

**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE, No. 3146**  
**STATE OF NEW JERSEY**  
**220th LEGISLATURE**

DATED: JANUARY 11, 2023

**SUMMARY**

**Synopsis:** Increases Medicaid reimbursement rates for private duty nursing services by \$4.

**Type of Impact:** Annual State expenditure and revenue increase; General Fund.

**Agencies Affected:** Department of Human Services.

**Office of Legislative Services Estimate**

| <b>Fiscal Impact</b>          | <b><u>Annual</u></b> |
|-------------------------------|----------------------|
| <b>State Cost Increase</b>    | \$31.2 million       |
| <b>State Revenue Increase</b> | \$15.6 million       |

- The Office of Legislative Services (OLS) estimates that this bill would increase State Medicaid expenditures by \$31.2 million annually because the bill establishes minimum Medicaid reimbursement rates for private duty nursing services that in effect raise the existing rates by \$4.00 per hour. Of this amount, the State would be responsible for \$15.6 million per year. The remaining balance would be offset by revenues received by the State in the form of federal Medicaid reimbursements.

**BILL DESCRIPTION**

This bill requires that the Medicaid reimbursement rates for private duty nursing services, whether provided under the fee-for-service delivery system or the managed care delivery system, are to be no less than \$65.00 per hour when the services are provided by a registered nurse and no less than \$53.00 per hour when the services are provided by a licensed practical nurse.

**FISCAL ANALYSIS**

***EXECUTIVE BRANCH***

None received.

***OFFICE OF LEGISLATIVE SERVICES***

The OLS estimates that this bill would increase State Medicaid expenditures by \$31.2 million annually because the bill establishes minimum Medicaid reimbursement rates for private duty nursing services that in effect raise the existing rates by \$4.00 per hour. Per the FY 2023 Appropriations Act, the current Medicaid private duty nursing rates are \$61.00 per hour when the services are provided by a registered nurse and \$49.00 per hour when the services are provided by a licensed practical nurse. Of the \$31.2 million, the State would be responsible for \$15.6 million. The remaining balance would be offset by revenues received by the State in the form of federal Medicaid reimbursements.

This analysis is based upon data provided by the Executive during the FY 2023 budget process that indicated that increasing the private duty nursing rates by \$1.00 to \$61.00 per hour when the services are provided by a registered nurse and \$49.00 per hour when the services are provided by a licensed practical nurse, is anticipated to increase net State costs, taking into account federal reimbursements, by \$3.9 million in FY 2023. This cost includes services provided under both the fee-for-service delivery system and the managed care delivery system. Therefore, a \$4.00 increase in these rates, assuming utilization remains stable, would result in a net cost to the State of \$15.6 million annually, after \$15.6 million in Medicaid reimbursements are received by the State for the federal portion of these costs. This analysis assumes a federal Medicaid matching rate of 50 percent of eligible State Medicaid costs.

*Section:*        *Human Services*

*Analyst:*       *Sarah Schmidt*  
                  *Lead Research Analyst*

*Approved:*     *Thomas Koenig*  
                  *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.).