

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

## ASSEMBLY, No. 4223

with committee amendments

# STATE OF NEW JERSEY

DATED: JUNE 22, 2023

The Assembly Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 4223 (1R).

As amended by the committee, this bill appropriates \$20 million in order to increase Medicaid reimbursement rates for primary care services. The bill directs the Commissioner of Human Services (commissioner) to determine the amount of the increases as follows: The primary care services reimbursement rates associated with the most frequently used medical billing codes under Medicaid in calendar year 2022 are to be increased so that each rate is no less than 100 percent of the payment rate that applies to the same service under part B of Medicare. The commissioner is to determine the number of primary care services rates increased under this subsection such that the annual aggregate amount of the rate increases is equal to \$20 million, as appropriated under the bill, combined with the anticipated receipt of increased federal Medicaid matching funds.

Under the bill, primary care services means the same as defined under section 1202 of the federal “Health Care and Education Reconciliation Act of 2010,” and includes evaluation and management services, which cover the non-procedural services patients receive from a provider, and services related to immunization administration. Mental health services means procedures or services rendered by a health care provider, in a traditional setting as well in an integrated behavioral health setting or via a collaborative care program, for the treatment of mental illness, emotional disorders, or drug or alcohol abuse.

Primary care and mental health services include those services furnished by:

(1) a physician with a primary specialty designation of family medicine, general internal medicine, general pediatric medicine, or obstetrics and gynecology;

(2) a health care professional, including but not limited to an advance practice nurse or a physician assistant, who is working in the area of family medicine, general internal medicine, general pediatric medicine, or obstetrics and gynecology; or

(3) a midwife.

The provisions of the bill are not to be construed to require any decrease in the Medicaid reimbursement rate for a primary care service from the previous fiscal year's reimbursement level for the same service. Moreover, the requirements established under the bill apply whether the services are reimbursed under the Medicaid fee-for-service delivery system or the Medicaid managed care delivery system, and only to services delivered by approved Medicaid providers.

The bill directs the commissioner, no later than one year after the effective date of the bill, to submit a report to the Governor and Legislature providing information on the implementation of the bill, including data indicating any changes regarding access to primary care services, as well as the quality of care of these services, for Medicaid beneficiaries following any rate increases associated with the bill. The report is also to include any recommendations for further enhancements to the Medicaid rates for these services to improve provider access and quality of care for Medicaid beneficiaries in underserved areas of the State.

#### COMMITTEE AMENDMENTS:

The committee amendments remove provisions of the bill regarding Medicaid reimbursement rate increases for mental health services, as well as provisions that would require all rate increases implemented under the bill to be according to the Medicare payment rate for the same services.

Rather, the amended bill appropriates \$20 million to increase primary care reimbursement rates and directs the commissioner to determine the increases as follows: the rates associated with the most frequently used medical billing codes under Medicaid in calendar year 2022 are to be increased so that each rate is no less than 100 percent of the payment rate that applies to the same service under part B of Medicare. The commissioner is to determine the number of primary care services rates increased under the bill such that the annual aggregate amount of the rate increases is equal to \$20 million, combined with the anticipated receipt of increased federal Medicaid matching funds.

The committee amendments provide that the report prepared by the commissioner under the bill is to be submitted to the Governor and Legislature no later than one year after the effective date of the bill, rather than no later than July 1, 2024.

The committee amendments update the bill's numbering, title, and synopsis to reflect the changes to the bill.

#### FISCAL IMPACT:

The most recent fiscal information from the Office of Legislative Services (OLS) concludes that the increased reimbursement rates

established by the bill will result in an indeterminate increase to annual State Medicaid costs. To the extent that the federal government approves all necessary State plan Medicaid amendments or waivers, Medicaid expenses incurred by the State will also result in an annual increase in State revenue in the form of federal Medicaid matching funds.

The OLS estimates that increasing Medicaid reimbursement rates for only one aspect of the bill - primary care services - may cost between \$308 million to \$322.7 million annually, with the State share equaling between \$107.8 million and \$112.9 million taking into account federal matching funds. Owing to the lack of pertinent data, this estimate does not include the indeterminate, likely significant, annual expenditure increase associated with higher reimbursement rates for mental health services.