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May 30, 2018

Honorable Eliana Pintor Marin
c/o Frank Haines
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In response to your May 18, 2018 letter, below are responses to committee member questions raised at the Department's budget hearing.

Chair Pintor Marin:

- P.L.2017, c.239 requires that the hourly rate for personal care services within the Medicaid program be no less than the established fee-for-service rate, even if those services are delivered through a managed care delivery system, beginning July 1, 2018. It also requires that all rate increases be used solely to increase wages for workers who directly provide personal care services.

  During the Budget hearing Deputy Commissioner Sarah Adelman indicated that approximately five percent of Medicaid personal care services are reimbursed through the fee-for services program, with the majority of cases being short-term before the consumer transitions to a Medicaid MCO contract. The remaining 95 percent of personal care services are reimbursed through MCO contracts.

  The Governor recommends budget language that would establish the fee-for-service rate at $16.00 per hour (page D-189) and appropriating an additional $16.9 million for personal care assistance reimbursement rates across several DHS accounts. The increase would be necessary because Medicaid MCO rates vary, but are generally between $12.00 and $16.00 per hour. The FY 2018 Appropriations Act, which did not apply to personal care services delivered through MCO contracts, set the fee-for-service rate at $19.00.

  Please provide the utilization rate for personal care services delivered through the Medicaid fee-for-service program and MCO contracts. How many personal care workers within the fee-for-service delivery system will see a decline in their hourly rate pursuant to the proposed budget language? What is the average gross differential in wages for these workers due to the rate change?

Response:

In FY 2017, spending on personal care assistance (PCA) services provided through a Medicaid MCOs totaled $421.9 million, with PCA services provided through fee-for-service (FFS) totaling $1.7 million. The FFS total is less than 1% of PCA spending in FY 2017. We do not know if these PCA FFS changes were passed on to employees via their agencies in FY 2017. However, the overwhelming majority of PCA services are provided through MCOs, and the legislation did not change PCA rates for MCOs before July 1, 2018. Under the FY 2019 proposed budget, MCO PCA hourly rates for FY 2019 will increase. As a result of recent legislation, the increase in State and federal funding proposed in the FY 2019 budget is required to be passed on to personal care assistants.

<u>Assemblyman McKeon:</u>

- On October 17, 2017, the State Auditor published a report regarding licensed residential programs serving individuals with developmental disabilities. In the report, it was recommended that the department require community care residence providers to obtain federal background checks in addition to the State background checks already required for employees and to obtain federal and State background checks for alternates. The report also observed that statutory changes requiring either providers or employees to pay for criminal background checks, as done in other states, could defray certain cost for the department.

  Please provide an update on the implementation of the Auditor's recommendations.

Response:

Some of the Department's procedural changes to implement P.L.2017, c.328, which will also address the State Auditor's recommendations, include the State assuming responsibility for completing employee fitness determinations for community residential program providers, increased Licensing oversight, and requiring community care residence providers (CCRPs) to obtain federal background checks.

<u>Assemblyman Thomson:</u>

- The FY 2019 Medical Coverage - Nursing Home Residents appropriation is $1.224 billion, some $562.8 million less than the $1.787 billion FY 2018 adjusted appropriation. In addition, Evaluation Data on page D-183 estimate total FY 2019 expenditures for Nursing Home Residents will be $1.769 billion. What factors account for the $562.8 million decrease in the recommended appropriation and what factors account for the discrepancy between the appropriation line and the corresponding Evaluation Data?

Response:

The Evaluation Data titled "Nursing home services" on page D-185 represents the full $1.851 billion projected cost of nursing home care provided to NJ FamilyCare recipients in FY 2019. The budget line item on page D-187 does not represent an actual change in costs, rather it is a technical shift of funding to the budget line above it, and is related to the transition of nursing home care to managed care.

<u>Assemblywoman Murphy:</u>

- In 2009, work on the Consolidated Assistance Support System (CASS) began. CASS was intended to replace the outdated computer systems used by county welfare agencies and the DHS to enroll applicants and manage several means-tested human services programs. In November 2014, the department announced the cancellation of its contract with Hewlett-Packard to design and implement CASS. A subsequent settlement with the vendor allowed the State to reclaim $7.5 million ($2 million State and $5.5 million federal). According to an FY 2016 response to an OLS Discussion Point, the contract award was $118.3 million (gross), however, net of the settlement reimbursement, gross expenditures totaled $58.8 million ($43.8 million federal share and $15 million State share).

  Please confirm the total amount of funds reimbursed under the settlement with Hewlett- Packard. What was the State share of this reimbursement and how was this money utilized by the department?

Response:

Of the total $58.8 million expended, $7.5 million was recovered from the vendor. Consistent with the split of total expenditures, the State portion of the $7.5 million recovery was $2.0 million. Below please see the amounts reimbursed under the settlement with Hewlett Packard. The state share was returned to the account from which expenditures were made and utilized in funding future IT investments.

TOTAL	STATE	FEDERAL	FEDERAL BREAKOUT
$7,500,000	**$2,034,848**	**$5,465,152**	
		$408,000	TANF
		$167,999	SNAP
		$162,000	CHILD CARE
		$4,727,153	MEDICAID

Assemblywoman DiMaso:

- In addition to the recommendation highlighted by Assemblyman McKeon, the State Auditor report released in October 2017 regarding licensed residential programs serving individuals with developmental disabilities recommended that the department improve:
  1) its monitoring of background checks of employees of residential program providers; and 2) the coordination between the Office of Licensing and the Division of Developmental Disabilities to confirm and identify support living programs that do not require licensing.

  The report also observed that the department could recoup certain expenses associated with inspecting and licensing residential programs if it charged a licensing fee to providers of residential programs serving individuals with developmental disabilities, as it did for mental health residential programs when such programs were within its jurisdiction.

  Please provide an update on these additional recommendations in Auditor's report.

Response:

Some of the Department's procedural changes to implement P.L.2017, c.328, which will also address the State Auditor's recommendations, include the State assuming responsibility for completing employee fitness determinations for community residential program providers, increased Licensing oversight, and requiring community care residence providers (CCRPs) to obtain federal background checks. The Department's Office of Licensing and the Division of Developmental Disabilities are actively reviewing supported living programs to determine the appropriate licensing status. The Department is not currently charging a licensing fee.

Sincerely,

Carole Johnson
Commissioner