

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## ASSEMBLY, No. 3110

### STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JUNE 1, 2022

#### SUMMARY

- Synopsis:** Establishes minimum Medicaid reimbursement rates for brain injury services.
- Type of Impact:** Annual Increase in State Costs and Revenue; General Fund.
- Agencies Affected:** Department of Human Services.

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>FY 2023 and Thereafter</u></b>
<b>State Cost Increase</b>	\$16.8 million to \$20.5 million
<b>State Revenue Increase</b>	\$8.4 million to \$10.3 million

- The Office of Legislative (OLS) concludes that the Department of Human Services (DHS) will incur between \$16.8 million and \$20.5 million in additional annual Medicaid expenditures in order to increase the reimbursement rates for brain injury services. As eligible State Medicaid expenditures are reimbursed 50 percent by federal funds, this bill will also increase annual State revenue between \$8.4 million and \$10.3 million.

#### BILL DESCRIPTION

This bill requires that the Medicaid per diem or encounter reimbursement rates for eligible brain injury services, when such services are provided by an approved brain injury services provider to a Medicaid beneficiary requiring treatment for a brain injury, are to be, at minimum, as follows:

(1) The reimbursement rate for Community Residential Services – Low Supervision provided to a Medicaid beneficiary eligible for brain injury services, currently at \$140 a day, is to be equal to the reimbursement rate for Individuals Supports Services Tier - C provided to a Medicaid beneficiary eligible for services provided by the Division of Developmental Disabilities in the DHS, currently at \$283.20 per day;

(2) The reimbursement rate for Community Residential Services – Moderate Supervision provided to a Medicaid beneficiary eligible for brain injury services, currently at \$190 a day, is to be equal to the reimbursement rate for Individuals Supports Services Tier - D provided to a Medicaid beneficiary eligible for services provided by the Division of Developmental Disabilities in the DHS, currently at \$396.48 a day;

(3) The reimbursement rate for Community Residential Services – High Supervision provided to a Medicaid beneficiary eligible for brain injury services, currently at \$220 a day, is to be equal to the reimbursement rate for Individuals Supports Services - Tier E provided to a Medicaid beneficiary eligible for services provided by the Division of Developmental Disabilities in the DHS, currently at \$509.96 a day; and

(4) The reimbursement rate for Structured Day Program Services provided to a Medicaid beneficiary eligible for brain injury services, currently at \$3.65 for every 15 minutes of services, is to be equal to the reimbursement rate for Day Habilitation Services - Tier D provided to a Medicaid beneficiary eligible for services provided by the Division of Developmental Disabilities in the DHS, currently at \$6.91 for every 15 minutes of service.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

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The brain injury services described under the bill are reimbursed as home and community based services (HCBS) under the Medicaid Managed Long Term Services and Supports (MLTSS) Program. Under this program, the DHS pays managed care organizations based on a per beneficiary per month capitation rate to cover costs of services. The existing MLTSS monthly capitation rate for HCBS, assuming beneficiaries are dually eligible for Medicare and Medicaid, is \$4,719.80.

The bill proposes increasing rates for brain injury services, on average, by 208 percent. Further, based upon data provided by the department that 304 individuals in the MLTSS program received brain injury services in CY 2014, a number which has been increased and decreased by 10 percent to provide a range of the impacted population for this analysis, it is estimated that the bill would affect the service rates of between 274 and 335 beneficiaries. Using the MLTSS monthly capitation rate for HCBS and imposing a 208 percent increase to these costs, results in a total cost to the State of between \$32.3 million and \$39.5 million - a difference of between \$16.8 million and \$20.5 million from the current estimated expenditures. Assuming a 50 percent federal Medicaid reimbursement, the State cost would be offset by an annual increase in State revenue of between \$8.4 million and \$10.3 million.

The OLS notes that beneficiaries receiving brain injury services represent a small portion of the MLTSS population of nearly 60,000 individuals. When developing capitation rates, the contracted actuary utilizes encounter claims data from the fiscal year that is two years prior to the rate setting period, managed care organization financial reports, and monthly beneficiary data

collected by the organizations and the department for the entire MLTSS population. It is possible that a variety of factors in the capitation rate setting process, which the OLS cannot determine, would influence State costs incurred under this bill.

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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.).