LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 2535
STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JUNE 28, 2024

SUMMARY

Synopsis: Establishes minimum Medicaid reimbursement rate for structured day program services provided to beneficiary eligible for brain injury services.

Type of Impact: Annual Increase in State Costs and Revenue.

Agencies Affected: Department of Human Services.

Office of Legislative Services Estimate

Fiscal Impact	Year 1 and Thereafter
State Cost Increase	$5.7 million to $15.2 million
State Revenue Increase	$2.8 million to $7.6 million

- The Office of Legislative Services (OLS) concludes that the Department of Human Services will incur between $5.7 million and $15.2 million in additional annual Medicaid expenditures in order to increase the reimbursement rate for structured day program services for beneficiaries with traumatic brain injuries. As eligible State Medicaid expenditures for these services are reimbursed 50 percent by federal funds, this bill will also increase annual State revenue between $2.8 million and $7.6 million, for a net annual State cost between $2.8 million and $7.6 million.

BILL DESCRIPTION

This bill requires the Medicaid per diem or encounter reimbursement rates for Structured Day Program Services provided by an approved brain injury service provider to a Medicaid beneficiary requiring treatment for a brain injury to be equal to the average of the reimbursement rates for Tier D and Tier E Day Habilitation Services provided to an eligible Medicaid beneficiary by the Division of Developmental Disabilities in the Department of Human Services.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

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According to testimony from a member of the New Jersey Advisory Council on Traumatic Brain Injury before the Senate Health, Human Services and Senior Citizens Committee on June 6, 2024, the current reimbursement rate for structured day program services is approximately $3.65 for every 15 minutes of service. Testimony from the Brain Injury Alliance of New Jersey before the same committee indicated that roughly 300 Medicaid beneficiaries with traumatic brain injuries currently receive structured day program services.

The OLS estimate assumes that this rate of $3.65 per 15 minutes of service would be increased to the average of FY 2024 Medicaid reimbursement rates for Tier D and Tier E day habilitation services provided by the Division of Developmental Disabilities, which is $9.72 for every 15 minutes of service according to the division's public notice from December 2023. The low end of the OLS estimate represents the annual cost under the bill if the assumed 300 current traumatic brain injury structured day program clients received five hours of structured day program services for three days per week. The high end of this estimate represents the annual cost under the bill if the 300 current clients received eight hours of structured day program services for five days per week. This range is based upon information regarding typical minimum and maximum service utilization as reported by structured day program providers for Medicaid beneficiaries with traumatic brain injuries.

The OLS notes that these structured day program services are reimbursed under the Medicaid Managed Long Term Services and Supports program. Under this program, the State pays managed care organizations a per-beneficiary, per-month capitation rate to cover a broad array of long-term care services for eligible individuals. Ultimately, any costs incurred by the managed care organizations due to increased provider reimbursements under this bill will be passed on to the State in the form of higher capitation rates, as determined by the State's annual capitation rate setting process. However, it is possible that other factors in the capitation rate setting process, which the OLS cannot determine, may affect the actual net State costs incurred under the bill.

Section:	*Human Services*
Analyst:	*Sarah Schmidt* *Lead Research Analysist*
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.).