

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 2075
STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JUNE 24, 2024

SUMMARY

- Synopsis:** Establishes minimum base NJ FamilyCare per diem reimbursement rate of \$1,100 for special care nursing facility with neurologically impaired young adult unit.
- Type of Impact:** Annual State expenditure and revenue increases.
- Agencies Affected:** Department of Human Services.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	\$3.2 million
State Revenue Increase	\$1.6 million

- The Office of Legislative Services (OLS) estimates that this bill will increase State expenditures under the NJ FamilyCare program by approximately \$3.2 million annually in order to provide a base reimbursement rate of \$1,100 per diem to special care nursing facilities operating a neurologically impaired young adult unit.
- Subsequently, State revenue will increase annually by \$1.6 million due to growth in federal reimbursements under the NJ FamilyCare program, for an annual net State cost increase of \$1.6 million.
- This estimate assumes that Statewide there are 22 NJ FamilyCare special care nursing facility beds that will qualify each year for this increased reimbursement rate. To the extent that the number of beds changes, this estimate will increase or decrease accordingly.

BILL DESCRIPTION

This bill requires the Department of Human Services to reimburse a special care nursing facility, issued a certificate of need by the Department of Health as of July 1, 2023 to operate a

neurologically impaired young adult unit, a base NJ FamilyCare per diem reimbursement rate that is, at a minimum, the greater of the special care nursing facility’s FY 2022 base NJ FamilyCare per diem reimbursement rate or \$1,100 per diem. Under the bill, a “special care nursing facility” means a nursing facility licensed pursuant to State law that is not a unit attached to, or on the same campus as, a rehabilitation or acute care hospital and is not a distinct unit within a NJ FamilyCare-certified conventional nursing facility, and which has been approved by the department to provide care to NJ FamilyCare recipients who require specialized nursing facility services beyond the scope of a conventional nursing facility. This bill applies to reimbursements beginning January 1, 2024 and only to those facilities in compliance with all applicable federal and State laws and regulations concerning licensure, patient safety, and quality of care.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that this bill will increase State expenditures under the NJ FamilyCare program by approximated \$3.2 million annually in order to provide a base reimbursement rate of \$1,100 per diem to special care nursing facilities operating a neurologically impaired young adult unit. Subsequently, State revenue will increase annually by \$1.6 million due to growth in federal reimbursements under the NJ FamilyCare program, for a net annual State cost increase of \$1.6 million.

Currently, there is one special care nursing facility in the State that would be eligible for an increased base rate of \$1,100 per diem: Cheshire Home in Morris County. This estimate is based on information provided by the Department of Human Services and by staff at the facility, as detailed in the chart below:

Facility Name	FY 2024 Base Rate	Increase to Comply with \$1,100 Base Rate Under the Bill	Number of Beds at Facility	Current Number of NJ FamilyCare Beds	Annual Cost Under Bill
Cheshire Home	\$704.95 per diem	\$395.05 per diem	35 beds	22	\$3.2 million

The OLS notes that to the extent the number of NJ FamilyCare beds at Cheshire Home changes, or additional facilities establish neurologically impaired young adult units that qualify for the \$1,100 per diem reimbursement rate, this estimate will increase or decrease accordingly. Moreover, this estimate assumes that Cheshire Home will maintain compliance with State and federal laws and regulations, as is required under the bill to receive the increased reimbursement rate.

Section: Human Services

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Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).