available for reinvestment as part of this spend plan. We are considering adjustments to proposed activities to reflect new estimates of total available funding and expect to make additional refinements in future quarterly updates.

FY 2022 Q2 Update: New Jersey believes its total qualifying HCBS expenditures may exceed the original estimate of \$4.18 billion between April 2021 and March 2022. This would increase the enhanced match available for reinvestment. New Jersey recognizes that the expenditures in this spend plan and estimated revenue do not match, is continuing to review its estimates and expects to include updated, reconciled estimates in the next quarterly update which will be provided to CMS in January of 2022.

Initial Spend Plan: New Jersey projects total qualifying HCBS expenditures of \$4.18 billion between April 2021 and March 2022. Therefore, \$416.5 million (10% of qualifying expenditures) in enhanced match is estimated to be available for reinvestment as part of this spend plan. This total is an estimate and will be updated as actual spending takes place and spend plan activities commence. Per CMS guidance, available funds must be reinvested by March 31, 2024.

## **Description of Activities**

This section provides a brief narrative description of each reinvestment in Home and Community Based Services that New Jersey intends to pursue as part of its Section 9817 spend plan.

FY 2023 Q4 Update: This update includes new proposed activities in the areas of housing and workforce development. They are detailed after the updates to existing, approved activities in this

section and their spending estimates are now included in the attached Quarterly Spend Plan budget table.

FY 2023 Q3 Update: Tables estimating state share and total spending by State Fiscal Year (SFY) have been removed from this update as they are duplicative of information contained in the attached Quarterly Spend Plan budget table.

FY 2022 Q4 Update: This update proposes two new activities under New Jersey's spend plan; they are detailed at the end of this section.

## Personal Care Assistant (PCA) Rate Increase to \$22 Per Hour

With the growing elderly population in need of home care services, a sufficient workforce is crucial. Current wages are not competitive with comparable careers in alternative industries and New Jersey's recent progressive increase of the minimum wage could further erode the ability of agencies to hire and retain Personal Care Assistants. In June, the New Jersey Legislature passed the State Fiscal Year 2022 budget, which increased the rate paid to agencies for PCA services to \$22 per hour to keep pace with the minimum wage and maintain a strong PCA workforce in New Jersey. Although the Legislature appropriated funds for this purpose in SFY 2022, additional funds are needed to support the increased rate. This proposal meets the additional need for SFY 2022 and supports the \$22 per hour rate through March 2024.

FY 2024 Q1 Update: New Jersey has implemented this rate increase as of July 1, 2021 and will continue to update fiscal estimates to actuals in each quarterly update.

FY 2023 Q4 Update: New Jersey has implemented this rate increase as of July 1, 2021 and will continue to update fiscal estimates to actuals in each quarterly update.

FY 2023 Q3 Update: New Jersey has implemented this rate increase as of July 1, 2021 and will continue to update fiscal estimates to actuals in each quarterly update.

FY 2023 Q2 Update: New Jersey has implemented this rate increase as of July 1, 2021 and will continue to update fiscal estimates to actuals in each quarterly update.

FY 2023 Q1 Update: New Jersey has implemented this rate increase as of July 1, 2021 and will continue to update fiscal estimates to actuals in each quarterly update.

FY 2022 Q4 Update: New Jersey has implemented this rate increase as of July 1, 2021 and will continue to update fiscal estimates to actuals in each quarterly update.

FY 2022 Q3 Update: New Jersey has implemented this rate increase as of July 1, 2021 and will continue to update fiscal estimates to actuals in each quarterly update.

FY 2022 Q2 Update: New Jersey has implemented this rate increase as of July 1, 2021 as required by the State Fiscal Year (SFY) 2022 budget and a rate of \$22 per hour is currently being provided and will be sustained for the balance of the spend plan timeline, through March 2024. Notice was given and NJ SPA 21-0006 was submitted and is pending approval. Continuation of this activity beyond the time frame of the HCBS FMAP Spend Plan will be contingent on budgetary resources.

## Personal Preference Program (PPP) Rate Increase to \$19 Per Hour

The New Jersey Personal Preference Program offers an alternative way for NJ FamilyCare members to obtain PCA services without the use of a home health agency. Under PPP, PCA services are provided on a self-directed basis by someone hired and managed by the member. A budget is calculated using a base rate, which must cover wages, worker's compensation insurance, and other administrative cost. These expenses have risen over time and New Jersey has not increased the base rate in some time. In order to preserve the buying power of the base rate, New Jersey proposes increasing PPP base rates to \$19 per hour through March 2024. The PPP base rate is slightly lower than the PCA rate because the member is taking on the oversight duties of the employing agency.

FY 2024 Q1 Update: New Jersey has ceased funding this rate increase using Spend Plan dollars as of June 30<sup>th</sup>, 2023. Support for this rate now comes from the state budget.

FY 2023 Q4 Update: New Jersey has implemented this rate increase beginning January 1, 2022 and will continue to update fiscal estimates to actuals in each quarterly update. New Jersey intends to cease funding this rate increase using Spend Plan dollars on June 30<sup>th</sup>, 2023. After that date, support for this rate will come from the state budget.

FY 2023 Q3 Update: New Jersey has implemented this rate increase beginning January 1, 2022 and will continue to update fiscal estimates to actuals in each quarterly update.

FY 2023 Q2 Update: New Jersey has implemented this rate increase beginning January 1, 2022 and will continue to update fiscal estimates to actuals in each quarterly update.

FY 2023 Q1 Update: New Jersey has implemented this rate increase beginning January 1, 2022 and will continue to update fiscal estimates to actuals in each quarterly update. Approval for SPA 22-0005 was received on May 6, 2022 with an effective date of January 1, 2022.

FY 2022 Q4 Update: New Jersey has implemented this rate increase beginning January 1, 2022 and will continue to update fiscal estimates to actuals in each quarterly update. Notice was given and NJ SPA 22-0005 was submitted and is pending approval.

FY 2022 Q3 Update: New Jersey has implemented this rate increase beginning January 1, 2022. A State Plan Amendment is currently being prepared and will be submitted to CMS in a timely manner. The next quarterly update will include the SPA transmittal number.

FY 2022 Q2 Update: New Jersey intends to implement this rate increase beginning January 1, 2022. We expect to post notice and submit a State Plan Amendment (SPA) prior to that effective date. Continuation of this activity beyond the time frame of the HCBS FMAP Spend Plan will be contingent on budgetary resources.

## PCA Rate Increase - Additional \$1 per hour with required pass through

In addition to the PCA rate increase provided by the New Jersey Legislature above, we also propose a further \$1 increase to \$23 per hour through March 2024 to ensure beneficiaries retain access to experienced home health workers during an economic cycle in which many alternative career choices are drawing experienced workers away from this essential work. We intend to

condition this additional rate increase on agencies passing these additional dollars to their frontline workforce, in the form of increased wages.

**FY 2024 Q1 Update:** New Jersey has implemented this rate increase as of January 1, 2022 and will continue to update fiscal estimates to actuals in each quarterly update.

**FY 2023 Q4 Update:** New Jersey has implemented this rate increase as of January 1, 2022 and will continue to update fiscal estimates to actuals in each quarterly update.

**FY 2023 Q3 Update:** New Jersey has implemented this rate increase as of January 1, 2022 and will continue to update fiscal estimates to actuals in each quarterly update.

**FY 2023 Q2 Update:** New Jersey has implemented this rate increase as of January 1, 2022 and will continue to update fiscal estimates to actuals in each quarterly update.

**FY 2023 Q1 Update:** New Jersey has implemented this rate increase as of January 1, 2022 and will continue to update fiscal estimates to actuals in each quarterly update.

**FY 2022 Q4 Update:** New Jersey has implemented this rate increase as of January 1, 2022 and will continue to update fiscal estimates to actuals in each quarterly update. Approval for SPA 22-0002 was received on March 23, 2022.

**FY 2022 Q3 Update:** New Jersey has implemented this rate increase beginning January 1, 2022. A State Plan Amendment is currently being prepared and will be submitted to CMS in a timely manner. The next quarterly update will include the SPA transmittal number.

**FY 2022 Q2 Update:** New Jersey intends to implement this rate increase beginning January 1, 2022. We expect to post notice and submit a State Plan Amendment (SPA) prior to that effective date. This will increase the rate to \$23 per hour, building on the \$22 per hour rate increase activity above, and will be sustained for the balance of the spend plan timeline, through March 2024. Continuation of this activity beyond the time frame of the HCBS FMAP Spend Plan will be contingent on budgetary resources.

## Assisted Living Legislated Rate Increase

Assisted Living represents a crucial option for Medicaid beneficiaries who wish to live with more independence than a nursing facility can provide, but who may not have the means or desire to live alone in the community. Facility workforces are under strain, with Medicaid beneficiaries' access to care at risk. To strengthen these crucial facilities, the New Jersey Legislature passed the State Fiscal Year 2022 budget, increasing the per diem rate paid to Assisted Living Facilities (\$87), Comprehensive Care Homes (\$77) and Assisted Living Programs (\$67). The Legislature appropriated funds for this purpose in SFY 2022. This proposal supports the legislated rate increase through March 2024.

**FY 2024 Q1 Update:** New Jersey has ceased funding this rate increase using Spend Plan dollars as of June 30<sup>th</sup>, 2023. Support for this rate now comes from the state budget.

**FY 2023 Q4 Update:** New Jersey has implemented this rate increase and as of July 1, 2022 funding for the rate increase comes from this spend plan. New Jersey will continue to update fiscal estimates to actuals in each quarterly update. New Jersey intends to cease funding this rate increase

using Spend Plan dollars on June 30<sup>th</sup>, 2023. After that date, support for this rate will come from the state budget.

FY 2023 Q3 Update: New Jersey has implemented this rate increase and as of July 1, 2022 funding for the rate increase comes from this spend plan. New Jersey will continue to update fiscal estimates to actuals in each quarterly update.

FY 2023 Q2 Update: New Jersey has implemented this rate increase and as of July 1, 2022 funding for the rate increase comes from this spend plan. New Jersey will continue to update fiscal estimates to actuals in each quarterly update.

FY 2023 Q1 Update: New Jersey has implemented this rate increase and as of July 1, 2022, funding for the rate increase comes from this spend plan. Actual funding totals will be reflected in future updates.

FY 2022 Q4 Update: New Jersey has implemented this rate increase as of July 1, 2021 as required by the State Fiscal Year (SFY) 2022 budget using state budget funding. Beginning July 1, 2022 funding for this rate increase comes from this spend plan and will be sustained for the balance of the spend plan timeline, through March 2024. Public notice was made of this rate increase on July 3, 2021 and reference to this increase is included in the most recent MCO contract pending CMS approval.

FY 2022 Q3 Update: New Jersey has implemented this rate increase as of July 1, 2021 as required by the State Fiscal Year (SFY) 2022 budget using state budget funding. Beginning July 1, 2022 funding for this rate increase comes from this spend plan and will be sustained for the balance of the spend plan timeline, through March 2024. Public notice was made of this rate increase on July 3, 2021 and reference to this increase is included in the most recent MCO contract pending CMS approval.

FY 2022 Q2 Update: New Jersey has implemented this rate increase as of July 1, 2021 as required by the State Fiscal Year (SFY) 2022 budget using state budget funding. Beginning July 1, 2022 funding for this rate increase will come from this spend plan and will be sustained for the balance of the spend plan timeline, through March 2024. Continuation of this activity beyond the time frame of the HCBS FMAP Spend Plan will be contingent on budgetary resources.

## Assisted Living Tiered Rate Incentive

In addition to the above general rate increase, New Jersey proposes an incentive program where Assisted Living Facilities, Comprehensive Care Homes and Assisted Living Programs that take on a higher percentage of Medicaid beneficiaries are rewarded with higher daily rates. This proposal is intended to incentivize facilities to serve more Medicaid members, thus increasing access to Assisted Living services for members who may not have the means or desire to live alone in the community.

FY 2024 Q1 Update: New Jersey has implemented this rate increase as of July 1, 2022. New Jersey will continue to update fiscal estimates to actuals in each quarterly update.

FY 2023 Q4 Update: New Jersey has implemented this rate increase as of July 1, 2022. New Jersey will continue to update fiscal estimates to actuals in each quarterly update.



FY 2023 Q3 Update: New Jersey has implemented this rate increase as of July 1, 2022. New Jersey will continue to update fiscal estimates to actuals in each quarterly update.

FY 2023 Q2 Update: New Jersey has implemented this rate increase as of July 1, 2022. New Jersey will continue to update fiscal estimates to actuals in each quarterly update.

FY 2023 Q1 Update: New Jersey has implemented this rate increase as of July 1, 2022. The rate has been built into MCO capitation starting with the most recent contract revision for July 1, 2022 and public notice was made June 30, 2022.

FY 2022 Q4 Update: New Jersey continues to develop rate increase tiers and rates and is actively collecting information from applicable providers to enable this activity. This rate increase will be built into future MCO capitation and New Jersey will make public notice and submit relevant directed payment preprints as needed.

FY 2022 Q3 Update: New Jersey continues to develop rate increase tiers and rates and is actively collecting information from applicable providers to enable this activity. This rate increase will be built into future MCO capitation and New Jersey will make public notice and submit relevant directed payment preprints as needed.

FY 2022 Q2 Update: New Jersey has begun implementation planning for this activity and expects to have the rate increase tiers and rates ready for publication in the first quarter of 2022. Continuation of this activity beyond the time frame of the HCBS FMAP Spend Plan will be contingent on budgetary resources.

## Nursing Facility Transitions to Community Settings

Nursing Facility Transitions (NFT) refer to moving a member from a custodial care setting to a home and community-based setting. MCO care management is currently required to identify and support nursing facility transitions. In an effort to enhance this program, New Jersey proposes to dedicate temporary funding to support increased and accelerated NFTs through a Community Transition Success Incentive, modifying and expanding the existing MLTSS pay for performance, and reviewing existing rate-setting practices.

FY 2024 Q1 Update: New Jersey continues to make payments under the Community Transition Success Incentive and the MLTSS Home and Community Based Services Performance Payment programs in the Managed Care Contract.

FY 2023 Q4 Update: New Jersey continues to make payments under the Community Transition Success Incentive and the MLTSS Home and Community Based Services Performance Payment programs in the Managed Care Contract.

FY 2023 Q3 Update: New Jersey has begun to make payments under the Community Transition Success Incentive and the MLTSS Home and Community Based Services Performance Payment programs in the Managed Care Contract. All five MCOs received payments under Community Transition Success Incentive and three of the five received HCBS Performance Payments in 2022.

FY 2023 Q2 Update: New Jersey continues implementation of this activity. New Jersey will continue to update fiscal estimates to actuals in each quarterly update.

FY 2023 Q1 Update: New Jersey continues implementation of this activity. Both the Community Transition Success Incentive and the MLTSS Home and Community Based Services Performance Payment are included in the July 1, 2022 MCO contract revision.

FY 2022 Q4 Update: New Jersey continues implementation of this activity. The Community Transition Success Incentive was included in the January 2022 MCO contract revision (currently under CMS review) and the MLTSS Home and Community Based Services Performance Payment is being included in the July 1, 2022 MCO contract revision. No payments have yet been made under either program however, New Jersey anticipates payments under the Community Transition Success Incentive will begin in June of 2022.

FY 2022 Q3 Update: New Jersey has continued implementation planning for this activity and is planning to phase in this activity across the next two MCO contract revisions. The Community Transition Success Incentive is targeted for implementation in the January 2022 MCO contract revision (currently under CMS review). Through this outcome-based incentive program, New Jersey will support investment in and accountability for enhanced community transition staffing. MCOs will be eligible to receive an incentive payment for each successful transition. Transition incentive payments will occur quarterly and only after DMAHS approval of required documentation showing enrollee transition, direct MCO involvement in transition planning, and appropriate community follow-up. Total funding for this investment is estimated at \$10 million.

The MLTSS Home and Community Based Services Performance Payment will phase in beginning in State Fiscal Year 2023 (July 1, 2022). This program, using the balance of \$5.1 million, will pay a performance bonus to the MCO with the best Care Management community audit scores. Audits are completed by the State's External Quality Review Organization. Please see the most recent MCO contract revisions (Contract Section 8.5.8) for more detail on these programs.

FY 2022 Q2 Update: After receiving approval for this activity, New Jersey has begun implementation planning. New Jersey is planning to phase in this activity across the next two MCO contract revisions. The Community Transition Success Incentive is targeted for implementation in the next MCO contract update, effective January 2022. For each successful transition, the MCO will receive an incentive payment. Transition incentive payments will occur quarterly and only after DMAHS approval of required documentation showing enrollee transition, MCO involvement and community follow-up. Further implementation planning for this activity is ongoing and other initiatives are expected to be included in the July 2022 managed care contract update. Further details will be included in the next quarterly update.

## Enhancements to “No Wrong Door” System

In partnership with the Division of Aging Services, DMAHS will strengthen the educational and informational resources available to community members around the various home and community-based services that are available under Medicaid. Specific expenditures under this heading may include funding for county Aging and Disability Resource Connections (ADRCs) and/or other community-based organizations partnering with New Jersey's MLTSS program.

Specific focus areas will include ensuring existing community-based resources are working in a coordinated and aligned fashion to improve awareness with accessible processes and culturally appropriate communications.

FY 2024 Q1 Update: New Jersey has continued implementation planning for this activity and has no further updates at this time.

FY 2023 Q4 Update: New Jersey has continued implementation planning for this activity and has no further updates at this time.

FY 2023 Q3 Update: New Jersey has continued implementation planning for this activity and has no further updates at this time.

FY 2023 Q2 Update: New Jersey has continued implementation planning for this activity and has no further updates at this time.

FY 2023 Q1 Update: New Jersey has continued implementation planning for this activity and has no further updates at this time.

FY 2022 Q4 Update: New Jersey has continued implementation planning for this activity and has increased the funding allocated to this activity. There are no further updates at this time.

FY 2022 Q3 Update: New Jersey has continued implementation planning for this activity and has no further updates at this time.

FY 2022 Q2 Update: After receiving approval for this activity, New Jersey has initiated implementation planning and expects to include more details on this activity in the next quarterly update.

## Traumatic Brain Injury Provider Payment

New Jersey proposes a one-time payment for Traumatic Brain Injury Providers to offset costs associated with health and safety protocols required by COVID-19.

FY 2024 Q1 Update: New Jersey has completed this one-time payment to TBI providers as described below and has no further updates to this activity.

FY 2023 Q4 Update: New Jersey has completed this one-time payment to TBI providers as described below and has no further updates to this activity.

FY 2023 Q3 Update: New Jersey has completed this one-time payment to TBI providers as described below and has no further updates to this activity.

FY 2023 Q2 Update: New Jersey received approval for the submitted pre-print on July 28<sup>th</sup> 2022 with the control name NJ\_Fee\_HCBS\_New\_20220701-20230630 and initiated the directed payment to providers on October 5<sup>th</sup> 2022.

FY 2023 Q1 Update: New Jersey has continued implementation planning for this activity and has a pre-print pending with CMS for the approval needed for full implementation.

FY 2022 Q4 Update: New Jersey has continued implementation planning for this activity. Full implementation is pending confirmation with CMS of what other federal approvals are needed prior to full implementation.

FY 2022 Q3 Update: New Jersey has continued implementation planning for this activity. Next steps with this implementation are pending resolution with CMS of what other federal approvals are needed prior to full implementation.

FY 2022 Q2 Update: After receiving approval for this activity, New Jersey has begun implementation planning for a one-time provider payment. Payment is currently expected to be made in the first half of 2022.

## Support Coordinator Rate Increase

Division of Developmental Disabilities Support Coordinators function as case managers for the 22,000 Medicaid beneficiaries receiving IDD waiver services. They are responsible for all aspects of service plan development and monitoring. Support Coordinators are required to have a college degree, however current rates make it challenging to recruit this workforce. New Jersey proposes raising the Support Coordinator rate to reflect the higher educational requirement.

FY 2024 Q1 Update: New Jersey has ceased funding this rate increase using Spend Plan dollars as of June 30<sup>th</sup>, 2023. Support for this rate now comes from the state budget.

FY 2023 Q4 Update: New Jersey has implemented this rate increase as of November 1, 2021 and will continue to update fiscal estimates to actuals in each quarterly update. New Jersey intends to cease funding this rate increase using Spend Plan dollars on June 30<sup>th</sup>, 2023. After that date, support for this rate will come from the state budget.

FY 2023 Q3 Update: New Jersey has implemented this rate increase as of November 1, 2021 and will continue to update fiscal estimates to actuals in each quarterly update.

FY 2023 Q2 Update: New Jersey has implemented this rate increase as of November 1, 2021 and will continue to update fiscal estimates to actuals in each quarterly update.

FY 2023 Q1 Update: New Jersey has implemented this rate increase as of November 1, 2021 and will continue to update fiscal estimates to actuals in each quarterly update.

FY 2022 Q4 Update: New Jersey has implemented this rate increase as of November 1, 2021 and will continue to update fiscal estimates to actuals in each quarterly update.

FY 2022 Q3 Update: New Jersey has implemented this rate increase beginning November 1, 2021. Next steps on this implementation are pending resolution with CMS of what other federal approvals are needed prior to full implementation.

FY 2022 Q2 Update: New Jersey implemented this rate increase on November 1, 2021 and public notice was posted prior to implementation. Continuation of this activity beyond the time frame of the HCBS FMAP Spend Plan will be contingent on budgetary resources.

## Home Health Workforce Development Initiatives

The increased difficulty in hiring direct homecare workers mentioned above can be linked to poor quality of care, understaffed or understaffed cases and increased medical costs. To help combat this issue, New Jersey proposes to fund several recruitment and retention initiatives in this spending plan. First, is an investment in training self-directed caregivers. These crucial members of the workforce need support and training to be as effective as possible and perhaps enter the healthcare workforce in other ways. Second, recruitment and retention bonuses will be made available for beginning employment in the field and after 1 year with an agency. Finally, a portion of funds will be set aside to reward agencies with high member satisfaction rates as established in a standardized member survey similar to the Home Health Care CAHPS.

**FY 2024 Q1 Update: New Jersey continues to work with stakeholders to design and implement this activity, further information will be available in future updates**

**FY 2023 Q4 Update: New Jersey continues to work with stakeholders to design and implement this activity, further information will be available in future updates.**

**FY 2023 Q3 Update: New Jersey continues to work with stakeholders to design and implement this activity, further information will be available in future updates.**

**FY 2023 Q2 Update: New Jersey continues to work with stakeholders to design and implement this activity, further information will be available in future updates.**

**FY 2023 Q1 Update: New Jersey continues to work with stakeholders to design and implement this activity, further information will be available in future updates.**

**FY 2022 Q4 Update: New Jersey continues to work with stakeholders to design and implement this activity, further information will be available in future updates.**

**FY 2022 Q3 Update: New Jersey is currently working with stakeholders to explore avenues to recruit and train Certified Home Health Aides including mental health, first aid and dementia training, to increase awareness of the profession in Career Centers, Vocational and Technical (Votech) schools and Community Colleges, and to grow the workforce through media campaigns. New Jersey will provide further updates in future quarters.**

**FY 2022 Q2 Update: After receiving approval for this activity, New Jersey has begun implementation planning and expects to include more details on this activity in the next quarterly update. Ongoing efforts in this area will be aligned with this activity.**

## Person-Centered Planning

Person-centered Planning (PCP) is an important tool in enabling and assisting people to identify and access the services and supports they need. PCP provides a strong foundation for fulfilling a person's needs, preference and goals. New Jersey proposes to use this funding to expand the implementation of person-centered planning across relevant HCBS populations, including MLTSS. Depending on the population, funding may be deployed through managed care organizations, provider agencies, or other relevant care delivery entities.

**FY 2024 Q1 Update: New Jersey continues to work with stakeholders to design and implement this activity, further information will be available in future updates.**

FY 2023 Q4 Update: New Jersey continues to work with stakeholders to design and implement this activity, further information will be available in future updates.

FY 2023 Q3 Update: New Jersey continues to work with stakeholders to design and implement this activity, further information will be available in future updates.

FY 2023 Q2 Update: New Jersey continues to work with stakeholders to design and implement this activity, further information will be available in future updates.

FY 2023 Q1 Update: New Jersey continues to work with stakeholders to design and implement this activity, further information will be available in future updates.

FY 2022 Q4 Update: New Jersey continues to work with stakeholders to design and implement this activity, further information will be available in future updates.

FY 2022 Q3 Update: After receiving approval of this activity on January 27, 2022, New Jersey has begun implementation planning. Continuation of this activity beyond the time frame of the HCBS FMAP Spend Plan will be contingent on budgetary resources.

FY 2022 Q2 Update: Please see below for responses to the questions contained in CMS's Partial Approval Letter of September 29<sup>th</sup>, 2021.

**CMS Information Request:** “Explain how the state intends to expand the implementation of person-centered planning under the “Person-Centered Planning” activity and how this activity would expand person-centered planning beyond what the state is required to do under the Medicaid program.”

**New Jersey Response:** With the proposed activity, New Jersey intends to improve the use of Person-Centered Planning in our managed care organizations. Federal regulations currently require a written service plan to be jointly established with an individual beneficiary. In order to better fulfill the goals of this requirement, New Jersey will incentivize the managed care organizations to train the vast majority of their staff, and potentially community partners, in Person-Centered Planning principles and techniques. Managed Care Organizations (MCO) will be encouraged by a performance incentive payment to train their staff including executive, fiscal, care managers and support staff in Person-Centered Planning. Benchmark percentages of staff trained will be set; once an MCO certifies that the benchmark has been met, payment will be made. This program will be made sustainable by adding it as a requirement for new hires in future managed care contracts. By providing the MCOs with one-time up-front funding to establish a high baseline of staff training, the addition of an ongoing requirement will be more achievable and sustainable. MCOs will be provided with suggested Person-Centered Planning programs, but in-house or other rigorous models will be accepted for this incentive payment.

## Behavioral Health Promoting Interoperability Program (PIP)

New Jersey has previously established an SUD-specific Promoting Interoperability Program for behavioral health providers using state funding to encourage providers to establish or enhance their electronic health records systems. There is a subset of behavioral health providers that would benefit from implementing or upgrading EHR technology including advancing the capabilities of existing EHRs who do not meet the program requirements for an SUD-focused incentive. New

Jersey proposes to establish a Behavioral Health PIP for non-SUD providers, based on incentive payments tied to provider milestones.

**FY 2024 Q1 Update:** New Jersey continues to work with stakeholders to design this activity and to work with CMS on needed Demonstration protocols prior to implementation. Further information will be available in future updates.

**FY 2023 Q4 Update:** New Jersey received approval for renewal of the 1115 Demonstration, including this activity, as of March 30, 2023. Implementation planning for this activity is underway and further information will be available in future updates.

**FY 2023 Q3 Update:** New Jersey is awaiting approval of the pending 1115 Demonstration renewal to begin implementation of this activity.

**FY 2023 Q2 Update:** After receiving approval of this activity, New Jersey has begun implementation planning. Authority is being sought under New Jersey's pending 1115 Waiver renewal.

**FY 2023 Q1 Update:** After receiving approval of this activity, New Jersey has begun implementation planning. Authority is being sought under New Jersey's pending 1115 Waiver renewal.

**FY 2022 Q4 Update:** After receiving approval of this activity on January 27, 2022, New Jersey has begun implementation planning. Authority is being sought under New Jersey's pending 1115 Waiver renewal.

**FY 2022 Q3 Update:** After receiving approval of this activity on January 27, 2022, New Jersey has begun implementation planning. Authority is being sought under New Jersey's pending 1115 Waiver renewal.

**FY 2022 Q2 Update:** Please see below for responses to the questions contained in CMS's Partial Approval Letter of September 29<sup>th</sup>, 2021.

**CMS Information Request:** "Clearly indicate whether the following activities are targeted at providers delivering services that are listed in Appendix B of the SMDL or that could be listed in Appendix B. If any of these activities are not focused on providers that are delivering services listed in Appendix B or that could be listed in Appendix B, explain how the activities enhance, expand, or strengthen HCBS under Medicaid."

**New Jersey Response:** The Behavioral Health Promoting Interoperability Program is targeted at providers delivering services listed in Appendix B of the SMDL (SMD# 21-003). Specifically, this activity is aimed at providers providing services under the 1905(a)(13) Rehabilitative Services benefit. It should be noted that New Jersey is also seeking expenditure authority for this expansion of our health IT efforts in the upcoming Section 1115 Demonstration renewal proposal.

## Enhanced Reimbursement for Applied Behavior Analysis (ABA) Services

Applied Behavior Analysis services are provided at an early age to assist children with autism spectrum disorders with personal care services, focusing on independence and decreasing their dependence on others as they age. They also provide caregiver and member training to support

sustainability. When successful, ABA services reduce the likelihood of a beneficiary transitioning into adult group home settings and improve the chances of successful integration into the community by improving social interaction skills, supporting impulse control and often allowing successful employment. In order to preserve access and availability of these services and to better compete with the commercial market, New Jersey is proposing to raise the current reimbursement rate to \$15 per 15 minutes.

**FY 2024 Q1 Update:** New Jersey has implemented this rate increase and will continue to update fiscal estimates to actuals in each quarterly update.

**FY 2023 Q4 Update:** New Jersey has implemented this rate increase and will continue to update fiscal estimates to actuals in each quarterly update.

**FY 2023 Q3 Update:** New Jersey has implemented this rate increase and will continue to update fiscal estimates to actuals in each quarterly update.

**FY 2023 Q2 Update:** New Jersey has implemented this rate increase and will continue to update fiscal estimates to actuals in each quarterly update.

**FY 2023 Q1 Update:** New Jersey has implemented this rate increase and will continue to update fiscal estimates to actuals in each quarterly update. Approval for SPA 22-0006 was received on May 13, 2022 with an effective date of February 2, 2022. This activity is ineligible for enhanced FMAP.

**FY 2022 Q4 Update:** New Jersey has implemented this rate increase. Notice was given and NJ SPA 22-0006 was submitted and is pending approval.

**FY 2022 Q3 Update:** After receiving approval of this activity on January 27, 2022, New Jersey has begun implementation planning. Federal approval is being sought via a State Plan Amendment, which will be submitted to CMS in the near future. Continuation of this activity beyond the time frame of the HCBS FMAP Spend Plan will be contingent on budgetary resources.

**FY 2022 Q2 Update:** Please see below for responses to the questions contained in CMS's Partial Approval Letter of September 29<sup>th</sup>, 2021.

**CMS Information Request:** "Clearly indicate whether the following activities are targeted at providers delivering services that are listed in Appendix B of the SMDL or that could be listed in Appendix B. If any of these activities are not focused on providers that are delivering services listed in Appendix B or that could be listed in Appendix B, explain how the activities enhance, expand, or strengthen HCBS under Medicaid."

**New Jersey Response:** Enhanced Reimbursement for Applied Behavioral Analysis (ABA) Services is not an activity that is targeted at providers delivering services that are listed in Appendix B of SMDL# 21-003. Currently New Jersey covers ABA Services under the 1902(a)(43) EPSDT benefit. Based on guidance from CMS, New Jersey proposes to fund this activity through the HCBS Spend Plan but not claim the enhanced HCBS federal match rate on this activity.

## Intensive Mobile IDD Services



New Jersey has one of the highest rates of autism in the United States, with a prevalence of 20-30 of every 1,000 children diagnosed with autism spectrum disorder (ASD). As many as 85% of children with autism also have some form of comorbid psychiatric diagnosis. The Department of Children and Families' Children's System of Care (DCF/CSOC) is committed to serving youth in their homes and community whenever possible. Many youth with intensive IDD and/or co-occurring needs experience challenges prohibitive to their remaining in home and connected with their families with the level of intervention and supervision necessary to ensure their safety and wellbeing. CSOC's current array of in-home, in-community services do not provide the intensity, duration, or multi-disciplinary capacity necessary to stabilize these youth in the community. New Jersey proposes the implementation of the Mobile Intellectual / Developmental Disabilities Services (IM-IDD), an innovative in-community treatment model for youth with intensive Intellectual / Developmental Disabilities (IDD) and/or co-occurring behavioral health needs. Through the IM-IDD model, a multidisciplinary and flexible mobile treatment team will deliver intervention and support for youth with significant I/DD and co-occurring needs within their home environment and the context of their caregiving system.

**FY 2024 Q1 Update:** Community Options, the program provider, continues to accept referrals and has begun to deliver services to enrolled youth and families. Care Management Organizations, which are responsible for making program referrals, have continued to focus on identification and engagement of youth and families who may benefit from and meet program criteria. The program evaluation Memoranda of Understand (MOU) has been finalized.

**FY 2023 Q4 Update:** In December 2022, DCF/CSOC completed the bid process and selected an agency to implement the Intensive Mobile Treatment Service Program. The awardee, Community Options, has begun accepting referrals and anticipates services will begin soon. No payments have been disbursed to date but are expected to begin in the next quarter.

**FY 2023 Q3 Update:** Implementation of this activity has begun with a Request For Proposals (RFP) being released in September 2022. Review and selection of an agency to award program funding has been completed and the chosen agency is in the process of hiring staff. The Department of Children and Families (DCF) anticipates a program start date in February of 2023. No funds under this activity have been dispersed as of this quarterly update.

**FY 2023 Q2 Update:** New Jersey continues to work with stakeholders to design and implement this activity, further information will be available in future updates.

**FY 2023 Q1 Update:** New Jersey continues to work with stakeholders to design and implement this activity, further information will be available in future updates.

**FY 2022 Q4 Update:** New Jersey continues to plan implementation of this activity and has shifted activity funding to state-only dollars under this spend plan to speed the start of the activity.

**FY 2022 Q3 Update:** After receiving approval of this activity on January 27, 2022, New Jersey has begun implementation planning. Continuation of this activity beyond the time frame of the HCBS FMAP Spend Plan will be contingent on budgetary resources.

**FY 2022 Q2 Update:** Please see below for responses to the questions contained in CMS's Partial Approval Letter of September 29<sup>th</sup>, 2021.

**CMS Information Request:** "Clearly indicate whether the following activities are targeted at providers delivering services that are listed in Appendix B of the SMDL or that could be listed in

Appendix B. If any of these activities are not focused on providers that are delivering services listed in Appendix B or that could be listed in Appendix B, explain how the activities enhance, expand, or strengthen HCBS under Medicaid.”

**New Jersey Response:** Intensive Mobile I/DD Services is not an activity that is targeted at providers delivering services that are listed in Appendix B of SMDL#21-003. New Jersey is proposing to implement this program within the Children’s System of Care (CSOC) to provide substantially similar services in the community to those that are currently offered in residential treatment settings and authorized in New Jersey’s state plan under the section 1905(a)(13) Rehabilitative Services benefit. The proposed medical and remedial services will be provided to youth who require an intensity of services typically otherwise available only in a residential setting and who have been evaluated by a psychiatrist who certifies that the youth’s mental disability and functional needs can be effectively met in an intensive in-community program under the care of a multidisciplinary team. The team will be comprised of licensed practitioners, such as Psychiatrists, Psychologists, Advance Practice Nurses, Licensed Clinical Social Workers, or Licensed Professional Counselors, currently qualified to render CSOC state plan services who will operate within a coordinated team as a single provider entity. These services are provided currently under 1905(a)(13) authority to a population within the walls of residential treatment facilities. New Jersey proposes a mobile team of the same providers to provision services in the community. Based on guidance from CMS, New Jersey proposes to fund this activity through the HCBS Spend Plan but not claim the enhanced HCBS federal match rate on this activity.

## Healthy Homes – Dedicated Housing for NJ Family Care Members

A lack of affordable housing is a health barrier to many of New Jersey’s Medicaid beneficiaries. New Jersey proposes funding the development of 100 deed-restricted, subsidized, and accessible rental units for Medicaid beneficiaries across the state. These “Healthy Homes” will support better health outcomes for individuals at risk of homelessness or institutionalization. Operating funds will ensure that the housing remains affordable and dedicated to Medicaid beneficiaries for the 30-year life of the unit.

**FY 2024 Q1 Update:** New Jersey has continued implementation planning for this activity, further information will be available in future updates.

**FY 2023 Q4 Update:** New Jersey has continued implementation planning for this activity, further information will be available in future updates.

**FY 2023 Q3 Update:** As New Jersey continues to design and implement this activity, we have sought CMS guidance. Subsequent communications clarified some important aspects of the activity design and are captured below.

**CMS Information Request:** Please provide more information on the planned Repair and Replacement fund in the design of the Healthy Homes activity.

**New Jersey Response:** During recent technical assistance exchanges, New Jersey shared with CMS our updated plans for our Healthy Homes activity to fund the capital investment needed to construct 100-200 deed-restricted, rental units for Medicaid beneficiaries experiencing, or at risk of experiencing, homelessness or institutionalization. Under the activity, capital investment will

be provided to developers in order to complete and maintain the habitability of the units for the use of New Jersey Medicaid members. Recent exchanges with CMS have focused on appropriate uses of the Repair and Replacement Reserve. During these discussions, New Jersey proposed and CMS agreed to the following requirements around this reserve. We are incorporating this language into this quarterly update, in order to memorialize this agreement.

### **Repair and Replacement Reserve – Permissible Uses:**

The Repair and Replacement Reserve, may be used to fund capital expenses necessary to maintain the structure and related infrastructure that the construction funds created. This may include:

- Maintenance and repair to physical structures;
- Maintenance and repair of building systems, such as electrical, HVAC, and plumbing;
- Maintenance and repair of large appliances, such as refrigerators or laundry facilities;
- Maintenance and repair of outdoor unit features, such as walkways and outdoor lighting;
- Replacement of physical structures, building systems, large appliances, and/or outdoor unit features, when replacement is more efficient / economical than repair.

The Repair and Replacement Reserve is limited to maintaining and/or repairing capital investments funded by the initial capital grants for development, and offsetting the depreciation of these capital investments. Routine maintenance costs related to this purpose may be funded; however, developers may not use the repair and replace reserve to fund other ongoing operating costs (such as monthly utility costs, security, taxes, etc.). The Repair and Replacement reserve may be used to support capital investments that are not specific to an individual unit (e.g., to repair the roof of a building that encompasses several units), but, if so, the developer must use and document an appropriate allocation methodology to calculate the share of the cost that can be borne by the Repair and Replacement reserve.

In no case can the Repair and Replacement reserve be used for room and board.

As part of the same discussions with CMS, New Jersey also confirmed our intention that both initial capital investments and Repair and Replacement Reserve funds will be placed in an escrow account to be accessed by developers. Developers will have the ability to draw down funds from this account for appropriate uses, subject to future audit and recoupment. By placing these funds in escrow accounts by March 2025, New Jersey understands that we will be in compliance with the requirement that Section 9817 funds be expended by that date.

The Healthy Homes Repair and Replacement funds that are held in escrow by the developer will be subject to auditing procedures. The developer will be required to annually submit an Audited Financial for review by the Department of Community Affairs, consistent with current Department procedures. Annually, for the term of the loan, developers must submit audited financials prepared by a licensed CPA. This requirement will be contained in the Mortgage Note as well as the contract for Healthy Homes program participation. As part of their preparation of the financials, the independent auditor must review Repair and Replacement fund drawdowns made throughout the year and certify that they were made in compliance with the Permissible Uses of the funds outlined above and in future Healthy Homes program documentation. The chosen CPA must be independent as defined by the American Institute of Certified Public Accountants.

FY 2023 Q2 Update: New Jersey has continued implementation planning for this activity, further information will be available in future updates.

FY 2023 Q1 Update: New Jersey has continued implementation planning for this activity, further information will be available in future updates.

FY 2022 Q4 Update: New Jersey has continued implementation planning and has increased the funding allocated for this activity.

FY 2022 Q3 Update: After receiving approval of this activity on January 27, 2022, New Jersey has begun implementation planning. As indicated above and in prior submissions, New Jersey is not intending to collect FFP on this activity.

FY 2022 Q2 Update: Please see below for responses to the questions contained in CMS's Partial Approval Letter of September 29<sup>th</sup>, 2021.

**CMS Information Request:** "Provide the following information about the "Healthy Homes – Dedicated Housing for NJ Family Care Members" activity:

- Clearly describe how the ARP section 9817 funds will be used to develop 100-deed-restricted, subsidized units, and accessible units, including describing the types of costs that will be covered by the funds and whether these costs include expenditures for room and board (which CMS would not find to be a permissible use of funds).
- Describe how the units will be subsidized, including the funding source for the housing subsidy.
- Clearly indicate whether your state plans to pay for capital investment costs as part of this activity. Capital investment costs are permissible uses of funds to enhance, expand, or strengthen HCBS under section 9817 of the ARP. However, states must demonstrate how capital investments would enhance, expand, or strengthen HCBS and ensure that capital investments will result in settings that are fully compliant with the home and community-based settings criteria. Further, approval of capital investment costs in ARP section 9817 spending plans and narratives does not authorize such activities for FFP.
- Provide more information about the population eligible for the units, including the percentage of people who are expected to be Medicaid eligible and the percentage of Medicaid-eligible individuals who are expected to receive the services listed in Appendix B or services that could be listed in Appendix B. If the participants are not expected to be Medicaid eligible and/or to receive services listed in Appendix B or that could be listed in Appendix B, explain how this activity expands, enhances, or strengthens HCBS under Medicaid."

**New Jersey Response:** New Jersey has had several productive conversations with CMS staff on the design of this activity and the results of those conversations are reflected in the information below.

- Section 9817 funds will be used for the capital expenditures, an enhanced repair & replacement reserve, and the administrative costs needed to develop approximately 100-deed restricted, subsidized and accessible units. None of these funds will be used for room and board. Working with other state agencies, New Jersey FamilyCare will partner with developers to fund the construction of the units as well as establish a funding pool to fund the ongoing costs of that physical infrastructure. Repair and replacement funding will

ensure that the ongoing needs of the building itself are addressed and will not cover rent or other room and board.

- Units will be made affordable by the agreement between New Jersey and the developer. The Healthy Homes activity will fund significant portions of the construction and ongoing repair of the projects in exchange for guarantees of affordability of the unit and the right to place members. Further costs of the unit such as rental assistance could be funded from other sources such as housing vouchers, but are not a part of this activity and would be independent from this funding. All units will meet HCBS Settings Rule provisions.
- New Jersey plans to pay for capital investment costs as part of this activity. New Jersey will not seek FFP for this activity. These capital investments will strengthen HCBS by providing much needed housing for those members at risk of homelessness and institutionalization, keeping them in the community and allowing them to benefit from other HCBS offerings that would otherwise not be available.
- The population targeted by the Healthy Homes activity will be 100% Medicaid eligible upon placement in a unit. A very high percentage (if not all) are expected to be eligible for, and receive, services listed in Appendix B. This activity is targeted at NJ FamilyCare members who are experiencing, or at risk of experiencing, homelessness or institutionalization. By maintaining these members in their community, the Healthy Homes activity strengthens HCBS in Medicaid, providing a necessary precursor to the effective deployment of community-based services: a place to live. New Jersey's upcoming Section 1115 Demonstration Renewal Draft Proposal also recognizes the need for services that maintain housing for members. The tenancy supports, housing specialists and state staff oversight proposed in the new waiver application will further strengthen this activity's effectiveness for the members it serves.

There are still outstanding questions on the length of time an enhanced repair and replacement fund could be active as well as where that fund could be held. Pending further discussion with CMS, New Jersey will provide more information in the next quarterly update.

### Jersey Assistance for Community Caregiving (JACC) Program Rate Increase

JACC is a program of the Division of Aging Services (DoAS) that provides a broad array of in-home services to enable an individual at risk of placement in a nursing facility and who meets income and resource requirements, to remain in his or her community home. By providing a uniquely designed package of supports for the individual, JACC delays or prevents placement in a nursing facility. Many individuals in the community use the JACC program while spending down their resources, so this program is critical to avoiding institutionalization in the months leading up to Medicaid eligibility. JACC beneficiaries frequently utilize PCA services and therefore the same workforce pressures referenced above apply to this program. New Jersey proposes increasing rates for the duration of the spend plan to maintain a strong workforce in this program.

FY 2024 Q1 Update: New Jersey has ceased funding this rate increase using Spend Plan dollars as of June 30<sup>th</sup>, 2023. Support for this rate now comes from the state budget.

FY 2023 Q4 Update: New Jersey has implemented this rate increase and will continue to update fiscal estimates to actuals in each quarterly update. New Jersey intends to cease funding this rate

increase using Spend Plan dollars on June 30<sup>th</sup>, 2023. After that date, support for this rate will come from the state budget.

FY 2023 Q3 Update: New Jersey has implemented this rate increase and will continue to update fiscal estimates to actuals in each quarterly update.

FY 2023 Q2 Update: New Jersey has implemented this rate increase and will continue to update fiscal estimates to actuals in each quarterly update.

FY 2023 Q1 Update: New Jersey has implemented this rate increase and will continue to update fiscal estimates to actuals in each quarterly update.

FY 2022 Q4 Update: New Jersey has implemented this rate increase and will continue to update fiscal estimates to actuals in each quarterly update.

FY 2022 Q3 Update: After receiving approval of this activity on January 27, 2022, New Jersey has begun implementation planning. Continuation of this activity beyond the time frame of the HCBS FMAP Spend Plan will be contingent on budgetary resources.

FY 2022 Q2 Update: Please see below for responses to the questions contained in CMS's Partial Approval Letter of September 29<sup>th</sup>, 2021.

**CMS Information Request:** “Clearly indicate whether the following activities are targeted at providers delivering services that are listed in Appendix B of the SMDL or that could be listed in Appendix B. If any of these activities are not focused on providers that are delivering services listed in Appendix B or that could be listed in Appendix B, explain how the activities enhance, expand, or strengthen HCBS under Medicaid.”

**New Jersey Response:** Jersey Assistance for Community Caregiving (JACC) Program providers are HCBS providers delivering services comparable to those listed in Appendix B of the SMDL (SMD# 21-003) to non-Medicaid beneficiaries. Specifically, they are providers of services comparable to services authorized under Personal Care Services (PCS) authorized under section 1905(a)(24) and 42 C.F.R. 440.167. JACC is a non-Medicaid program that provides services to lower-income individuals (income below 365% of FPL and resources under \$40k for an individual) who require in home services. There is significant overlap between JACC providers and Medicaid providers. Many beneficiaries receiving services under JACC subsequently receive services under Medicaid. Therefore, strengthening JACC and JACC providers strengthens HCBS under Medicaid. Based on guidance from CMS, New Jersey proposes to fund this activity through the HCBS Spend Plan but not claim any federal match on this activity.

## Housing Transition and Tenancy Supports

In New Jersey's 1115 Demonstration renewal proposal, currently being reviewed by CMS, new coverage is proposed for housing-related services, specifically Housing Transition Services and Tenancy Sustaining Services. New Jersey is proposing to fund the provision of those housing-related services through the end of the spend plan time frame. Continuation of the activity beyond that timeframe will be contingent on budgetary resources.

FY 2024 Q1 Update: New Jersey has continued implementation planning for this activity, further information will be available in future updates.

FY 2023 Q4 Update: New Jersey has received approval under its 1115 Demonstration renewal for these Housing Transition and Tenancy Support Services as of March 30, 2023. The populations for this activity as outlined in the Special Terms and Conditions (STC) 10.5c. are as follows:

“The Tenancy and Housing Supports Program will support Medicaid beneficiaries in accessing and transitioning to stable housing, such as those individuals transitioning from an institution to the community setting or who could potentially transition to the community, individuals being released from correctional facilities, individuals at risk of institutionalization who require a new housing arrangement to remain in the community, individuals who are transitioning out of high-risk or unstable housing situations, and individuals who meet one of the criteria established by the U.S. Department of Housing and Urban Development (HUD) in 24 CFR 91.5(1)(iii), or who are homeless or at risk of becoming homeless as defined by 24 CFR 91.5(2) or (3).”

These populations are the same populations receiving services under several Appendix B authorities. New Jersey’s 1115 Demonstration specifically calls out these populations as they are the ones most in need of community-based services to prevent institutionalization and adverse health outcomes. While individuals need not be currently accessing Appendix B services to be eligible for these housing services, the population overlap is substantial and the use of the housing service will prevent institutionalization and hospitalization by supporting overall health and encouraging individuals to remain in the community.

New Jersey does not intend to pay for room and board with this activity, but based on approval through the 1115 Demonstration, does intend to claim FFP for this activity.

FY 2023 Q3 Update: In the December 5, 2022 approval letter of New Jersey’s FY 2023 Q1 spending plan and narrative, CMS requested additional information on this activity as follows:

**CMS Information Request:** “Please provide the following information specifically related to the state’s proposed use of the state equivalent funds under ARP section 9817 for the Housing Transition and Tenancy Supports activity:

- Provide more information on the target population for this activity, including whether this activity is targeted at Medicaid-eligible individuals who are receiving services that are listed in Appendix B of SMDL #21-003 or that could be listed in Appendix B. If this activity is not focused on Medicaid-eligible individuals who are receiving services that are listed in Appendix B of the SMDL or that could be listed in Appendix B, explain how the activities enhance, expand, or strengthen HCBS under Medicaid;
- Indicate whether the state intends to pay for room and board as part of this activity (which CMS would not find to be a permissible use of funds); and
- Indicate whether the state intends to claim FFP for this activity.”

**New Jersey Response:** New Jersey continues to negotiate with CMS to renew our 1115 Demonstration. This negotiation encompasses questions around which populations this activity will include. As such, NJ will continue to update this plan as those negotiations continue. New Jersey can confirm that this activity will not pay for room and board but, pending confirmation of the 1115 Demonstration authority, would be claiming FFP.

FY 2023 Q2 Update: New Jersey awaits CMS approval for this activity as well as the 1115 waiver prior to beginning implementation.

FY 2023 Q1 Update: New Jersey awaits CMS approval for this activity as well as the 1115 waiver prior to beginning implementation.

## Traumatic Brain Injury Provider Rate Increase

New Jersey proposes to raise the rate paid to providers of residential Traumatic Brain Injury (TBI) services. Currently, provider agencies are serving individuals with intellectual and developmental disabilities (I/DD) with similar functional assistance requirements to individuals with TBI; often the same providers are serving both populations. In order to achieve parity between similar providers and services, New Jersey proposes this rate increase for the duration of the spend plan time frame. Continuation of the activity beyond that timeframe will be contingent on budgetary resources.

FY 2024 Q1 Update: New Jersey has implemented this rate increase and will continue to update fiscal estimates to actuals in each quarterly update.

FY 2023 Q4 Update: New Jersey has implemented this rate increase and will continue to update fiscal estimates to actuals in each quarterly update.

FY 2023 Q3 Update: New Jersey has implemented this rate increase as noted below and funding for the rate increase now comes from this spend plan. New Jersey will continue to update fiscal estimates to actuals in each quarterly update.

FY 2023 Q2 Update: New Jersey awaits CMS approval for this activity prior to beginning to use Spend Plan funding for this rate increase. NJ notes that this is an ongoing rate increase targeted at the same providers that received the one-time Traumatic Brain Injury Provider Payment above. It has been included in the amended August 2022 Managed Care Contract submitted to CMS. NJ does not believe this increase requires a pre-print, as it is based on the State Plan fee schedule.

FY 2023 Q1 Update: New Jersey awaits CMS approval for this activity prior to beginning implementation.

## Housing for Vulnerable Populations

New Jersey proposes the development of housing for 200 individuals currently residing in nursing facilities or other institutional settings to transition to the community. As opposed to the Healthy Homes activity above which is open to all NJ FamilyCare members, these housing units would be focused on individuals under the age of 65 with serious mental health diagnoses and/or intellectual and developmental disabilities and including services by integrating the units and their occupants into existing programs. The Division of Mental Health and Addiction Services (DMHAS) will issue RFPs to procure provider agencies to purchase or rehabilitate homes. DMHAS in coordination with the Pre-Admission Screening and Resident Review (PASRR) Coordinator, will work with nursing facilities to identify individuals for referral to these community residences. The units would be lease-based units that would serve individuals coming out of state hospitals, county hospitals and nursing facilities. Services needed to support those in the housing units would be provided through the Community Support Services program. The Division of Developmental Disabilities will identify community providers willing to serve individuals with IDD transitioning



out of nursing facilities or other institutional settings and fund the development of additional licensed group homes. New Jersey would not seek FFP for this activity and continuation of the activity beyond the spend plan timeframe will be contingent on budgetary resources.

**FY 2024 Q1 Update:** New Jersey continues to work with stakeholders to design and implement this activity, further information will be available in future updates.

**Further Information:** Please see below for responses to CMS questions on this proposed activity, emailed to New Jersey May 22, 2023.

**CMS Question** - Please clearly indicate whether your state plans to pay for capital investments under this activity.

**NJ Response** - New Jersey plans to pay for capital investment costs as part of this activity. New Jersey will not seek FFP for this activity. The allocated funds for individuals with IDD, DDD, and/or a serious mental illness will provide funding to support the development of housing in integrated community settings. These capital investments will strengthen vulnerable populations by providing much needed community housing for those members, allowing them to benefit from offerings that would otherwise not be available.

**CMS Question** - Please clearly indicate how this activity will result in settings that are fully compliant with the HCBS settings criteria. Please indicate if this activity supports the development of non-disability specific housing.

**NJ Response** - All units developed under this activity will comply with the HCBS settings criteria. Individuals living in these settings will have the choice of whether to live there, both initially and ongoing. They will have their own accessible bedroom as well as unrestricted access to other parts of the home such as living room, kitchen and bathroom(s). The settings will be accessible so that individuals can come and go freely and be either single family homes (limited to no more than five bedrooms) or units in buildings. When located in a building, units will be developed with no more than 4-5 units, situated around the state and in the community to preserve each individual's access to the community. While this funding will support the development of disability specific housing options, individuals will continue to have the choice of other non-disability specific settings using other funding streams.

**CMS Question** - Please clearly indicate if payments will be made directly to providers for the purchase or development of units and please clearly describe the "lease arrangement" component of this activity.

**NJ Response** - Capital funding will be paid directly to providers for the development of units and will come with agreements to secure the use of the property for the individuals in the vulnerable populations being served. Each provider will then enter a lease arrangement with the individual being served in which rent will not exceed 30% of the individual's income. The provider must ensure that the units meet or exceed HUD Housing Quality Standards and comports with the HCBS Settings criteria.

**CMS Question** - Please clearly indicate if the state expects to fully expend funds for this activity by March 31, 2025. If funds will not be fully expended by March 31, 2025, please indicate when the funds will be fully expended and how the state will continue to monitor the funds after March 31, 2025.

**NJ Response** - NJ expects to fully expend the funds for this activity by March 31, 2025.

**CMS Question** – Is room and board included in this activity?

**NJ Response** – None of these funds will be used for room and board in the Housing for Vulnerable Populations activity.

## Home and Community Based Services (HCBS) Workforce Development Initiatives

Hiring and retaining staff to provide HCBS services continues to be a challenge in New Jersey. The increased difficulty in hiring HCBS workers can be linked to poor quality of care, unstaffed or understaffed cases and increased medical costs. To address this issue, New Jersey is proposing a set of activities focused on the HCBS workforce to retain and further professionalize this set of providers. Activities include fee, tuition and loan support, retention payments and translation of training materials.

**FY 2024 Q1 Update:** New Jersey continues to work with stakeholders to design and implement these activities, further information will be available in future updates.

Specific initiatives proposed include:

- **CRSP Professional Board Fee Holiday**

New Jersey proposes a new fee waiver program to support Certified Recovery Support Practitioners (CRSP). CRSPs are SUD/BH peers with lived experience working in the behavioral health workforce in a variety of capacities such as Peer Respite Services, Programs for Assertive Community Treatment, Community Support Services, Community Wellness Centers and Psychiatric Emergency Screening Services. The new fee waiver program would fund the CRSP application licensing or renewal fee for these crucial providers when they apply to the Addiction Professional Certification Board of New Jersey. It is important to reduce barriers where possible for these providers and this fee waiver will contribute to smoothing the recruitment and training process of new CRSP professionals.

- **Loan Redemption**

To address the critical shortage of behavioral healthcare providers in the state, New Jersey proposes increasing the funding for the existing Higher Education Student Assistance Authority (HESSA) Behavioral Healthcare Loan Redemption Program. Loan redemption payments will be made in exchange for time spent serving in needed mental health and SUD service provider agencies, years of service will be measured prospectively from the time an eligible individual applies and will not be made retrospectively. Individuals working in HCBS settings, employed by providers under contract with New Jersey's Division of Mental Health and Addiction Services (DMHAS) will be eligible for loan redemption payments. New Jersey will also create similar programs for community based private duty nurses and Board-Certified Behavior Analysts employed through the Division of Developmental Disabilities (DDD) within the Department of Human Services (DHS) and the Children's System of Care (CSOC) within the Department of Children and Families (DCF). A portion of this funding will be used to administer the program.

- **Tuition Reimbursement**

New Jersey proposes to offer tuition reimbursement for the employees of provider agencies serving the Division of Developmental Disabilities and the Division of Mental Health and Addiction Services when they seek targeted community-based nursing and behavioral health and substance use disorder treatment degrees. The state will fund this tuition reimbursement through grants to provider agencies; only providers under contract with the Division of Mental Health and Addiction Services will be eligible to participate. Guidelines will be established that will limit the total amount of dollars any individual can receive in a semester and overall with maximum per credit reimbursement benchmarked against state university cost per credit hour (historically, Rutgers University has been used as the benchmark for similar programs). Students will need to earn the equivalent of a B for the course and the course must lead towards a degree in the behavioral health or nursing field. This incentive for crucial providers will help retain these critical community-based behavioral health, substance use disorder treatment and nursing professionals in state service and providing care to critical populations while increasing the number of provider with this critical skill set.

- **Subsidized Training**

New Jersey proposes a series of training programs to enhance the I/DD and Mental Health workforce. A pilot program would be offered for 3,000 Direct Support Professionals (DSP) to obtain IDD & Mental Illness Dual Diagnosis Certification. Training would also be provided for Certified Community Health Workers through an apprenticeship program.

- **Recruitment / Retention Payments**

New Jersey proposes a series of one-time recruitment and retention bonuses for mental health, substance use disorder and I/DD provider agencies to recruit, train and retain a culturally competent workforce. Incentives will be provided to agencies to both retain existing staff and recruit new staff. Retention payments would be issued in state fiscal years 2024 and 2025 to support the retention of community-based agency staff. New Jersey would establish an equitable methodology to distribute funds across contracted agencies and agencies would need to submit a plan to the state for how the dollars would be distributed across their workforce to support retention.

- **Translation Assistance / Grants**

Funding will be made available for universities and community colleges to translate HCBS care sector training programs, certifications and curriculums into languages that correspond to New Jersey's immigrant communities. This could include the procurement of multi-lingual instructors.

New Jersey does not intend to seek FFP for this activity and continuation of the activity beyond the spend plan timeframe will be contingent on budgetary resources.

### **Contractor Support for Spend Plan Implementation**

New Jersey has proposed significant investments in its Home and Community Based Services. With this large influx of new and expanded activity has come a need for further operational support

to ensure that activities in this spend plan are designed and implemented within the required timeframe in a manner that best supports the members using these enhanced, expanded and strengthened HCBS services. New Jersey proposes to fund the acquisition of contractor support for the design and implementation of several activities in this spend plan. This is a one-time expense and will be eligible for FFP as a Medicaid administrative activity.

## Quarterly Spending Plan - Summary Budget Tables

FY 2023 Q4 Update: Updated budget tables, the Quarterly Spending Plan, are attached in a separate excel file.

FY 2023 Q3 Update: Updated budget tables, the Quarterly Spending Plan, are attached in a separate excel file.

FY 2023 Q2 Update: Updated budget tables, the Quarterly Spending Plan, are attached in a separate excel file.

FY 2023 Q1 Update: Updated budget tables, the Quarterly Spending Plan, are attached in a separate excel file.

FY 2022 Q4 Update: Updated budget tables, the Quarterly Spending Plan, are attached in a separate excel file.

FY 2022 Q3 Update: Updated budget tables, the Quarterly Spending Plan, are attached in a separate excel file.

FY 2022 Q2 Update: Updated budget tables contained in Appendix A are included in this update in a separate file.