

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 4238

STATE OF NEW JERSEY

DATED: JUNE 16, 2021

The Assembly Appropriations Committee reports favorably Assembly Bill No. 4238 (1R).

This bill establishes a minimum Medicaid reimbursement rate for a provider of adult medical day care services. As defined under the bill, “provider of adult medical day care services” means an adult day health services facility licensed by the Department of Health, which provides preventive, diagnostic, therapeutic, and rehabilitative services under medical and nursing supervision to meet the needs of functionally impaired adult participants for a period of time that does not exceed 12 hours during any calendar day.

Under the bill, whether the services are provided in the Medicaid fee-for-service (FFS) delivery system or through a managed care delivery system, the per diem reimbursement rate is required to be no less than the established State Medicaid FFS rate. Currently, the FY 2020 annual Appropriations Act (P.L.2019, c.150) sets forth the FFS rate at \$78.50 per day.

The bill also prohibits a managed care organization contracted to provide benefits under the Medicaid program from terminating or modifying an existing provider network contract solely due to a change of provider ownership or ownership structure.

The bill would take effect on July 1, 2021 and apply to services provided on or after the effective date of bill and to any Medicaid managed care contract executed or renewed on or after the effective date of the bill, except that the provisions of the bill prohibiting a Medicaid managed care organization from terminating or modifying an existing provider network contract under certain circumstances would take effect immediately.

FISCAL IMPACT:

The Office of Legislative Services (OLS) cannot predict the fiscal impact of this bill as the annual appropriations act has historically established the fee-for-service (FFS) per diem rate for adult medical day care services. If adopted, this bill is effective on July 1, 2021, the beginning of fiscal year (FY) 2022. The appropriations act for FY 2022 has yet to be enacted; therefore, the OLS lacks any certainty to determine how this bill will affect State expenditures and revenue.

To the extent that State Medicaid expenditures are matched by federal Medicaid funds, any State cost under the bill will correspond to an increase in State revenues, and vice versa.