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**State/Territory Name: New Jersey**

**State Plan Amendment (SPA) #: NJ 17-0007**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approval SPA Page

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**Financial Management Group**

April 6, 2018

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

RE: State Plan Amendment (SPA) 17-0007


Dear Ms. Davey:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State Plan submitted under transmittal number (TN) 17-0007. Effective July 1, 2017 this amendment proposes to change the reimbursement methodology for certain special hospitals.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR Part 447. This letter is to inform you SPA 17-0007 is approved effective July 1, 2017. We are enclosing the CMS-179 and the approved plan page.

If you have any questions, please contact Charlene Holzbaaur at 609-882-4103 Ext. 104.

Sincerely,

  
Kristin Fan  
Director

Enclosures

c: M. Melendez

R. Holligan  
R. Weaver  
T. Brady  
C. Holzbaur

**TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:  
17-0007 MA

2. STATE  
New Jersey

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR  
CENTERS FOR MEDICARE & MEDICAID SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE  
July 1, 2017.

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:

42 USC 1396a(a)(30)(A)

7. FEDERAL BUDGET IMPACT:

a. FFY 2017 \$ ~~1,382M~~ 426,424  
b. FFY 2018 \$ ~~1,000M~~ 1,700,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

ATTACHMENT 4.19-A, Page IV-41.1

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (if Applicable):

New

10. SUBJECT OF AMENDMENT:

Special Hospital Reimbursement

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. NAME OF STATE AGENCY OFFICIAL:

13. TYPED NAME: Elizabeth Connolly

14. TITLE: Acting Commissioner,  
Department of Human Services

15. DATE SUBMITTED: 9-13-17

16. RETURN TO:

Meghan Davey, Director  
Division of Medical Assistance and Health Services  
P.O. Box 712, Mail Code #26  
Trenton, NJ 08625-0712

FOR REGIONAL OFFICE USE ONLY

RECEIVED APPROVED

DATE: 9/13/17

BY: [Signature]

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
Reimbursement for Certain Specialized hospitals

PROCEDURES AND METHODOLOGY

Reimbursement

(a) Special hospitals (a hospital licensed by the Department of Health which maintains and operates facilities and services for the diagnosis, treatment or care of persons suffering from acute illness, injury or deformity in which comprehensive specialized diagnosis, care, treatment and rehabilitation are administered or performed) with more than 60 but less than 102 special beds shall be reimbursed as follows:

- i. For services rendered prior to July 1, 2017, cost reports will be settled in accordance with Medicare principles of reimbursement and subject to TEFRA target limitations.
- ii. For services rendered July 1, 2017 and after, a per diem rate of \$981 will be provided. The per diem rate will be updated annually by trending it using the Medicare market basket percentage increase at 42 CFR 413.40(a)(3).
- iii. Each time after July 1, 2017 the Division becomes aware the number of licensed beds available for use (maintained beds) as reported on the CMS 2552, Worksheet S-3, Part I, Column 2, Line 1 has increased or decreased by a cumulative 20%, the hospital's prospective per diem will be re-determined.
- iv. The re-determined per diem rate shall be calculated using finalized and audited data from the CMS-2552 reported in the year subsequent to the one used in (iii) above. The rate will be computed using the total allowable Medicaid inpatient costs from the CMS-2552, Worksheet D-1, Line 49 for Title XIX-I/P divided by the total Medicaid days from Worksheet D-1, Line 9 of the same worksheet.
- v. The re-determined per diem will be effective the first day of the hospital's fiscal year for the cost report fiscal year used in (iv) above.

(b) The Division's determination is subject to an appeals process. If a hospital is not satisfied with the Division's determination, the hospital may request an administrative hearing within 20 days. An Administrative Law Judge in the Office of Administrative Law will review the reasonableness of the Division's decision based on the documentation that was presented to the Division. The Division Director shall then render a final agency decision. Further appeal is available in the New Jersey Superior Court Appellate Division.

17-0007 MA (NJ)

TN: 17-0007-MA (NJ)  
Supersedes: NEW

Approval Date APR 06 2018  
Effective Date \_\_\_\_\_

JUL 01 2017