

May 11, 2009

David J. Rosen  
Legislative Budget and Finance Officer  
State House Annex  
PO Box 068  
Trenton, New Jersey 08625-0068

Dear Mr. Rosen:

In response to your letter dated April 17, 2009, please find our answers below regarding the questions raised by the Assembly Budget and Appropriations Committee members before our hearing on April 16, 2009:

Assemblyman Greenwald:

- The recommended FY 2010 budget would reduce the State share of costs at county and State psychiatric hospitals from 87.5% to 85%. As a result county costs will increase from 12.5% to 15%.

Please provide a county by county breakdown as to the estimated additional costs counties will incur as a result of the reduction in State reimbursement and the increase in the amount paid by counties.

**Answer:** Please see the “Attached Chart”.

Please provide a list of all current capital projects at the State developmental centers and the estimated cost of each project.

**Answer:** Please see the “Attached Chart”.

Assemblyman Cryan:

- Please provide a hospital by hospital breakdown as to the amount of Medicaid revenues each facility will gain or lose under the proposed rebasing of Medicaid’s DRG rate setting system.

**Answer:** Please see the “Attached Chart” for a hospital by hospital breakdown as to the amount of Medicaid revenues each facility will gain or lose under the proposed rebasing of Medicaid’s DRG rate setting system.

- Please provide a hospital by hospital breakdown as to amount of Graduate Medical Education monies under the FY 2010 recommended budget compared to the amount received in FY 2009.

**Answer:** The Department is currently developing the FY2010 GME allocation, which will be sent upon completion, anticipated by the end of May.

Assemblyman O'Scanlon:

- The department recently awarded a contract for "transportation broker services" to Logisticare Solutions LLC. Available information is that Logisticare was not the low bidder and that a bidder whose costs were \$10.0 million less was not awarded the contract. Please provide information as to why the bid was awarded to Logisticare whose costs were \$10.0 million greater.

**Answer:** As the State's contracting administrative agency, the Department of Treasury's Division of Purchase and Property is statutorily directed to award contracts to the responsible bidder whose bid conforms to the requirements of the Request for Proposal (RFP) and whose bid is "most advantageous to the State, price and other factors considered" (N.J.S.A. 52:34-12(g)). The Director, Division of Purchase and Property determined that Logisticare Solutions LLC offered the State the most responsive and responsible bid of the three bidding entities. Through an extensive analysis and evaluation of all bid proposals, it was determined that the lowest price bidder misunderstood the bid and when asked for a clarification of its price, confirmed that if the bid required what it now understood to be the requirements, it could not perform the work at the bid price. A second bidder, through a joint venture, lacked the required financial resources needed to complete the project and was rated lower technically than Logisticare Solutions LLC. As a result, Logisticare Solutions LLC was selected as the successful contractor to act as the State's transportation broker for Medicaid recipients.

Assemblywoman Pou:

- Please provide information as to the per capita cost differences among the various developmental centers with particular focus on the significant increase in per capita costs at the North Jersey Developmental Center.

**Answer:** The Division of Developmental Disabilities administers 7 developmental centers statewide: Green Brook, Vineland, North Jersey, Woodbine, New Lisbon, Woodbridge, and Hunterdon.

For six of the centers (all centers with the exception of North Jersey), the increase in per capita costs is attributable to a decrease in census over the past 3 years. This decrease is a direct result of the Division's Olmstead initiative to move consumers out of institutional settings and into the community. As census declines, the fixed costs of the centers are allocated among fewer consumers resulting in a per capita increase. (Please note that fixed costs grow each year based on an employee's increment and cost of living adjustment.)

Additionally, at the Woodbridge and New Lisbon centers, consent decrees with the United States Department of Justice have resulted in an increased level of staffing at the centers thereby contributing to the increase in costs.

Over the same period, North Jersey has been the only center to experience an increase in its population due to emergency placements. As expected, this increase in consumers has resulted in an increase to variable, non-salary costs. To address this higher level of non-salary expenditures, the Fiscal Year 2010 Governor's Budget reflects additional funding to North Jersey in recognition of such costs. This additional funding results in an increase to annual and daily per capita costs.

We believe it is important to note that, notwithstanding the changes to the per capita amounts reflected in the budget, the State Appropriations for the Developmental Centers decreased between FY2009 and FY2010 by approximately \$14 million in total.

- Expenditures for the Real Life Choices program increased by nearly 100% between FY 2007 and FY 2008, from approximately \$12.2 million to nearly \$24.0 million. Yet the number of clients that participated in the program increase by only 30%, from 500 to 650, during the same period. What accounts for the increase in program costs?

**Answer:** Fiscal Year 2007 represents a transitional year in the Real Life Choices program (RLC). In this early year of the program, enrolled clients were unable to utilize their entire individual budget allocations, since much of the community infrastructure was still under development. By the end of Fiscal Year 2008, many of the services needed by RLC consumers were accessible, which resulted in a higher percentage of individual budgets being spent. With no new participants in the RLC program since that time, enrollment and the associated program costs have remained stagnant.

Sincerely,

Jennifer Velez  
Commissioner

JV:14

cc: R. David Rousseau  
Charlene Holzbaur  
Patrick O'Connor  
Mary Messenger  
Beth Schermerhorn  
Jay A. Hershberg

**FY 2010 Appropriations Hearing Briefing**  
**Summary of Cost Impact to Counties of Cost Sharing % Change from 12.5% to 15%**

<b>COUNTY</b>	<b>(A) Reduction To State Aid Payments To Counties Effective 1/1/10</b>	<b>(B) Additional County Payments To The State Effective 1/1/10</b>	<b>Total FY 2010 Additional Cost To Counties Jan-Jun CY2010</b>	<b>Total Annualized Additional Cost to Counties Jan-Dec CY2010</b>
ATLANTIC		\$199,866	\$199,866	\$399,731
BERGEN	\$305,332	\$408,052	\$713,384	\$1,426,768
BURLINGTON	\$64,867	\$90,655	\$155,522	\$311,045
CAMDEN	\$458,090	\$365,816	\$823,906	\$1,647,812
CAPE MAY		\$84,290	\$84,290	\$168,580
CUMBERLAND		\$146,315	\$146,315	\$292,630
ESSEX	\$580,880	\$438,772	\$1,019,652	\$2,039,305
GLOUCESTER		\$69,436	\$69,436	\$138,871
HUDSON	\$285,781	\$312,761	\$598,542	\$1,197,084
HUNTERDON		\$77,041	\$77,041	\$154,081
MERCER		\$298,233	\$298,233	\$596,467
MIDDLESEX		\$281,273	\$281,273	\$562,546
MONMOUTH		\$225,677	\$225,677	\$451,353
MORRIS		\$299,881	\$299,881	\$599,761
OCEAN		\$292,231	\$292,231	\$584,462
PASSAIC		\$474,101	\$474,101	\$948,202
SALEM		\$56,190	\$56,190	\$112,381
SOMERSET		\$208,928	\$208,928	\$417,856
SUSSEX		\$68,131	\$68,131	\$136,261
UNION	\$132,292	\$339,609	\$471,901	\$943,802
WARREN		\$95,678	\$95,678	\$191,357
<b>TOTALS</b>	<b>\$1,827,242</b>	<b>\$4,832,935</b>	<b>\$6,660,177</b>	<b>\$13,320,355</b>

(A) Decreased State Reimbursement (Additional Costs to Counties) for County Indigents in County Psychiatric Hospitals

(B) Increased Reimbursement From Counties For County Indigents In State Psychiatric Hospitals

**Department of Human Services  
Summary of Current Capital Projects for Developmental Centers**

**Assemblyman Greenwald Request 4/24/09**

<b>LOCATION</b>	<b>DPMC PROJECT #</b>	<b>DESCRIPTION</b>	<b>ESTIMATED COST</b>	<b>CURRENT CONTRACT AMOUNT</b>	<b>PROJECTED COST AT COMPLETION</b>	<b>PENDING COSTS</b>	<b>CURRENT PHASE</b>
Green Brook Regional Center	M1381-00	Emergency Generator Replacement	\$ 3,178,675.00	\$ 115,996.00	\$ 2,869,119.00	\$ 2,753,123.00	Design Development
Hunterdon Developmental Center	M1370-00	Multi-Purpose Building - Roof Replacement / New Air Conditioning	\$ 1,358,995.00	\$ 1,319,108.00	\$ 1,340,566.00	\$ 21,458.00	Punch List
Hunterdon Developmental Center	M1370-01	Cottages 9 & 15 - Roof Replacements	\$ 1,286,811.00	\$ 889,370.00	\$ 888,491.00	\$ (879.00)	Beneficial Occupancy
Hunterdon Developmental Center	M1378-00	High Temperature Waterline Loop System Replacement	\$ 20,000,000.00	\$ 1,200,136.00	\$20,000,000.00	\$ 18,799,864.00	Final Design
Hunterdon Developmental Center	M1393-00	Cottage #21 - Roof Replacement	\$ 587,800.00	\$ 107,163.00	\$ 581,463.00	\$ 474,300.00	Design Development
Hunterdon Developmental Center	M1415-00	Clean & Upgrade Switchgears	\$ 1,400,001.00	\$ 10,000.00	\$ 1,280,990.00	\$ 1,270,990.00	In Planning
New Lisbon Developmental Center	M1356-00	Knoll Manor - Emergency Roof Replacement	\$ 576,138.00	\$ 777,232.00	\$ 766,067.00	\$ (11,165.00)	Close Out
New Lisbon Developmental Center	M1356-03	West Wing Alterations	\$ 1,111,350.00	\$ 1,009,895.00	\$ 1,009,895.00	\$ -	Close Out
New Lisbon Developmental Center	M1367-00	Campus Wide Telecommunications Upgrade	\$ 1,792,698.00	\$ 1,308,060.00	\$ 1,337,140.00	\$ 29,080.00	Construction 50%
New Lisbon Developmental Center	M1396-00	Multi-Purpose Building - Air Conditioning Installation	\$ 90,580.00	\$ 57,829.00	\$ 128,109.00	\$ 70,280.00	Design Development
New Lisbon Developmental Center	M1397-00	Willow Cottage Demolition	\$ 231,665.00	\$ 63,745.00	\$ 264,885.00	\$ 201,140.00	Design Development
New Lisbon Developmental Center	M1401-00	Powerhouse & Chiller Plant Equipment Replacement	\$ 7,930,750.00	\$ 10,000.00	\$ 7,549,750.00	\$ 7,539,750.00	Design Scope of Work
New Lisbon Developmental Center	M1402-00	Elevated Water Tower Exterior Repainting	\$ 174,258.00	\$ 1,244.00	\$ 159,366.00	\$ 158,122.00	Consultant Selection
New Lisbon Developmental Center	M1417-00	Lupin Building Demolition	\$ 64,700.00	\$ -	\$ 59,200.00	\$ 59,200.00	On Hold - Funding
New Lisbon Developmental Center	M1418-00	Manhole Replacements - Fern-Holly-Vine and Hospital Buildings	\$ 381,540.00	\$ 2,600.00	\$ 348,840.00	\$ 346,240.00	Consultant Selection
New Lisbon Developmental Center	M1421-00	Steam & Condensate Line Replacement - Fern Cottage	\$ 393,700.00	\$ 224,399.00	\$ 260,599.00	\$ 36,200.00	In Construction

Department of Human Services  
 Summary of Current Capital Projects for Developmental Centers

Assemblyman Greenwald Request 4/24/09

LOCATION	DPMC PROJECT #	DESCRIPTION	ESTIMATED COST	CURRENT CONTRACT AMOUNT	PROJECTED COST AT COMPLETION	PENDING COSTS	CURRENT PHASE
North Jersey Developmental Center	M1285-00	Underground Storage Tank Removal / Replacement	\$ 400,000.00	\$ 676,005.00	\$ 676,005.00	\$ -	Construction Support
North Jersey Developmental Center	M1414-00	Steam & Condensate Line Replacements	\$ 1,423,400.00	\$ -	\$ 1,302,400.00	\$ 1,302,400.00	On Hold - Funding
Various Locations	M1405-00	Ancora-Vineland-Hagedorn-Hunterdon-Woodbridge - Construct Salt Storage Sheds	\$ 674,500.00	\$ 211,655.00	\$ 741,655.00	\$ 530,000.00	Program Design
Vineland Developmental Center	M1345-00	Chiller Replacements for Residential Cottages	\$ 1,239,627.00	\$ 1,367,205.00	\$ 1,367,205.00	\$ -	Punch List
Vineland Developmental Center	M1345-01	Chiller Replacements for Residential Cottages	\$ 4,539,171.00	\$ 8,671,619.00	\$ 8,653,117.00	\$ (18,502.00)	Beneficial Occupancy
Vineland Developmental Center	M1375-00	Cottages (Emerlee-Fisher-Grisco) Roof Replacements	\$ 1,054,973.00	\$ 942,862.00	\$ 943,865.00	\$ 1,003.00	Construction 50%
Vineland Developmental Center	M1392-00	Cottage Roof Replacement (4 cottages)	\$ 1,554,766.00	\$ 232,339.00	\$ 1,495,321.00	\$ 1,262,982.00	Design Development
Vineland Developmental Center	M1398-00	New 8000 Gallon Above Ground Storage Tank Installation	\$ 198,066.00	\$ 4,200.00	\$ 181,129.00	\$ 176,929.00	Final Design
Vineland Developmental Center	M1412-00	Multiple Building Elevator Upgrades	\$ 1,200,000.00	\$ 9,274.00	\$ 1,097,991.00	\$ 1,088,717.00	Consultant Selection
Woodbine Developmental Center	M1331-00	Renovations to Food Service Building	\$ 2,513,176.00	\$ 500,247.00	\$ 2,664,036.00	\$ 2,163,789.00	Bid Clearance
Woodbine Developmental Center	M1361-00	Main Steam & Condensate Line Replacement	\$ 4,225,623.00	\$ 4,239,253.00	\$ 4,252,213.00	\$ 12,960.00	Beneficial Occupancy
Woodbine Developmental Center	M1361-01	Main Steam & Condensate Line Replacement	\$ 2,758,300.00	\$ 490,321.00	\$ 2,944,576.00	\$ 2,454,255.00	Final Design
Woodbine Developmental Center	M1383-00	Administration Building - Roof & HVAC Replacement	\$ 1,174,700.00	\$ 247,251.00	\$ 1,183,251.00	\$ 936,000.00	Program Design
Woodbine Developmental Center	M1388-00	Electrical Transformer Replacement	\$ 38,584.00	\$ 25,987.00	\$ 25,987.00	\$ -	Close Out
<b>Totals</b>			\$ 60,375,872.00	\$ 24,598,999.00	\$63,504,112.00	\$ 38,905,113.00	

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES  
RATE SETTING  
DRG MODELING Based on Version 24 Grouper in 2008 Dollars

Hospital Name	(A)	(B)	(C)	(D)	E
	Current 2008 DRG Payments	Utilization Review pmt Adjustment	Net 2008 DRG Payments	New Methodology Payments (w/tiers) 2008 Priced	(D-C) Difference
Atlanticare Regional Medical Center	\$12,484,524	103,799	12,380,725	\$13,288,903	\$908,178
Barnert Hospital *	\$3,511,598	94,914	3,416,685	\$2,724,653	(\$692,031)
Bayonne Medical Center	\$1,003,395	16,065	987,329	\$653,619	(\$333,710)
Bayshore Community Hosp	\$988,645	8,756	979,889	\$985,734	\$5,845
Bergen Regional Medical Center	\$7,413,353	20,576	7,392,776	\$3,374,299	(\$4,018,477)
Burdette Tomlin Memorial Hospital	\$3,220,557	33,529	3,187,028	\$2,755,036	(\$431,992)
Capital Health System at Fuld	\$5,277,368	57,936	5,219,431	\$5,658,002	\$438,570
Capital Health System at Mercer	\$6,617,691	67,966	6,549,725	\$7,402,856	\$853,132
CentraState Medical Center	\$3,060,063	23,111	3,036,951	\$2,388,971	(\$647,980)
Chilton Memorial Hospital	\$1,619,204	10,911	1,608,293	\$767,072	(\$841,221)
Christ Hospital	\$6,202,431	65,290	6,137,142	\$5,804,809	(\$332,333)
Clara Maass Medical Center	\$5,521,187	30,073	5,491,114	\$4,042,940	(\$1,448,174)
Columbus Hospital *	\$3,975,797	59,251	3,916,546	\$3,101,535	(\$815,011)
Community Medical Center	\$3,741,151	29,710	3,711,441	\$3,097,475	(\$613,965)
Cooper Hospital / Univ Med Ctr	\$15,754,595	188,103	15,566,492	\$21,563,643	\$5,997,151
Deborah Heart and Lung Center	\$1,505,647	7,947	1,497,700	\$1,602,492	\$104,792
East Orange General Hospital	\$6,342,543	43,203	6,299,340	\$6,204,224	(\$95,116)
Englewood Hospital and Medical Center	\$3,609,091	25,550	3,583,541	\$3,149,117	(\$434,424)
Greenville Hospital *	\$1,820,159	10,533	1,809,627	\$1,374,497	(\$435,129)
Hackensack University Medical Center	\$14,594,356	28,018	14,566,339	\$14,342,758	(\$223,581)
Hackettstown Regional Medical Center	\$633,940	6,847	627,093	\$559,616	(\$67,476)
Holy Name Hospital	\$1,814,282	17,313	1,796,970	\$1,597,862	(\$199,107)
Hunterdon Medical Center	\$1,143,973	10,693	1,133,281	\$903,028	(\$230,253)
Irvington General Hospital *	\$47,508	12,301	35,207	\$39,912	\$4,705
Jersey City Medical Center	\$15,493,509	276,523	15,216,986	\$16,442,651	\$1,225,665
Jersey Shore University Medical Center	\$8,211,783	59,435	8,152,349	\$7,311,142	(\$841,206)
JFK Medical Center / Anthony M. Yelencsics	\$3,283,559	24,097	3,259,461	\$2,622,444	(\$637,017)
Kennedy Hospitals / UMC	\$8,265,304	109,304	8,156,000	\$8,194,016	\$38,016
Kimball Medical Center	\$6,538,340	20,083	6,518,257	\$6,984,218	\$465,961
Lourdes Medical Center of Burlington County	\$3,348,003	33,835	3,314,168	\$3,342,087	\$27,919
Meadowlands Hospital Medical Center	\$1,287,268	11,899	1,275,369	\$929,946	(\$345,423)
Memorial Hosp of Salem County	\$1,867,730	31,606	1,836,124	\$1,618,782	(\$217,342)
Monmouth Medical Center	\$8,526,731	89,956	8,436,775	\$10,544,875	\$2,108,100
Morristown Memorial Hospital	\$5,616,358	36,586	5,579,773	\$5,115,011	(\$464,762)
Mountainside Hospital	\$1,934,868	19,593	1,915,275	\$1,289,837	(\$625,438)
Muhlenberg Regional Med Ctr *	\$5,180,975	52,714	5,128,261	\$3,731,746	(\$1,396,514)
Newark Beth Israel Medical Center	\$22,968,915	195,720	22,773,194	\$27,172,275	\$4,399,081
Newton Memorial Hospital	\$791,180	13,368	777,812	\$773,064	(\$4,748)
Ocean Medical Center	\$1,642,025	16,490	1,625,535	\$1,126,634	(\$498,900)
Our Lady of Lourdes Medical Center	\$7,943,759	76,165	7,867,595	\$8,287,507	\$419,912
Overlook Hospital	\$1,333,152	16,748	1,316,404	\$1,084,318	(\$232,086)
Palisades Medical Center	\$5,068,982	39,503	5,029,479	\$5,417,440	\$387,961
Pascack Valley Hospital *	\$449,423	5,173	444,249	\$378,615	(\$65,634)
Raritan Bay Medical Center	\$6,407,886	70,557	6,337,329	\$4,833,621	(\$1,503,708)
Riverview Medical Center	\$2,329,421	29,211	2,300,211	\$1,775,479	(\$524,732)
RWJ University Hospital	\$15,159,800	57,978	15,101,822	\$18,015,844	\$2,914,021
RWJUH at Hamilton	\$1,585,920	4,999	1,580,920	\$1,382,916	(\$198,004)
RWJUH at Rahway	\$1,395,465	13,634	1,381,831	\$1,161,600	(\$220,232)
Saint Barnabas Medical Center	\$5,928,464	33,510	5,894,954	\$5,169,381	(\$725,573)
Saint Clare's Hospital / Denville	\$5,339,438	69,723	5,269,714	\$3,568,232	(\$1,701,482)
Saint Clare's Hospital / Sussex	\$103,490	7,705	95,785	\$133,041	\$37,255

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES  
 RATE SETTING  
 DRG MODELING Based on Version 24 Grouper in 2008 Dollars

	(A)	(B)	(C)	(D)	E
			(A-B)		(D-C)
Hospital Name	Current 2008 DRG Payments	Utilization Review pmt Adjustment	Net 2008 DRG Payments	New Methodology Payments (w/tiers) 2008 Priced	Difference
Saint Francis Medical Center (T)	\$2,569,260	32,289	2,536,971	\$2,352,028	(\$184,943)
Saint Joseph's Regional Medical Center	\$19,042,506	151,246	18,891,260	\$20,523,545	\$1,632,285
Saint Joseph's Wayne Hospital	\$1,064,886	21,293	1,043,593	\$881,915	(\$161,678)
Saint Mary Hospital (H)	\$3,802,111	60,195	3,741,916	\$3,665,914	(\$76,001)
Saint Mary's Hospital (P)	\$7,993,725	40,942	7,952,783	\$7,916,177	(\$36,605)
Saint Michael's Medical Center	\$10,480,320	214,767	10,265,553	\$9,019,928	(\$1,245,625)
Saint Peter's University Hospital	\$7,227,259	107,882	7,119,377	\$7,122,019	\$2,642
Shore Memorial Hospital	\$1,690,300	33,292	1,657,008	\$1,426,846	(\$230,162)
Somerset Medical Center	\$3,210,824	25,885	3,184,939	\$2,623,992	(\$560,947)
South Jersey Healthcare / Elmer	\$335,651	3,108	332,544	\$251,508	(\$81,036)
South Jersey Healthcare Regional MC	\$10,104,550	56,826	10,047,724	\$10,225,508	\$177,784
Southern Ocean Cty Hosp	\$1,017,126	2,535	1,014,591	\$1,082,907	\$68,316
<b>St. James Hospital *</b>	<b>\$7,898,309</b>	<b>0</b>	<b>7,898,309</b>	<b>\$5,949,285</b>	<b>(\$1,949,024)</b>
Trinitas Hospital	\$16,871,386	171,582	16,699,804	\$13,335,747	(\$3,364,057)
Underwood Memorial Hosp	\$1,871,184	32,643	1,838,541	\$1,666,477	(\$172,063)
<b>Union Hospital *</b>	<b>\$844,537</b>	<b>13,213</b>	<b>831,324</b>	<b>\$565,862</b>	<b>(\$265,462)</b>
University Hospital - UMDNJ	\$33,238,588	177,240	33,061,347	\$41,560,792	\$8,499,445
University Medical Center at Princeton	\$2,011,027	8,093	2,002,934	\$1,867,197	(\$135,737)
Valley Hospital	\$1,487,213	10,531	1,476,682	\$1,325,101	(\$151,581)
Virtua - Mem Hsp of Burlington County	\$3,219,334	45,412	3,173,922	\$3,291,221	\$117,299
Virtua - West Jersey Health System	\$3,663,940	72,862	3,591,078	\$3,424,230	(\$166,848)
Warren Hospital	\$1,133,830	17,302	1,116,528	\$1,270,866	\$154,338
Wm. B. Kessler Mem Hosp	\$831,858	12,352	819,506	\$675,688	(\$143,818)
<b>TOTAL</b>	<b>\$401,514,529</b>	<b>\$3,700,000</b>	<b>\$397,814,528</b>	<b>\$397,814,529</b>	<b>\$0</b>

\* Closed Hospitals highlighted in black above