



State of New Jersey

DEPARTMENT OF HUMAN SERVICES

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TRENTON, NJ 08625-0700

PHILIP D. MURPHY  
Governor

SHEILA Y. OLIVER  
Lt. Governor

CAROLE JOHNSON  
Commissioner

May 29, 2019

The Honorable Paul A. Sarlo  
c/o Frank Haines  
Legislative Budget and Finance Officer  
Office of Legislative Services  
State House Annex, P.O. Box 068  
Trenton, New Jersey 08625-0068

Dear Chairman Sarlo:

Please accept the following responses from the Department of Human Services to questions conveyed in follow-up correspondence from the Senate Budget and Appropriations Committee.

**Question:** The Governor proposes levying a Corporate Responsibility Fee on employers that have more than 50 employees receiving State Medicaid benefits. The Executive estimates that the fee would affect 956 employers. If an employee is covered under Medicaid and works for multiple employers that are subject to this fee, will all applicable employers be assessed the fee for the single employee? Of the anticipated 956 employers subject to this fee, how many have 100 employees or fewer?

**DHS Response:** We look forward to working with the Legislature on the details of the Corporate Responsibility Fee to be outlined in legislation. As proposed in the budget, the fee represents only a portion of the State's cost of providing health insurance to an average NJ FamilyCare recipient. Further, the fee is an assessment on the employer, not the employee. Applying the fee to large employers, including where they employ the same enrollee, would continue to encourage employers to offer coverage, and the cumulative fee would be unlikely to equal or exceed the State-share cost of providing health coverage to that employee. Based on data collected by the Department of Labor, 18 of the 956 impacted employers have 100 or fewer employees in total.

**Question:** When was the last time the department conducted a rate review study of the Medicaid reimbursement for nursing home services? Please provide a summary of the study's conclusions.

**DHS Response:** The most recent fiscal year in which cost reports were used to determine facility rates was FY 2013. At that time, the cost report calculations indicated that nursing facility rates covered approximately 95 percent of all allowable facility costs. Annual funding increases added by the

Legislature since FY 2013 combined with the net industry benefit of the Governor's proposed FY 2020 rate changes result in approximately \$80 million in additional annual funding for nursing facility rates.

**Question:** The Governor's FY 2020 Budget proposes to newly establish a minimum base per diem reimbursement rate of \$188.35 for NJ FamilyCare nursing facility services. Nursing facilities would receive the greater of the per diem rate they received in FY 2019 or \$188.35. How many nursing facilities would receive an increase in their per diem reimbursement rate to \$188.35 and what percentage do these facilities represent of the total number of nursing facilities reimbursed under NJ FamilyCare?

**DHS Response:** The newly established floor of \$188.35 would provide an average benefit of approximately \$100,000 annually to 27 nursing facilities. The newly established floor and other proposed rate changes in the proposed budget are estimated to provide a net benefit to nearly three-quarters of all nursing facilities reimbursed by NJ FamilyCare, with virtually all facilities with high Medicaid occupancy rates positively impacted.

Thank you for the opportunity to respond and for your continued support for the work of the Department of Human Services.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Carole Johnson', is written over the typed name and title.

Carole Johnson  
Commissioner