

LEGISLATIVE FISCAL ESTIMATE

SENATE, No. 3587

STATE OF NEW JERSEY

220th LEGISLATURE

DATED: JUNE 29, 2023

SUMMARY

- Synopsis:** Establishes Medicaid per diem rate for pediatric medical day care services delivered by provider offering on-site services; appropriates \$3.6 million to DHS.
- Type of Impact:** Annual State cost and revenue increases.
- Agencies Affected:** Department of Human Services, Department of Health.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost Increase	\$2.8 million to \$6.5 million
State Revenue Increase	\$1.8 million to \$4.2 million

- The Office of Legislative Services (OLS) estimates that annual State costs will rise by anywhere from \$2.8 million to \$6.5 million for the Department of Human Services to increase, beginning in FY 2024, the per diem Medicaid reimbursement rate for pediatric medical day care service providers to equal 45 percent of the average Medicaid fee-for-service per diem rate for in-patient pediatric skilled care nursing facilities, which is \$390.50 in FY 2023.
- To the extent that additional State Medicaid expenditures are eligible for federal Medicaid reimbursements, State revenues will increase anywhere from \$1.8 million to \$4.2 million subsequent to this provision in the bill.
- The bill also provides that the increased Medicaid per diem reimbursement rate for pediatric medical day care service providers will be adjusted in each subsequent fiscal year; therefore, in future fiscal years, State costs and revenues will likely be higher than the OLS estimate.
- The bill appropriates \$3.6 million from the General Fund to the Department of Human Services for the purposes of the bill.

BILL DESCRIPTION

This bill directs that pediatric medical day care service providers which reopened for on-site services on or before September 30, 2022 will receive a retroactive Medicaid per diem reimbursement for services delivered from July 1, 2022 through June 30, 2023 that is equal to \$390.00, less the Medicaid per diem amount the provider has been reimbursed for those services rendered during this period of time.

Beginning in FY 2024, and annually adjusted in each subsequent fiscal year, the bill establishes a Medicaid per diem rate for pediatric medical day care services, delivered by a pediatric medical day care provider offering on-site services, which is equal to 45 percent of the average Medicaid fee-for-service per diem rate for in-patient pediatric skilled care nursing facilities.

The bill appropriates \$3.6 million from the General Fund to the Department of Human Services to effectuate the purposes of the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that annual State costs will increase between \$2.8 million and \$6.5 million in order to increase, beginning in FY 2024, the per diem Medicaid reimbursement rate for pediatric medical day care service providers to equal 45 percent of the average Medicaid fee-for-service per diem rate for in-patient pediatric skilled care nursing facilities, which is \$390.50 in FY 2023. To the extent that additional State Medicaid expenditures are eligible for federal Medicaid reimbursements, State revenues will increase anywhere from \$1.8 million to \$4.2 million subsequent to this provision in the bill.

The current Medicaid fee-for-service per diem rate for pediatric medical day care services, which is established in regulation, is \$330.81; the proprietary per diem reimbursement rates provided under Medicaid managed care are typically lower than the Medicaid fee-for-service rate for identical services. As such, the bill will increase Medicaid per diem rates for pediatric medical day care services, when provided on-site basis, by at least \$59.69, or 18 percent.

The bill also provides that the increased Medicaid per diem reimbursement rate for pediatric medical day care service providers will be annually adjusted in each subsequent fiscal year; therefore, in future fiscal years, State costs and revenues will likely increase above this estimate.

According to a representative of the State's pediatric medical day care service providers, only 33 percent of the licensed programs have resumed on-site services subsequent to Department of Health Executive Directive No. 22-001, which authorized pediatric medical day care centers to reopen for on-site services as of April 6, 2022. This fiscal estimate assumes that pediatric medical day care centers will remain at 33 percent operating capacity in the initial months of FY 2024, the first year in which the new Medicaid per diem rate will be in effect; however, in subsequent months, the OLS assumes that some of the currently-closed centers will resume on-site service delivery in response to higher reimbursement rates, but that service capacity will not return to 100 percent of pre-pandemic levels within the budget window.

The bill additionally provides a retroactive Medicaid per diem reimbursement, available to providers that resumed on-site services following Department of Health Executive Directive No. 22-001, for services delivered from July 1, 2022 through June 30, 2023. The OLS, however, is unable to determine the fiscal impact of this provision due to a lack of information regarding: the number of providers which delivered on-site services during this 12 month period, the date on which each provider reopened for on-site services, and the number of children receiving on-site services at each center during this time period.

Providers of pediatric medical day care services deliver complex medical, developmental, educational, and other socialization services to medically fragile children, thereby supporting a more typical developmental process for these children. These providers also allow parents of medically fragile children to participate in the workforce and to avoid the expense of a private duty nurse.

Section: Human Services

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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.).