

FISCAL YEAR *2026-2027*

ANALYSIS OF THE NEW JERSEY BUDGET

DEPARTMENT OF HUMAN SERVICES

Prepared by the

NEW JERSEY LEGISLATURE
OFFICE OF LEGISLATIVE SERVICES

May 2026

NEW JERSEY STATE LEGISLATURE

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

Paul A. Sarlo (D), 36th District (Parts of Bergen and Passaic), *Chair*
Linda R. Greenstein (D), 14th District (Parts of Mercer and Middlesex), *Vice-Chair*
Carmen F. Amato Jr. (R), 9th District (Part of Ocean)
Renee C. Burgess (D), 28th District (Parts of Essex and Union)
John J. Burzichelli (D), 3rd District (All of Salem and parts of Cumberland and Gloucester)
Nilsa I. Cruz-Perez (D), 5th District (Parts of Camden and Gloucester)
Patrick J. Diegnan Jr. (D), 18th District (Part of Middlesex)
Gordon M. Johnson (D), 37th District (Part of Bergen)
Declan J. O'Scanlon Jr. (R), 13th District (Part of Monmouth)
M. Teresa Ruiz (D), 29th District (Parts of Essex and Hudson)
Douglas J. Steinhardt (R), 23rd District (Parts of Hunterdon, Somerset and Warren)
Michael L. Testa Jr. (R), 1st District (All of Cape May, and parts of Atlantic and Cumberland)
Andrew Zwicker (D), 16th District (Parts of Hunterdon, Mercer, Middlesex and Somerset)

GENERAL ASSEMBLY BUDGET COMMITTEE

Eliana Pintor Marin (D), 29th District (Parts of Essex and Hudson), *Chair*
Ellen J. Park (D), 37th District (Part of Bergen), *Vice-Chair*
Al Abdelaziz (D), 35th District (Parts of Bergen and Passaic)
Al Barlas (R), 40th District (Parts of Bergen, Essex and Passaic)
Roy Freiman (D), 16th District (Parts of Hunterdon, Mercer, Middlesex and Somerset)
Michael Inganamort (R), 24th District (Parts of Morris, Sussex and Warren)
Carol A. Murphy (D), 7th District (Part of Burlington)
Verlina Reynolds-Jackson (D), 15th District (Parts of Hunterdon and Mercer)
Gabriel Rodriguez (D), 33rd District (Part of Hudson)
Brian E. Rumpf (R), 9th District (Part of Ocean)
Gary S. Schaer (D), 36th District (Parts of Bergen and Passaic)
Gerry Scharfenberger (R), 13th District (Part of Monmouth)
Alexander Schnall (D), 30th District (Parts of Monmouth and Ocean)
William W. Spearman (D), 5th District (Parts of Camden and Gloucester)
Michael Venezia (D), 34th District (Part of Essex)

OFFICE OF LEGISLATIVE SERVICES

Thomas Koenig, *Legislative Budget and Finance Officer*
Kim M. Clemmensen, *Assistant Legislative Budget and Finance Officer*

Michael F. Feld, *Director, Central Management Unit*
Brian J. McCord, *Section Chief, Human Services Section*

This report was prepared by the Human Services Section of the Office of Legislative Services
under the direction of the Legislative Budget and Finance Officer.
The primary author was Sarah Schmidt, with contributions by Nathan Myers.

Questions or comments may be directed to the OLS Human Services Section (Tel. 609-847-3860)
or the Legislative Budget and Finance Office (Tel. 609-847-3105).

DEPARTMENT OF HUMAN SERVICES

Budget Pages ..... C-5, C-12, C-21, C-25, D-197 to D-257, G-3 to G-4, H-11

FISCAL SUMMARY ($000)				
	Expended FY 2025	Adjusted Appropriation FY 2026	Recommended Appropriation FY 2027	Percentage Change FY 2026-2027
State Budgeted	$9,249,324	$10,449,757	$11,419,953	9.3%
Federal Funds	$16,487,474	$20,124,521	$21,121,702	5.0%
All Other Funds	$3,316,880	$4,562,081	$4,597,017	0.8%
Grand Total	**$29,053,678**	**$35,136,359**	**$37,138,672**	**5.7%**

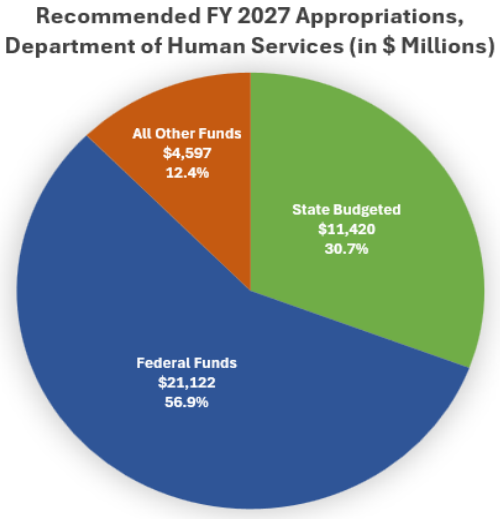
PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE				
	Actual FY 2025	Revised FY 2026	Funded FY 2027	Percentage Change FY 2026-2027
State Budgeted	3,402	3,338	3,628	8.7%
Federal Funds	2,565	2,495	2,747	10.1%
All Other Funds	53	55	84	52.7%
Total Positions	**6,020**	**5,888**	**6,459**	**9.7%**

FY 2025 (as of December) and revised FY 2026 (as of January) personnel data reflect actual payroll counts.
FY 2027 data reflect the number of positions funded.

Link to Website: https://www.njleg.state.nj.us/budget-finance/governors-budget

Highlights

- In the FY 2027 Governor's Budget, the federal government once more funds the majority of the appropriations for the Department of Human Services (56.9 percent). The State finances the residual 43.1 percent through a combination of on- and off-budget funds.



- The FY 2027 Governor's Budget allocates $37.14 billion to the department, or $2.00 billion (5.7 percent) more than in FY 2026. Budgeted State funding is anticipated to grow by $970.2 million (9.3 percent). Federal funding is expected to increase by $997.2 million (5.0 percent) and resources from All Other Funds by $34.9 million (0.8 percent).

- The FY 2027 Governor's Budget recommends a net increase of $152.3 million in on-budget State appropriations that the Executive attributes to the federal "One Big Beautiful Bill Act" of 2025: about $81.4 million for NJ FamilyCare within the Division of Medical Assistance and Health Services and $70.9 million for the Supplemental Nutrition Assistance Program (SNAP) in the Division of Family Development. Of note, in FY 2026, the State received $147.3 million in Rural Health Transformation Program grant funding from the federal government under the 2025 federal enactment.

- The Department of Human Services includes five major divisions with annual budgets over $250 million, each of which is summarized below. The department also includes four divisions whose recommended budgets for FY 2027 are comparatively small: the Division of Disability Services, the Commission for the Blind and Visually Impaired, the Division of the Deaf and Hard of Hearing, and the Division of Management and Budget.

Division of Medical Assistance and Health Services

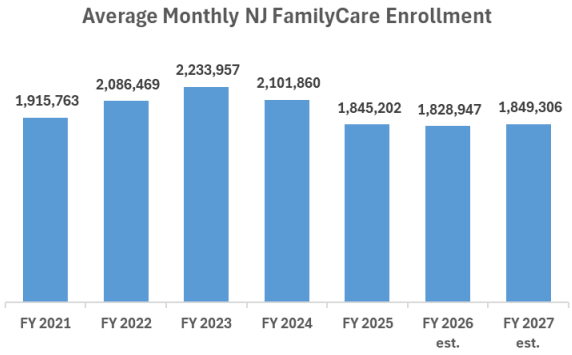
The Division of Medical Assistance and Health Services is primarily responsible for NJ FamilyCare. The program provides health care coverage to low-income New Jersey residents and children living in low- and moderate-income households with support from the federal Medicaid program and the Children's Health Insurance Program.

- For FY 2027, the Governor recommends a net increase of $1.67 billion (6.2 percent) in gross funding for the division, to a total of $28.63 billion. State appropriations are to rise by $793.9 million (12.4 percent) to $7.21 billion; federal funds by $836.6 million (5.2 percent) to $17.02 billion; and other funds, in the form of Medicaid drug manufacturer rebates, certain health care provider assessments, and other dedicated fund payments for Medicaid/NJ FamilyCare, by $35.5 million (0.8 percent) to $4.41 billion.

Highlights (Cont'd)

Medicaid and CHIP Coverage Expenditures (in $ Million)

FY	Growth Rate	Total	Federal Funds	State General Funds	Other Funds
2021	8.6%	$15,443	$9,473	$4,076	$1,894
2022	14.9%	$17,744	$11,333	$4,509	$1,902
2023	9.4%	$19,405	$12,240	$4,706	$2,459
2024	3.6%	$20,097	$11,869	$5,685	$2,542
2025	7.6%	$21,629	$12,786	$5,454	$3,389
2026 est.	16.4%	$25,167	$15,497	$6,314	$3,356
2027 est.	8.1%	$27,206	$16,757	$7,117	$3,332



- The Governor's recommended FY 2027 appropriations are based on anticipated 1.1 percent growth in enrollment and projected 6.9 percent growth in the imputed per-member cost from $13,760 in FY 2026 to $14,712 in FY 2027.

- The Executive proposes a $693.8 million net increase in State funds appropriations for Medicaid coverage for the program's major eligibility groups to an FY 2027 total of $5.90 billion (the State General Fund amounts in the table above include additional appropriations). The following are change items over $5.0 million:
  - a net increase of $413.7 million driven by higher per-member payments to the five Medicaid managed care organizations that provide most services to NJ FamilyCare enrollees;
  - a net increase of $206.5 million to support higher NJ FamilyCare enrollment;
  - a decrease of $112.5 million from shifting otherwise State-budgeted NJ FamilyCare expenditures to the off-budget, dedicated Health Care Subsidy Fund;
  - an increase of $96.4 million from backfilling FY 2026 resources that are no longer available in FY 2027, composed of $80.0 million of federal funds received under the American Rescue Plan Act and $16.4 million of the State share of reduced revenues generated from drug manufacturer rebates;
  - an increase of $50.0 million to replace anticipated revenue from the FY 2026 Nursing Home Provider Assessment increase that could not be implemented because of the federal "One Big Beautiful Bill Act;"
  - an increase of $45.6 million to compensate for reduced federal cost reimbursement percentages for emergency medical services provided to individuals who do not qualify for full Medicaid, typically due to immigration status; and
  - a reduction of $13.1 million due to a decline in NJ Family Care enrollment attributed by the Executive to the elimination of Medicaid eligibility for certain categories of lawfully present immigrants under the federal "One Big Beautiful Bill Act."

- The FY 2027 Governor's Budget anticipates the receipt of $145.0 million in State revenue due to the implementation of the newly proposed Employer Healthcare Assistance Contribution, a tiered annual charge to be imposed on employers with 50 or more employees enrolled in NJ FamilyCare. The charge would range from $325 to $725 annually per NJ FamilyCare enrollee, depending on the number of employees or employee dependents in the program.

Highlights (Cont'd)

- The Governor recommends a net increase of $94.6 million to support Medicare costs charged to the Medicaid program for Medicaid enrollees who are also enrolled in the federal Medicare program.

- The Executive proposes not renewing in FY 2027 a $45.0 million appropriation from the dedicated, off-budget Opioid Recovery and Remediation Fund to four hospital systems to provide care and treatment services for individuals with opioid-related health issues: RWJBarnabas Health ($15.0 million), Cooper University Health Care ($15.0 million), Hackensack Meridian Health ($10.0 million), and Atlantic Health System ($5.0 million).

- The Governor proposes an additional $6.0 million for operating expenses: $5.0 million to the New Jersey Innovation Authority to support the division's effort to comply with new federal Medicaid eligibility requirements; and $1.0 million for consulting services.

- The Executive proposes an increase of $4.5 million to support Medicaid eligibility determination agencies in implementing new requirements under the federal "One Big Beautiful Bill Act:" $3.0 million for Conduent, the State's current health benefits coordinator and $1.5 million for county welfare agencies.

Division of Developmental Disabilities

The Division of Developmental Disabilities funds a broad range of community-based residential care services, individual and family support services, and day programs for individuals with developmental disabilities. The division also operates the State's five residential developmental centers for individuals with developmental disabilities.

For FY 2027, the Governor recommends:

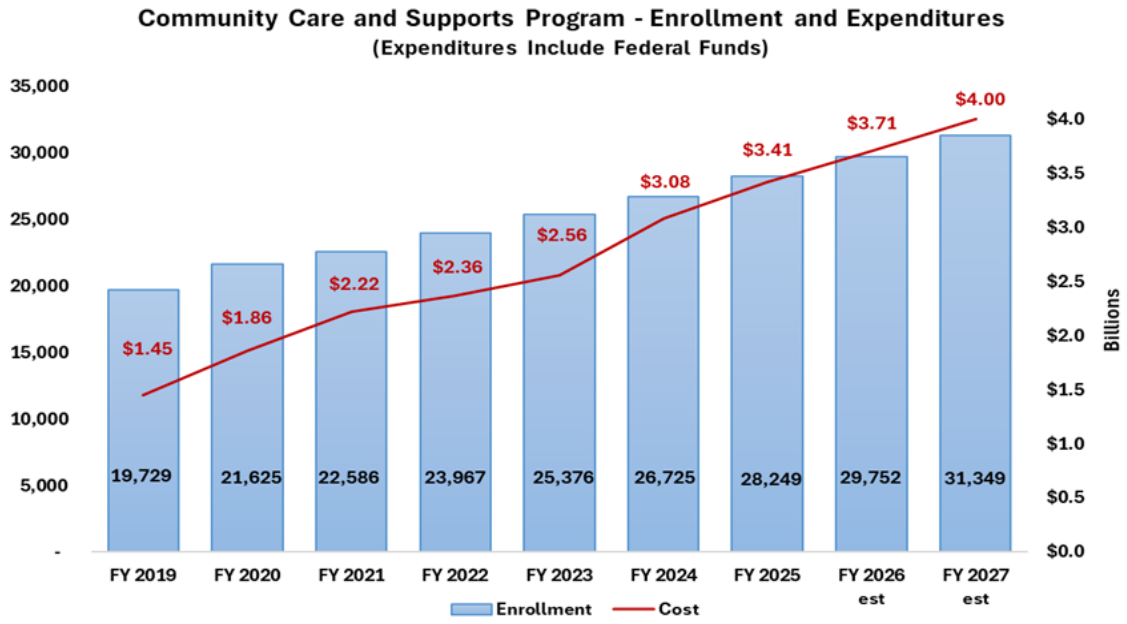
- an increase of $12.6 million (3.9 percent) in gross funding for the five State developmental centers to $336.3 million. Federal funds contribute the entire growth.

- gross funding for the division's Community Programs of $4.12 billion in FY 2027, some $298.8 million (7.8 percent) more than in FY 2026, including: $2.08 billion in State appropriations (an increase of $151.9 million or 7.9 percent); $2.03 billion in federal funds (growth of $146.9 million or 7.8 percent); and an essentially unchanged $5.2 million from All Other Funds.

- an additional $154.0 million in State funds for the Community Care Program and the Supports Program, which provide home- and community-based services to individuals with developmental disabilities and their families. This increase has two components:

    1) $144.9 million reflecting enrollment and service cost growth; and
    2) $9.1 million reflecting higher compensation expenditures partially in response to the annual increases in the State minimum wage. These funds will support the wages of direct support professionals and their supervisors.

Highlights (Cont'd)



- the elimination of $2.1 million in discretionary funding for programs and organizations that support individuals with disabilities, of which $1.8 million was appropriated by the Legislature in FY 2026.

Division of Family Development

The Division of Family Development provides various support services and types of assistance to financially insecure families and adults without dependents. In cooperation with county welfare agencies, the division provides nutrition assistance, temporary cash assistance, rental and emergency housing assistance, child care subsidies, and other support services to its client population. These programs include the federal Supplemental Nutrition Assistance Program (SNAP), the Temporary Assistance for Needy Families (TANF) block grant, and the Child Care and Development Block Grant.

For FY 2027, the Governor recommends:

- funding for the division to increase by a net $92.2 million (3.6 percent), to $2.67 billion (gross). State-budgeted appropriations, which are recommended at $1.12 billion in FY 2027, account for the entirety of this increase.

- an additional $70.9 million for Supplemental Nutrition Assistance Program (SNAP) administration costs following federal changes implemented under the "One Big Beautiful Bill Act." The 2025 enactment requires the State and counties to pay 75 percent of the costs of administering the program, up from 50 percent, starting on October 1, 2026. Of the $70.9 million increase, $61.0 million is recommended to support additional county costs and $9.9 million additional State costs.

Highlights (Cont'd)

- $16.0 million in additional State funds appropriations for the Child Care Assistance Program, which subsidizes income-eligible families whose children attend child care centers. The recommended increase reflects anticipated enrollment growth, as the cap on enrollment would rise from 75,000 to 77,500 children in FY 2027. The subsidies are projected to cost $911.5 million in FY 2027 from all funding sources combined.

- a $5.5 million increase for the General Assistance Program composed of an additional $6.3 million due to trend growth in participation and benefit amounts, offset by an $800,000 reduction for the Volunteers of America Delaware Valley.

- an additional $2.6 million attributed to growth in costs and enrollment for the portion of Supplemental Security Income recipients who receive emergency assistance benefits.

- eliminating a total of $1.3 million in appropriations for grants to community-based programs that were added to the FY 2026 Appropriations Act by the Legislature.

Division of Mental Health and Addiction Services

The Division of Mental Health and Addiction Services oversees New Jersey's adult system of community-based behavioral health, mental health, and substance use disorder services.

For FY 2027, the Governor recommends:

- a net decrease of $22.7 million (2.6 percent) in gross funding for the division, to a total of $864.9 million, attributable almost entirely to reduced State-budgeted appropriations.

- a $5.0 million reduction in the Support of Patients in County Psychiatric Hospitals attributed to the use in FY 2027 of prior-year savings from the privatization of Union County Hospital in 2024, which made the facility ineligible for reimbursements from the State and thereby reduced the number of reimbursable bed spaces.

- a $7.1 million reduction due to the elimination of appropriations largely for community-based mental health programs that were added by the Legislature in FY 2026.

Division of Aging Services

The Division of Aging Services administers numerous programs for senior citizens and certain residents with disabilities. These include the State-funded pharmaceutical assistance programs and several programs intended to allow seniors to stay in their homes and therefore avoid institutional placement, such as home-delivered meals, transportation, and housekeeping services. The division also provides State Aid to counties for the operations of the County Offices on Aging.

Highlights (Cont'd)

For FY 2027, the Governor recommends:

- $252.7 million in gross appropriations for the division, a decrease of $35.5 million (12.3 percent) from FY 2026 adjusted appropriations, which is comprised completely of State funds.

- a $32.6 million (70.1 percent) decrease for Pharmaceutical Assistance to the Aged and Disabled (PAAD) to $13.9 million, reflecting the alignment of the FY 2027 appropriation with recent prescription cost and utilization trends affected by the federal cap on Medicare out-of-pocket prescription drug costs.

- a new $3.0 million appropriation to bring the division's pre-admission screening and resident review system into compliance with federal regulations regarding the screening of applicants for Medicaid-certified nursing facilities for serious mental illness, intellectual disabilities, or related conditions.

- a decrease of $3.0 million from ending the Senior Wellness Pilot Program, which aimed at improving socialization and well-being for older adults and various other populations.

- the elimination of $1.5 million in grant funding for community-based senior programs.

Budget Briefs:

NJ FamilyCare Overview ..... p. 57

Child Care Subsidy Program – Cost Control Measures after Rapid Pandemic Expenditure Growth ..... p. 66

Increased State and County Cost Shares for Supplemental Nutrition Assistance Program (SNAP) ..... p. 69

Olmstead Decision Part I - Prioritizing Community-Based Service Delivery for the Developmentally Disabled ..... p. 71

Olmstead Decision Part II – Limiting Use of Developmental Centers to Care for the Developmentally Disabled ..... p. 74

Fiscal and Personnel Summary

FUNDING BY SOURCE OF FUNDS ($000)							
	Expended FY 2024	Expended FY 2025	Adj. Approp. FY 2026	Recom. FY 2027		Percentage Change FY 2025-27	Percentage Change FY 2026-27
State Budgeted Total	**$8,983,287**	**9,249,324**	**$10,449,757**	**$11,419,953**		**23.5%**	**9.3%**
General Fund Total	**$8,132,961**	**$8,421,456**	**$9,179,494**	**$10,088,978**		**19.8%**	**9.9%**
Direct State Services	$381,272	$388,238	$374,771	$392,482		1.1%	4.7%
Grants-In-Aid	$7,494,055	$7,741,987	$8,489,814	$9,374,947		21.1%	10.4%
State Aid	$257,201	$290,464	$314,909	$321,549		10.7%	2.1%
Capital Construction	$433	$767	$0	$0		(100.0%)	----
Debt Service	$0	$0	$0	$0		----	----
Property Tax Relief Fund Total	**$267,444**	**$259,684**	**$283,157**	**$330,657**		**27.3%**	**16.8%**
Direct State Services	$0	$0	$0	$0		----	----
Grants-In-Aid	$3,813	$3,970	$4,000	$5,500		38.5%	37.5%
State Aid	$263,631	$255,714	$279,157	$325,157		27.2%	16.5%
Casino Revenue Fund	**$582,882**	**$568,184**	**$987,106**	**$1,000,318**		**76.1%**	**1.3%**
Casino Control Fund	**$0**	**$0**	**$0**	**$0**		**----**	**----**
Federal Funds	**$15,518,211**	**$16,487,474**	**$20,124,521**	**$21,121,702**		**28.1%**	**5.0%**
Other Funds	**$2,752,311**	**$3,316,880**	**$4,562,081**	**$4,597,017**		**38.6%**	**0.8%**
Grand Total	**$27,253,809**	**$29,053,678**	**$35,136,359**	**$37,138,672**		**27.8%**	**5.7%**

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE							
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Funded FY 2027		Percentage Change FY 2025-27	Percentage Change FY 2026-27
State	3,344	3,402	3,338	3,628		6.6%	8.7%
Federal	2,559	2,565	2,495	2,747		7.1%	10.1%
All Other	56	53	55	84		58.5%	52.7%
Total Positions	**5,959**	**6,020**	**5,888**	**6,459**		**7.3%**	**9.7%**

FY 2024 (as of December), FY 2025 (as of December) and revised FY 2026 (as of January) personnel data reflect actual payroll counts.
FY 2027 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA							
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Funded FY 2027		Percentage Change FY 2025-27	Percentage Change FY 2026-27
Minority Percentage	58.1%	58.6%	58.8%	N/A		----	----

Significant Changes/New Programs ($000)

DIVISION OF MENTAL HEALTH AND ADDICTION SERVICES

Property Tax Relief Fund, State Aid Support of Patients in County Psychiatric Hospitals					Budget Page: D-206
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$140,094	$132,721	$146,164 (S) $10,000	$141,164	($15,000)	(9.6%)

Two-thirds of the $15.0 million reduction is a function of an FY 2026 budgeting technique that is recommended to be repeated in FY 2027. In the current fiscal year, this line received a $10.0 million supplemental appropriation for Essex County Hospital Center, which was added through budget language that is once again included in the FY 2027 Governor's Budget.

In addition, the Executive anticipates that $15.5 million in FY 2026 account balances will not be needed in the current fiscal year. Of that surplus, some $10.0 million is intended to be returned to the General Fund at the end of FY 2026. The remaining $5.5 million surplus is planned to be made available in FY 2027, thereby allowing for a $5.0 million reduction in the FY 2027 base appropriation for the Support of Patients in County Psychiatric Hospitals. The FY 2025 and FY 2026 cost reductions are the result of the privatization of Union County Hospital in October 2024, which thereby became ineligible for reimbursements from this account.

The Division of Mental Health and Addiction Services pays 85 percent of the costs for maintenance of county patients and 100 percent of the costs for maintenance of State patients in the three county psychiatric hospitals: New Bridge Medical Center in Bergen County, Essex County Hospital Center in Essex County, and Meadowview Hospital in Hudson County.

General Fund, Grants-in-Aid Crisis Diversion Homes					Budget Page: D-205
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$0	$0	$525	$1,146	$621	118.3%

This increase reflects the annualized State share to support two crisis diversion homes. Federal Medicaid cost reimbursements are anticipated to provide an additional $1.2 million. The State's crisis diversion homes serve as transitional housing for 30 days for individuals who have recently experienced a mental health crisis. The program was initially funded by the federal Substance Abuse and Mental Health Services Administration's Community Mental Health Block Grant.

Significant Changes/New Programs ($000) (Cont'd)

General Fund, Grants-in-Aid Gun Violence and Suicide Prevention Grant					Budget Page: D-205
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$237	$199	$250	$160	($90)	(36.0%)

The recommended reduction aligns the FY 2027 appropriation with anticipated FY 2026 spending, as the Office of Management and Budget intends to return $93,000 in surplus FY 2026 appropriations from this account to the General Fund at the end of the current fiscal year.

This account supports the State Zero Suicide Program, a national initiative based upon the premise that suicide deaths for individuals under the care of health and behavioral health systems are preventable.

General Fund, Grants-in-Aid Bilingual Mental Health Professional Residencies					Budget Page: D-206
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$413	$274	$800	$300	($500)	(62.5%)

The recommended reduction aligns the FY 2027 appropriation with anticipated FY 2026 spending, as the Office of Management and Budget intends to return $525,000 in surplus FY 2026 appropriations from this account to the General Fund at the end of the current fiscal year.

This account supports stipends to licensed bilingual mental health practitioners for expenses related to training, compliance with licensure requirements, and repayment of educational loans.

General Fund, Grants-in-Aid Mutual Agreement Parolee Rehabilitation Project for Substance Use Disorders					Budget Page: D-206
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$795	$510	$1,239	$550	($689)	(55.6%)

The Office of Management and Budget intends to return $836,000 in surplus appropriations from this account to the General Fund at the end of FY 2026. Accordingly, the proposed FY 2027 reduction largely aligns with projected FY 2026 spending needs.

This program supports not-for-profit licensed facilities that provide residential substance abuse treatment services to individuals who participate in the treatment as a special condition of parole.

Significant Changes/New Programs ($000) (Cont'd)

General Fund, Grants-in-Aid University Behavioral Healthcare Centers – Piscataway (Rutgers, the State University)					Budget Page: D-205
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$11,945	$11,945	$11,945	$8,959	($2,986)	(25.0%)

General Fund, Grants-in-Aid University Behavioral Healthcare Centers – Newark (Rutgers, the State University)					Budget Page: D-205
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$6,251	$6,251	$6,252	$4,688	($1,564)	(25.0%)

General Fund, Direct State Services Special Purpose: Bamboo Health – Open Beds Web-based Software Solution					Budget Page: D-205
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$0	$0	$2,900	$2,000	($900)	(31.0%)

General Fund, Grants-in-Aid NJ 2-1-1 Partnership Operating Aid					Budget Page: D-206
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$1,019	$650	(S) $615	$0	($615)	(100.0%)

General Fund, Grants-in-Aid SONARA Remote Methadone Dosing Pilot Program					Budget Page: D-206
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$0	$250	$550	$250	($300)	(54.5%)

General Fund, Grants-in-Aid Mental Health Association of Essex and Morris County					Budget Page: D-206
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$150	$150	$250	$0	($250)	(100.0%)

Significant Changes/New Programs ($000) (Cont'd)

General Fund, Grants-in-Aid The Safe Foundation, Eatontown					Budget Page: D-205
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$0	$0	$200	$0	($200)	(100.0%)

General Fund, Grants-in-Aid Open Heart Yoga – Mental Health Counseling Services					Budget Page: D-205
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$0	$100	$100	$0	($100)	(100.0%)

General Fund, Grants-in-Aid CONTACT of Mercer County, NJ					Budget Page: D-205
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$0	$0	$100	$0	($100)	(100.0%)

General Fund, Grants-in-Aid Preferred Behavioral Health Group – Prevention First Operating Costs					Budget Page: D-206
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$50	$0	$75	$0	($75)	(100.0%)

The Executive recommends reducing or eliminating the ten appropriations above totaling $7.1 million that were added or increased by the Legislature in FY 2026. Nine of the ten totaling $6.2 million are for community-based mental health grant programs, including a supplemental appropriation of $615,000 for NJ 2-1-1 Partnership Operating Aid under P.L.2025, c.394. The $900,000 appropriation for Bamboo Health, in turn, supports a referral network within the State's 9-8-8 continuum of care. The proposed reductions align with the Administration's general policy of eliminating or reducing in FY 2027 most appropriations the Legislature added for FY 2026.

Significant Changes/New Programs ($000) (Cont'd)

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

General Fund, Grants-in-Aid Medical Coverage					Budget Page: D-214	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.		Change FY 2026 – FY 2027	
A) Medical Coverage – Aged, Blind and Disabled						
$1,462,317	$997,976	$1,923,684	$2,127,958		$204,274	10.6%
B) Medical Coverage – Community-Based Long Term Care Recipients						
$1,313,851	$1,539,705	$1,722,395	$2,039,748		$317,353	18.4%
C) Medical Coverage – Nursing Home Residents						
$462,471	$516,329	$549,308	$629,350		$80,042	14.6%
D) Medical Coverage – Title XIX Parents and Children						
$781,954	$705,210	$431,930	$420,009		($11,921)	(2.8%)
E) Medical Coverage – ACA Expansion Population						
$544,349	$566,373	$576,114	$680,155		$104,041	18.1%
TOTAL MEDICAL COVERAGE						
$4,564,942	$4,325,593	$5,203,431	$5,897,220		$693,789	13.3%
Less Expected FY 2026 Return of Surplus Balances to General Fund						
		($22,954)				
TOTAL MEDICAL COVERAGE LESS EXPECTED FY 2026 LAPSE						
$4,564,942	$4,325,593	$5,180,477	$5,897,220		$716,743	13.8%

These budget lines support the NJ FamilyCare program's Medicaid-funded services and are organized by the program's major Medicaid eligibility groups.

The Governor recommends that State appropriations for various Medicaid coverage budget lines increase by $693.8 million, to an FY 2027 total appropriation of $5.90 billion. These amounts do not include the anticipated return to the General Fund of an unneeded $23.0 million in surplus FY 2026 appropriations at the end of the current fiscal year.

The recommended $693.8 million (13.3 percent) net State increase is not a reflection of true Medicaid cost and enrollment trends. The program's organic cost growth would require higher State appropriations but for the shifting of $112.5 million in anticipated expenditures from the General Fund to the dedicated, off-budget Health Care Subsidy Fund. The components of the $693.8 million net increase are as follows:

Appropriation Increases ($842.9 million)

A) Managed care rate and enrollment growth ($641.9 million):

- *Managed care rate increases ($399.9 million),* reflecting increased per-member per-month rates paid to NJ FamilyCare's five managed care organizations for the general "acute care" managed care program that covers most NJ FamilyCare members. Each year, the State's Medicaid actuary develops new managed care rates.

Significant Changes/New Programs ($000) (Cont'd)

- *Aggregate Growth in NJ FamilyCare enrollment ($206.4 million)*, with the Executive projecting that NJ FamilyCare's average monthly enrollment will grow to 1.85 million members in FY 2027, or 1.1 percent above the revised FY 2026 estimate. Enrollment is anticipated to increase across all eligibility groups before upcoming federal eligibility determination changes are expected to materially affect enrollment.

- *Additional contractual payments to five managed care organizations ($35.6 million)* because certain FY 2026 rates were set too low relative to emerging medical costs.

B) Cost increases attributed to 2025 federal "One Big Beautiful Bill Act" and other federal requirements ($97.7 million):

- *Cost shift back to the General Fund due to the non-implementation of the increase in the rate of the dedicated, off-budget Nursing Home Provider Assessment that was enacted as part of the FY 2026 Appropriations Act ($50 million).* The federal "One Big Beautiful Bill Act" prohibits states from establishing or increasing Medicaid provider taxes beyond rates imposed as of July 4, 2025. Meeting the deadline was unrealistic because this rate increase required prior Centers for Medicare and Medicaid Services approval.

- *Decrease in federal matching rate for certain emergency services ($34.6 million).* Commencing on October 1, 2026, the federal "One Big Beautiful Bill Act" increases from 10 to 50 percent the State cost share for "emergency services only" Medicaid coverage provided to undocumented individuals and certain lawfully present immigrants who would be eligible as an Affordable Care Act expansion adults except for their immigration status. "Emergency Services Only" Medicaid covers acute, life-threatening medical conditions for individuals who do not qualify for full Medicaid, typically due to immigration status.

- *Elimination of federal reimbursement for emergency services under Cover All Kids Phase II ($11.0 million).* New federal guidance limits the State's ability to provide federally co-funded "emergency services only" Medicaid coverage for undocumented immigrants to coverage using a fee-for-service delivery system. Cover All Kids Phase II provides NJ FamilyCare coverage via managed care plans to all income-eligible children in New Jersey under the age of 19 regardless of immigration status.

- *Increase in certain physician reimbursement rates ($2.1 million)* due to temporary 2.5 percent increase in Medicare physician fee schedule for 2026 in "One Big Beautiful Bill Act." Certain Medicaid rates in New Jersey are tied directly to Medicare rates and therefore will be temporarily increased in FY 2027.

C) Cost shifts from one-time FY 2026 resources to the General Fund ($96.4 million):

- *Replacement of non-recurring federal funds received under the American Rescue Plan Act ($80.0 million)*, which temporarily raised federal matching rates for Medicaid home- and community-based services.

Significant Changes/New Programs ($000) (Cont'd)

- *Reduction in the State share of revenue generated from drug manufacturer rebates ($16.4 million),* which is anticipated to decline by $60.0 million from $958.4 million in FY 2026 to $898.4 million in FY 2027.

D) Provider payments, program expansions, and other changes ($6.9 million):

- *Personal Preference Program wage increase ($4.7 million)* to comply with increases in the State's statutory minimum wage. This program provides eligible NJ FamilyCare enrollees with the option to self-direct the delivery of personal care assistant services.

- *Nursing facility wage increase ($1.8 million)* to comply with increases in the State's statutory minimum wage for long-term care facilities' direct care staff.

- *Increase in the NJ FamilyCare reimbursement rate for special care nursing facilities with neurologically impaired young adult units ($426,000).* P.L.2025, c.206 requires the reimbursement rate for these facilities to be equal to the facility's FY 2022 rate or $1,100, whichever is greater.

Appropriation Decreases ($149.1 million)

A) A cost shift from the General Fund to the dedicated, off-budget Health Care Subsidy Fund ($112.5 million). The Health Care Subsidy Fund receives its revenues from several State taxes, among them the cigarette tax, the HMO Premiums Assessment, and the 0.53 percent Hospital Assessment. FY 2027 collections from these revenues are anticipated to reach $2.08 billion, a $174.6 million (9.2 percent) increase from FY 2026 levels. Notably, the Executive estimates that the HMO Premiums Assessment will grow by $212.5 million (18.0 percent) in the next fiscal year, which corresponds to the increase in NJ FamilyCare managed care plan payments projected in FY 2027.

B) Managed care rate decreases ($21.8 million), within the Managed Long Term Services and Supports program, which covers members with substantial long-term care needs. Rates for this program are anticipated to decline due to adjustments in the actuarial rate-setting calculations and a rebalancing of the population towards low-acuity enrollees.

C) Cost decreases due to the federal "One Big Beautiful Bill Act" ($14.8 million):

- *Reduction in NJ FamilyCare enrollment ($13.1 million*), as the *"One Big Beautiful Bill Act" eliminates* Medicaid eligibility for certain categories of lawfully present immigrants as of October 1, 2026. This change affects refugees, asylees, victims of domestic violence or human trafficking, and temporary humanitarian parolees. The department has estimated that up to 20,000 NJ FamilyCare members will be disenrolled as a result.

- *Reduction in NJ FamilyCare service costs due to restrictions on the retroactive claiming period for Medicaid ($1.7 million).* Retroactive coverage will be limited to one month prior to application for coverage of Affordable Care Act expansion enrollees and two months prior to application for coverage of other enrollees starting January 1, 2027. Currently, retroactive eligibility is up to 90 days prior to the date of application.

Significant Changes/New Programs ($000) (Cont'd)

Elements of FY 2026 Lapse: The $23.0 million in excess FY 2026 State spending authority mentioned above is attributed to the lower-than-expected NJ FamilyCare enrollment with the current FY 2026 enrollment estimate being 38,630 less than the number projected by the Executive in the FY 2026 Governor's Budget.

In general, the Office of Management and Budget exercises discretion in allocating these State appropriations to the various NJ FamilyCare budget lines. Accordingly, the projected changes to NJ FamilyCare's FY 2027 State appropriations may not accurately reflect policy changes related to the delivery of services or program utilization. In addition, recurring budget language grants the Executive substantial discretion with regard to Medicaid Medical Coverage expenditures in the mid-year execution phase of the budget. State appropriations to individual Grants-in-Aid budget lines in the General Medical Services program classification may be transferred to other Grants-in-Aid budget lines in the same program classification. Similar language provides transfer authority regarding federal Medicaid funds. Another language provision grants unrestricted supplemental appropriation authority for the State-funded accounts.

General Fund, Direct State Services Services Other Than Personal				Budget Page: D-213	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$33,400	$36,247	$33,839	$39,839	$6,000	17.7%

The growth in contracted service costs for the administration of the NJ FamilyCare program has two components. First, $5.0 million supports technological system development and compliance tracking to implement the new Medicaid eligibility requirements established under the federal "One Big Beautiful Bill Act" that will take effect in January 2027, notably the community engagement requirement and the biannual redetermination of program eligibility. The New Jersey Innovation Authority will assist in this endeavor. The department has previously reported that the authority is helping to develop a "Community Engagement Compliance Engine" which will interface with existing NJ FamilyCare eligibility systems and verify members' compliance with the community engagement rules.

The remaining $1.0 million will support unspecified consultant services to implement federal and State mandates, including those associated with the federal "One Big Beautiful Bill Act" and the State's current NJ FamilyCare Comprehensive Demonstration, which is the State' s single, unified Section 1115 demonstration for the operation of the Medicaid program and Children's Health Insurance Program.

Significant Changes/New Programs ($000) (Cont'd)

General Fund, Grants-in-Aid Eligibility and Enrollment Services					Budget Page: D-214
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$21,516	$19,222	$26,042	$26,618	$576	2.2%

Property Tax Relief Fund, Grants-in-Aid Eligibility and Enrollment Services					Budget Page: D-214
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$3,813	$3,970	$4,000	$5,500	$1,500	37.5%

These accounts fund payments to the Division of Medical Assistance and Health Services Health Benefits Coordinator, currently Conduent, and to county welfare agencies responsible for making NJ FamilyCare eligibility determinations and annual redeterminations. The aggregate $2.1 million increase across these accounts is composed of two countervailing components.

First, a $4.5 million increase to provide incentive payments to Conduent and county welfare agencies to enhance the efficiency and accuracy of Medicaid eligibility determinations, in coordination with the rollout of the new Medicaid eligibility rules under the federal "One Big Beautiful Bill Act." Of this amount, $3.0 million would be appropriated for Conduent and $1.5 million for county welfare agencies.

As of January 2027, Conduent and county welfare agencies will be newly required to screen NJ FamilyCare enrollees in the Affordable Care Act expansion population for compliance with a community engagement requirement – such as work, education, or volunteering. In addition, the frequency of eligibility redeterminations for ACA expansion enrollees will increase from once every 12 months to at least once every six months. Both of these activities must be initiated by December 31, 2026; though the federal government can grant up to a two-year extension on the community engagement requirement for good-faith efforts to overcome implementation barriers.

Second, the $3.0 million proposed increase in the General Fund appropriation for Conduent would be offset by a $2.4 million reduction associated with NJ FamilyCare enrollment trends.

Significant Changes/New Programs ($000) (Cont'd)

General Fund, Grants-in-Aid Medicare Parts A and B					Budget Page: D-214
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$294,916	$310,333	$305,444	$368,195	$62,751	20.5%

The NJ FamilyCare program pays certain Medicare Part A (Hospital) and Medicare Part B (Medical) costs for Medicaid enrollees who are also enrolled in the federal Medicare program. For these individuals, Medicare is the primary payer, so dual enrollment helps to reduce State costs by shifting a portion of these costs to the federal government. The recommended FY 2027 increase reflects an alignment with greater than expected cost growth in FY 2026 as well as projected additional cost growth in FY 2027. Notably, calendar year 2026 Medicare premiums, deductibles, and coinsurance payments are expected to rise by as much as 10.2 percent compared to 2025 levels.

General Fund, Grants-in-Aid Medicare Part D					Budget Page: D-214
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$668,914	$686,805	$738,776	$770,606	$31,830	4.3%

The Medicare Part D (Drug) appropriation represents "clawback" payments, which the State is required to make to the federal government. The clawback payments are calculated by the federal government according to a formula, and are intended to reflect roughly 75 percent of the State Medicaid savings that result from the Part D program's coverage of prescription drug costs for those individuals enrolled in both Medicare and Medicaid.

The recommended FY 2027 appropriation is a function of growth in federal spending under Medicare Part D due to increases in drug pricing as well as certain federal policy changes. For example, the federal Inflation Reduction Act of 2022 places a cap on Medicare out-of-pocket prescription drug costs per beneficiary, with the limit set at $2,100 in calendar year 2026, an increase of $100 from 2025 when the cap was first implemented.

Significant Changes/New Programs ($000) (Cont'd)

General Fund, Grants-in-Aid Provider Settlements and Adjustments				Budget Page: D-214	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$120,715	$103,776	$51,775	$49,179	($2,596)	(5.0%)

According to the Office of Management and Budget, the reduction is due to NJ FamilyCare enrollment trends. This budget line reflects appropriations to a variety of unspecified, residual NJ FamilyCare programs that are not allocated to client category-specific Medicaid lines. In the past, the unspecified, residual NJ FamilyCare programs have included some retroactive payments to providers, federally mandated additional Medicaid payments to Federally Qualified Health Centers, and some Medicaid coverage costs.

Federal Funds Health Services Administration and Management				Budget Page: D-214	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$192,170	$189,065	$249,512	$256,750	$7,238	2.9%

Federal Funds General Medical Services				Budget Page: D-214	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$11,879,774	$12,790,941	$15,929,734	$16,759,092	$829,358	5.2%

The anticipated net increase of $836.6 million in federal funds appropriations is associated with the Medicaid/NJ Family Care program. The growth primarily reflects enrollment growth and higher managed care capitation rates across all eligibility groups.

Total NJ FamilyCare costs from all sources are estimated to reach $25.8 billion (9.8 percent increase from revised FY 2026 levels), with a projected 6.9 percent growth in the imputed per-member cost from $13,760 in FY 2026 to $14,712 in FY 2027.

In addition, the department projects a 1.1 percent (20,359 beneficiary) increase in enrollment from 1.83 million in FY 2026 to 1.85 million in FY 2027. The enrollment projections are tempered by the introduction of two new requirements for the Affordable Care Act Expansion eligibility group beginning in January 2027 under the federal "One Big Beautiful Bill Act": a community engagement requirement and the biannual rather than annual redetermination of eligibility. The full effects of these eligibility policy changes, however, will not materialize until FY 2028.

Significant Changes/New Programs ($000) (Cont'd)

All Other Funds Health Services Administration and Management				Budget Page: D-214	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$6,203	$4,898	$6,418	$7,060	$642	10.0%

All Other Funds General Medical Services				Budget Page: D-214	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$2,591,186	$3,113,840	$4,364,592	$4,399,434	$34,842	0.8%

These budget lines represent several dedicated, off-budget revenues that support the NJ FamilyCare program. The aggregate $35.5 million in projected growth is largely composed of the following four countervailing components.

Appropriation Increases

- a $159.9 million increase for NJ FamilyCare expenditures allocated from the dedicated off-budget Health Care Subsidy Fund, up from $1.79 billion in FY 2026 to $1.95 billion in FY 2027. Of this amount, $112.5 million will support Medicaid managed care expenditures and $47.4 million Children's Health Insurance Program expenditures. The Health Care Subsidy Fund receives its revenues from several State taxes, among them the cigarette tax, the HMO Premiums Assessment, and the 0.53 percent Hospital Assessment.

Appropriation Decreases

- a $60.0 million reduction in NJ FamilyCare pharmaceutical manufacturer rebates, from $958.4 million in FY 2026 to $898.4 million in FY 2027. The Executive anticipates increasing the General Fund appropriation under the General Medical Services program classification by $16.4 million to cover the State share of this reduction.

- the non-renewal of a $45.0 million FY 2026 appropriation from the Opioid Recovery and Remediation Fund to the Department of Human Services to provide necessary care and treatment for victims of opioid-related health issues at four hospital systems: Hackensack Meridian Health ($10.0 million), RWJBarnabas Health ($15.0 million), Cooper University Health Care ($15.0 million), and Atlantic Health System ($5.0 million).

- a $19.4 million reduction in revenue anticipated from the Nursing Home Provider Assessment, from $159.4 million in FY 2026 to $140.0 million in FY 2027. This fee, which is assessed at a per resident day rate, is statutorily dedicated to support nursing home programs and to enhance the quality of care for nursing home residents.

Significant Changes/New Programs ($000) (Cont'd)

DIVISION OF AGING SERVICES

General Fund, Direct State Services Special Purpose: Pre-Admission Screening and Resident Review System					Budget Page: D-227
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$0	$0	$0	$3,000	$3,000	N/A

The new appropriation would bring the State's Preadmission Screening and Resident Review system into compliance with federal regulations and would primarily be used for vendor payments. This Division of Aging Services system receives patient referrals from medical and community providers for Medicaid long-term care services and reviews the material to certify patients' clinical and financial eligibility. Federal regulations mandate that this process includes the screening of all applicants for Medicaid-certified nursing facilities for serious mental illness, intellectual disabilities, or related conditions. A 2024 report by the New Jersey Task Force on Long-Term Care Quality and Safety noted that the improper functioning of the system caused the placement of people with mental health disabilities in inappropriate long-term settings.

General Fund, Grants-in-Aid Pharmaceutical Assistance to the Aged and Disabled - Claims					Budget Page: D-227
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$53,267	$34,514	$46,438	$13,869	($32,569)	(70.1%)

The Governor's recommended decrease aligns the FY 2027 program appropriation with expenditure trends. Notably, in FY 2026, the Executive intends to return $24.7 million of the program appropriation to the General Fund at the end of the fiscal year. Accordingly, the proposed FY 2027 State funding level reflects a $7.9 million, or 36.3 percent, decrease over anticipated FY 2026 spending needs.

The steep decline in program costs – despite increases in enrollment – is attributable to the federal Inflation Reduction Act of 2022, which placed a cap on Medicare out-of-pocket prescription drug costs. In 2025, the cap was first implemented at $2,000 per beneficiary and subsequently increased to $2,100 per beneficiary in 2026. This cap reduces the cost to the State of the Pharmaceutical Assistance to the Aged and Disabled (PAAD) program.

The Pharmaceutical Assistance to the Aged and Disabled program provides prescription drug benefits to individuals who are over 65 years of age or disabled, subject to income limitations. In 2026, an individual who does not qualify for the Pharmaceutical Assistance to the Aged program and who has an annual income less than $54,943 if single, or $62,390 if married, meets the income eligibility for the program. Enrollees in the program are required to enroll in a Medicare Part D Prescription Drug Plan. FY 2026 program enrollment totals 144,970.

Significant Changes/New Programs ($000) (Cont'd)

General Fund, Grants-in-Aid Senior Gold Prescription Discount Program				Budget Page: D-227	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$270	$125	$3,574	$3,027	($547)	(15.3%)

The Governor's recommended decrease aligns the appropriation with anticipated FY 2026 spending. Notably, the Executive anticipates returning $606,000 of unspent funds from this account to the General Fund at the end of the current fiscal year.

The recommended FY 2027 appropriation for the Senior Gold Prescription Discount program is composed of $177,000 in expenditures to subsidize prescription drugs for 2,333 expected beneficiaries plus $2.9 million for the administration of all three of the division's pharmaceutical assistance programs.

As with the Pharmaceutical Assistance to the Aged and Disabled (PAAD) program, the decline in program costs – despite increases in enrollment – is attributable to the federal Inflation Reduction Act of 2022, which placed a cap on Medicare out-of-pocket prescription drug costs.

The Senior Gold Prescription Discount program provides prescription drug benefits to individuals who are over 65 years of age or disabled and whose incomes exceed the Pharmaceutical Assistance to the Aged and Disabled (PAAD) program income limitations by no more than $10,000.

General Fund, Grants-in-Aid Pharmaceutical Assistance to the Aged - Claims				Budget Page: D-227	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$250	$130	$256	$404	$148	57.8%

The Governor recommends raising this appropriation in anticipation of enrollment and prescription cost growth. In FY 2027, the Pharmaceutical Assistance to the Aged program is projected to have 6,321 enrollees, or 36.2 percent more than the 4,642 enrollment estimate on which the FY 2026 appropriation was based. Simultaneously, the cost per prescription is expected to grow by 24 percent over the original FY 2026 estimate.

The Pharmaceutical Assistance to the Aged program provides prescription drug benefits to persons over 65 years of age with an annual income below $9,000 if single or $12,000 if married. Prescription drug benefits for eligible seniors above these limits and individuals with disabilities are funded through the Pharmaceutical Assistance to the Aged and Disabled program.

Significant Changes/New Programs ($000) (Cont'd)

General Fund, Grants-in-Aid Senior Wellness Pilot Program					Budget Page: D-227
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$0	$0	$4,000	$0	($4,000)	(100.0%)

The Senior Wellness Pilot Program is a FY 2026 initiative that intends to award grants, up to $250,000 per grantee, to local government or nonprofit entities to implement new initiatives that improve socialization and support the health and well-being of older adults, individuals with disabilities who are homebound, and residents of institutional settings. Grant applications are due on May 1, 2026.

General Fund, Grants-in-Aid Actors Fund Home					Budget Page: D-227
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$0	$0	$1,000	$0	($1,000)	(100.0%)

General Fund, Grants-in-Aid Jewish Federation of Northern New Jersey – Meals on Wheels Program					Budget Page: D-227
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$1,000	$500	$300	$0	($300)	(100.0%)

General Fund, Grants-in-Aid Meals on Wheels of Ocean County					Budget Page: D-227
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$0	$0	$100	$0	($100)	(100.0%)

General Fund, Grants-in-Aid Montclair Gateway to Aging in Place					Budget Page: D-227
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$0	$0	$90	$0	($90)	(100.0%)

The Executive recommends eliminating four appropriations totaling $1.5 million for community-based senior programs that were added to the FY 2026 Appropriations Act by the Legislature. The proposed eliminations align with the Administration's general policy of eliminating or reducing in FY 2027 most appropriations the Legislature added for FY 2026.

Significant Changes/New Programs ($000) (Cont'd)

DIVISION OF DISABILTY SERVICES

General Fund, Direct State Services Services Other Than Personal					Budget Page: D-233
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$268	$332	$269	$469	$200	74.3%

The Division of Disability Services expects to spend more on unspecified contracted services.

General Fund, Direct State Services Special Purpose: Settlements					Budget Page: D-233
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$0	$0	(S) $400	$0	($400)	(100.0%)

The supplemental FY 2026 appropriation supports Division of Disability Service costs associated with a wrongful termination settlement of a former division employee.

General Fund, Grants-in-Aid Personal Assistance Services Program					Budget Page: D-233
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$7,274	$7,375	$6,541	$7,191	$650	9.9%

The proposed increase is due to higher provider wage costs as a result of increases to the State minimum wage, which rose from $15.49 an hour to $15.92 an hour on January 1, 2026 with another increase expected on January 1, 2027.

The Personal Assistance Services Program is a self-directed personal care assistance program designed to support adults with permanent physical disabilities who are employed, preparing for employment through a vocational training program, involved in community volunteer work, or attending school and who do not have access to personal care services by other means.

Significant Changes/New Programs ($000) (Cont'd)

General Fund, Grants-in-Aid New Jersey Association of Centers for Independent Living					Budget Page: D-233	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.		Change FY 2026 – FY 2027	
$3,000	$3,000	$3,000	$0		($3,000)	(100.0%)

This allocation was added to the FY 2026 Appropriations Act by the Legislature. Its elimination aligns with the Governor's general policy of eliminating or reducing in FY 2027 most appropriations the Legislature added for FY 2026. Centers for Independent Living are private, non-profit organizations that work with people with disabilities to advance their independence via information and referral, peer counseling, skills training, advocacy, and a variety of services based on individual needs.

Significant Changes/New Programs ($000) (Cont'd)

DIVISION OF DEVELOPMENT DISABILITIES – DEVELOPMENTAL CENTERS

Federal Funds Residential Care and Habilitation Services					Budget Page: D-236
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$187,858	$193,717	$194,613	$199,937	$5,324	2.7%

Federal Funds Administration and Support Services					Budget Page: D-236
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$40,334	$35,375	$42,504	$49,739	$7,235	17.0%

The Governor anticipates a combined increase of $12.6 million in the use of federal Medicaid cost reimbursements for the State's five developmental centers for individuals with developmental disabilities for FY 2027.

Significant Changes/New Programs ($000) (Cont'd)

DIVISION OF DEVELOPMENT DISABILITIES – COMMUNITY PROGRAMS

General Fund and Casino Revenue Fund, Grants-in-Aid Community Care Program (CCP)						
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.		Change FY 2026 – FY 2027	
A) CCP – Individual Supports (General Fund)						Budget Page: D-239
$381,369	$578,398	$222,535	$324,452		$101,917	45.8%
B) CCP – Individual Supports (Casino Revenue Fund)						Budget Page: D-239
$557,134	$542,590	$961,258	$974,470		$13,212	1.4%
C) CCP – Individual and Family Support Services (General Fund)						Budget Page: D-240
$42,426	$43,668	$43,706	$44,237		$531	1.2%
D) CCP – Employment and Day Services (General Fund)						Budget Page: D-240
$182,756	$188,010	$188,173	$190,461		$2,288	1.2%
TOTAL COMMUNITY CARE PROGRAM (CCP)						
$1,163,685	$1,352,666	$1,415,672	$1,533,620		$117,948	8.3%

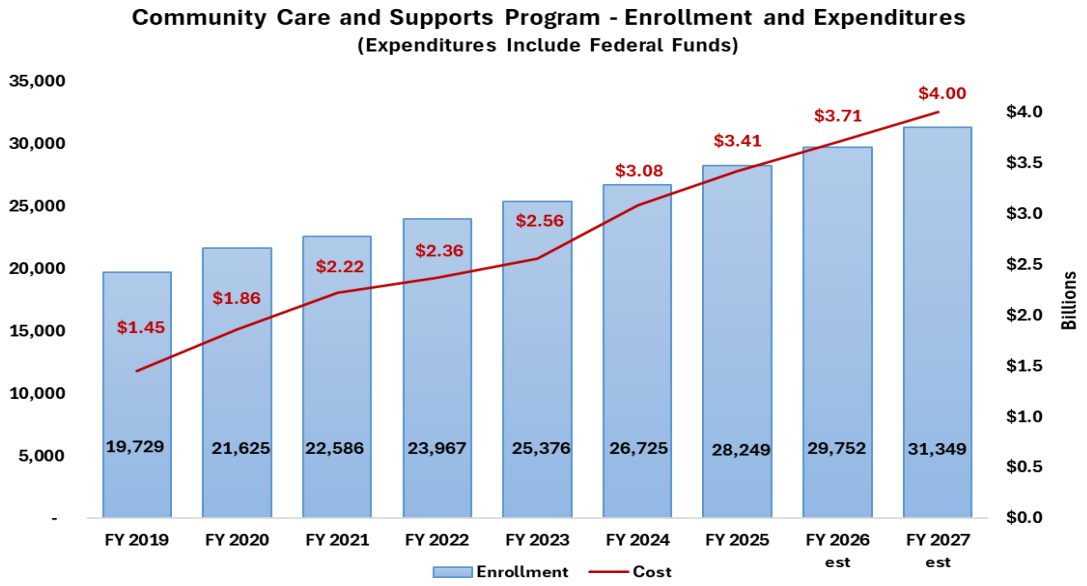
General Fund, Grants-in-Aid Supports Program						
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.		Change FY 2026 – FY 2027	
A) Supports Program – Individual and Family Support Services						Budget Page: D-240
$108,777	$139,267	$179,202	$213,864		$34,662	19.3%
B) Supports Program – Employment and Day Services						Budget Page: D-240
$70,626	$83,673	$114,801	$116,197		$1,396	1.2%
TOTAL SUPPORTS PROGRAM						
$179,403	$222,940	$294,003	$330,061		$36,058	12.3%

TOTAL COMMUNITY CARE AND SUPPORTS PROGRAM						
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.		Change FY 2026 – FY 2027	
$1,343,088	$1,575,606	$1,709,675	$1,863,681		$154,006	9.0%
Less Expected Return of Unneeded FY 2026 Appropriations						
		($7,000)				
TOTAL COMMUNITY CARE AND SUPPORT PROGRAM LESS EXPECTED FY 2026 LAPSE						
$1,343,088	$1,575,606	$1,702,675	$1,863,681		$161,006	9.5%

The combined State funds appropriation for the Community Care Program (CCP) and Supports Program in FY 2027 is recommended to grow by $154.0 million, or $161.0 million if the anticipated return to the General Fund of $7.0 million in surplus appropriations at the end of FY 2026 is included. The recommended $154.0 million increase has two components:

Significant Changes/New Programs ($000) (Cont'd)

1) $144.9 million due to growth in program costs and enrollment driven by the division's long-standing priority to place and support clients within the community.



2) a $9.1 million increase attributed to higher compensation expenditures, partially in response to the annual increases in the State minimum wage. These funds will support direct support professional wages and their supervisors.

The Division of Developmental Disabilities administers two Medicaid waiver programs, the Community Care Program (CCP) and the Supports Program. Through enrollment in one of these programs, individuals can receive home- and community-based services as a function of their assessed needs and individualized budget. The CCP delivers services primarily to clients who live in State-licensed residential facilities, while the Supports Program delivers services primarily to clients who live in unlicensed settings, such as with family members or in their own homes. While these programs share basic eligibility rules, the CCP has additional eligibility criteria, such as the individual must require a level of care needed at an Intermediate Care Facility for Individuals with Intellectual Disabilities.

As a general description of the service categories provided via the Support Program and Community Care Program lines: Individual Supports are services that assist clients with self-care and habilitation-related tasks; Individual and Family Support Services are delivered to individuals who require support to engage in the community; and Employment and Day Services are provided to enrollees to promote independent living skills and employment.

Significant Changes/New Programs ($000) (Cont'd)

General Fund, Direct State Services Special Purpose: RWJBarnabas Health and Woods Integrated Pilot Clinic					Budget Page: D-239
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$0	$0	$500	$0	($500)	(100.0%)

This proposed elimination aligns with the Governor's general FY 2027 policy of eliminating or reducing appropriations for many discretionary programs. Of the FY 2026 appropriation, $250,000 was initially recommended by the Executive, which the Legislature doubled.

Woods Primary and Behavioral Health Center at Hamilton, which opened in December 2025, is an integrated primary care and behavioral health clinic serving individuals with intellectual and developmental disabilities and autism. The clinic is a collaboration between the Woods System of Care, RWJBarnabas Health, and Rutgers Health University Behavioral Health Care.

General Fund, Direct State Services Special Purpose: New Jersey Donated Dental Program					Budget Page: D-239
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$170	$170	$170	$0	($170)	(100.0%)

General Fund, Grants-in-Aid Parents with a Plan					Budget Page: D-240
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$0	$0	$100	$0	($100)	(100.0%)

General Fund, Grants-in-Aid The Arc of Monmouth County					Budget Page: D-240
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$0	$0	$295	$0	($295)	(100.0%)

General Fund, Grants-in-Aid Larc Norcross School Special Needs Adult Program Transportation (P.L.2025, c.404)					Budget Page: D-240
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$0	$0	(S) $1,000	$0	($1,000)	(100.0%)

Significant Changes/New Programs ($000) (Cont'd)

The Executive recommends eliminating four appropriations that the Legislature added in FY 2026, including $170,000 for the State's Donated Dental Program and $1.4 million for community-based programs for individuals with disabilities. The proposed eliminations align with the Administration's general policy of eliminating or reducing in FY 2027 most appropriations the Legislature added for FY 2026.

Federal Funds Community Programs						
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.		Change FY 2026 – FY 2027	
A) Purchased Residential Care						Budget Page: D-240
$1,092,084	$1,181,683	$1,255,975	$1,336,811		$80,836	6.4%
B) Social Supervision and Consultation						Budget Page: D-240
$233,297	$279,506	$321,147	$382,114		$60,967	19.0%
C) Adult Activities						Budget Page: D-240
$168,316	$190,984	$219,711	$223,395		$3,684	1.7%
D) Community Services						Budget Page: D-240
$73,603	$59,079	$59,654	$60,436		$782	1.3%
E) Administration and Support Services						Budget Page: D-240
$34,070	$30,345	$30,205	$30,832		$627	2.1%
TOTAL Federal Funds – Community Programs						
$1,601,370	$1,741,597	$1,886,692	$2,033,588		$146,896	7.8%

Of the cumulative $146.9 million increase in federal funds appropriations to these program classifications in the Division of Developmental Disabilities, the Supports Program accounts for $61.8 million and the Community Care Program for $85.0 million. The increase in anticipated federal Medicaid cost reimbursements is largely in line with anticipated FY 2027 growth in program costs and utilization.

Significant Changes/New Programs ($000) (Cont'd)

COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED

General Fund, Direct State Services Salaries and Wages					Budget Page: D-243
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$8,619	$9,260	$10,780	$11,228	$448	4.2%

The recommended increase is for sixteen new positions, net of delayed hire savings, to support the provision of services offered by the Commission for the Blind and Visually Impaired.

All Other Funds Services for the Blind and Visually Impaired					Budget Page: D-243
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$1,829	$1,168	$1,829	$1,200	($629)	(34.4%)

This reduction aligns the revenue projection with recent collection trends. Collections represent reimbursements received indirectly by the Commission for the Blind and Visually Impaired from the United States Social Security Administration for service costs associated with helping blind and visually impaired beneficiaries eligible for Social Security Disability Income or Supplemental Security Income return to work. Reimbursement is contingent upon eligible beneficiaries achieving Substantial Gainful Activity for at least nine months.

Significant Changes/New Programs ($000) (Cont'd)

DIVISION OF FAMILY DEVELOPMENT

Property Tax Relief Fund, State Aid Supplemental Nutrition Assistance Program Administration – State (PTRF)					Budget Page: D-248
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$28,293	$28,293	$28,293	$89,293	$61,000	215.6%

General Fund Various Accounts within Income Maintenance Management Program Classification					
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
A) Salaries and Wages (Direct State Services)					Budget Page: D-246
$15,850	$17,120	18,723	$20,673	$1,950	10.4%
B) Material and Supplies (Direct State Services)					Budget Page: D-246
$325	$68	$330	$342	$12	3.6%
C) Services Other Than Personal (Direct State Services)					Budget Page: D-247
$4,918	$4,651	$4,944	$5,806	$862	17.4%
D) Maintenance and Fixed Charges (Direct State Services)					Budget Page: D-247
$843	$378	$843	$919	$76	9.0%
E) Electronic Benefit Transfer/Distribution System (Direct State Services, Special Purpose)					Budget Page: D-247
$1,569	$4,142	$6,649	$9,729	$3,080	46.3%
F) Work First New Jersey – Technology Investment (Direct State Services, Special Purpose)					Budget Page: D-247
$11,193	$11,289	$10,489	$13,789	$3,300	31.5%
G) Additions, Improvements and Equipment (Direct State Services)					Budget Page: D-247
$127	$74	$208	$210	$2	1.0%
H) Work First New Jersey – Training Related Expenses (Grants-in-Aid)					Budget Page: D-247
$267	$717	$1,967	$2,177	$210	10.7%
I) Work First New Jersey Support Services (Grants-in-Aid)					Budget Page: D-247
$27,465	$26,460	$26,460	$26,865	$405	1.5%
TOTAL, Various Accounts within Income Maintenance Management Program Classification					
$62,557	$64,899	$70,613	$80,510	$9,897	14.0%

The Executive recommends appropriating an additional $70.9 million in order to cover the increased non-federal share of administrative costs for the Supplemental Nutrition Assistance Program (SNAP) in FY 2027. Currently, the federal government incurs 50 percent of SNAP administrative costs, whereas states and counties cover the remaining 50 percent. Under the federal "One Big Beautiful Bill Act," the federal share of SNAP administrative costs will be reduced to 25 percent as of October 1, 2026, requiring New Jersey and its counties to pay 75 percent of these costs.

Significant Changes/New Programs ($000) (Cont'd)

Of the additional $70.9 million in appropriations, some $9.9 million represents the higher State cost share in the Division of Family Development. The other $61.0 million is recommended to assist county welfare agencies, which serve as the primary eligibility determination entities for the program, to cover the county portion of the increased SNAP administrative costs.

General Fund, Grants-in-Aid Work First New Jersey Child Care					Budget Page: D-247	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.		Change FY 2026 – FY 2027	
$290,852	$518,755	$565,805	$581,805		$16,000	2.8%

Anticipated growth in managed program enrollment accounts for the recommended increase in the General Fund appropriation for the Child Care Assistance Program. In FY 2026, the department capped program participation at 75,000 children and ceased to accept applications in August 2025. Following attrition, the department reopened the program to certain priority families in February 2026 and then to all eligible families in April 2026 until the total census will reach 75,000 children. In conjunction with other funds, the increased appropriation would allow the department to raise the cap to 77,500 participating children in FY 2027.

In FY 2027, the average monthly enrollment in the program is anticipated to increase by 5,178 from 72,316 children in FY 2026 to 77,494 children in FY 2027. The average cost per child per year is projected to decline slightly from $11,935 in FY 2026 to $11,763 in FY 2027.

Child Care Subsidy Program payments are anticipated to total $911.5 million in FY 2027, which would be charged in varying amounts to the State General Fund, federal, and all other funds. This is a $48.5 million increase over the FY 2026 revised estimate.

General Fund, State Aid General Assistance Program						
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.		Change FY 2026 – FY 2027	
A) General Assistance Emergency Assistance Program						Budget Page: D-248
$43,182	$64,145	$52,079 (S) $2,975	$64,369		$9,315	16.9%
B) Payments for Cost of General Assistance						Budget Page: D-248
$34,584	$40,670	$62,153	$58,323		($3,830)	(6.2%)
TOTAL GENERAL ASSISTANCE PROGRAM						
$77,766	$104,815	$117,207	$122,692		$5,485	4.7%

Significant Changes/New Programs ($000) (Cont'd)

The General Assistance program supports extremely low-income individuals without dependent children and is completely State-funded. The Emergency Assistance segment provides emergency cash, rental, and other assistance to individuals who are at imminent risk of homelessness. There is a general 12-month limit for the receipt of emergency assistance benefits, with certain exceptions. The nonemergency cash assistance segment of the program, in turn, provides cash assistance subject to a general 60-month limit for the receipt of benefits, with certain exceptions.

The recommended net increase of $5.5 million for FY 2027 has two components:

- a $6.3 million increase attributed to the year-over-year growth in the number of beneficiaries and the average benefit amounts; and
- an $800,000 reduction in funding for Volunteers of America Delaware Valley through a budget language set-aside that is recommended to be lowered from $2.8 million in FY 2026 to $2.0 million in FY 2027.

General Fund, State Aid Payments for Supplemental Security Income				Budget Page: D-248	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$86,683	$90,168	$95,407 (S) $4,245	$102,283	$2,631	2.6%

The anticipated FY 2026 supplemental appropriation and the recommended increase in FY 2027 reflect projected growth in the number of beneficiaries as well as the average benefit amount in the emergency assistance population. In FY 2027, the Executive anticipates 1,227 recipients receiving emergency assistance at a total cost of $29.3 million. The FY 2026 Appropriations Act anticipated only 1,145 emergency assistance recipients at a cost of $23.3 million.

This account provides a State-funded supplement to the maintenance payments provided under the federal Supplemental Security Income Program. Certain emergency assistance, including legal fees and burial costs, are also delivered. To be eligible for the federal program, an individual must have limited income and resources, and be 65 years of age and older. Individuals of any age who are blind or who have disabilities may also qualify for the payments.

Significant Changes/New Programs ($000) (Cont'd)

General Fund, State Aid State Supplemental Security Income Administrative Fee					Budget Page: D-248
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$32,621	$30,029	$30,665 (S) $363	$29,552	($1,476)	(4.8%)

The State contracts with the federal Social Security Administration to include State supplemental payments with the federal Supplemental Security Income payments. This line funds the service fees charged by the Social Security Administration.

General Fund, Grants-in-Aid City Green, Clifton – Good Food Bucks SNAP Incentive Program					Budget Page: D-247
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$500	$0	$500	$0	($500)	(100.0%)

General Fund, Grants-in-Aid Jewish Family and Children's Services of Northern New Jersey					Budget Page: D-247
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$0	$0	$250	$0	($250)	(100.0%)

General Fund, Grants-in-Aid Mercy Center					Budget Page: D-247
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$0	$0	$200	$0	($200)	(100.0%)

General Fund, Grants-in-Aid The Care Center of New Jersey – Food for HOPE					Budget Page: D-247
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$0	$1,025	$130	$0	($130)	(100.0%)

Significant Changes/New Programs ($000) (Cont'd)

General Fund, Grants-in-Aid Franciscan Community Development Center					Budget Page: D-247
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$0	$0	$150	$0	($150)	(100.0%)

General Fund, Grants-in-Aid Monmouth Day Care Center					Budget Page: D-247
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$25	$0	$100	$0	($100)	(100.0%)

The Executive recommends eliminating six appropriations totaling $1.3 million for community-based programs that were added to the FY 2026 Appropriations Act by the Legislature. The proposed eliminations align with the Administration's general policy of eliminating or reducing in FY 2027 most appropriations the Legislature added for FY 2026.

Significant Changes/New Programs ($000) (Cont'd)

DIVISION OF DEAF AND HARD OF HEARING

General Fund, Direct State Services Services Other Than Personal					Budget Page: D-252
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$166	$44	$40	$127	$87	217.5%

The recommended increase is intended to replace the Division of Deaf and Hard of Hearing's outdated client data and case management platform, which is no longer supported by the Office of Information Technology. In FY 2027, the Executive projects that the division will provide case management services to 700 individuals.

General Fund, Direct State Services Special Purpose: Sign Language Interpreter – Pilot Program					Budget Page: D-252
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$0	$0	$0	$108	$108	N/A

This new appropriation would support a pilot program administered by the Division of the Deaf and Hard of Hearing to provide on-demand sign language interpretation and visual services for State employees.

General Fund, Direct State Services Special Purpose: Language Instruction Program					Budget Page: D-252
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$550	$550	$550	$682	$132	24.0%

The Executive recommends an additional $132,000 to expand support services provided to the families of children participating in the Language Instruction Program and to increase enrollment in the program by an anticipated 40 percent. The program, codified under P.L.2025, c.257, provides language acquisition and development services for deaf, hard of hearing, and deaf-blind children up to the age of five, as well as resources for their families.

Significant Changes/New Programs ($000) (Cont'd)

DIVISION OF MANAGEMENT AND BUDGET

General Fund, Direct State Services Maintenance and Fixed Charges					Budget Page: D-254
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$865	$1,227	$865	$1,199	$334	38.6%

General Fund, Direct State Services Special Purpose: Human Services Police Dispatch					Budget Page: D-254
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$0	$730	$730	$820	$90	12.3%

The Executive recommends a total $424,000 increase for the Human Services Police: $334,000 attributed to increased motor vehicle maintenance costs and Central Motor Pool charges; and $90,000 for dispatch services no longer provided by the State Police.

The Human Services Police protects State facilities operated by the Department of Human Services and the Department of Health, including the State's developmental centers and psychiatric hospitals. In addition, its officers provide escort and intervention services to Department of Children and Families child welfare case workers.

General Fund, Grants-in-Aid Legal Services					Budget Page: D-254
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
$4,500	$4,500	$5,350 (S) $8,200	$5,350	($8,200)	(60.5%)

The $8.2 million FY 2026 supplemental appropriation reflects a language appropriation for legal services for individuals facing detention or deportation based on their immigration status, social services to unaccompanied children living in New Jersey, and other related costs. The language appropriation is recommended to continue in FY 2027.

Significant Language Changes

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

Removes Inoperative Language Requiring Establishment of a System Regarding Use of Unopened and Unexpired Prescription Drugs at Nursing Homes

Deletion

FY 2026 Handbook: p. B-122
FY 2027 Budget: N/A

~~Of the amount hereinabove appropriated for the General Medical Services program classification, the Commissioners of Human Services and Health shall establish a system to utilize unopened and unexpired prescription drugs previously dispensed but not administered to individuals residing in nursing facilities.~~

Explanation

The Executive recommends deleting obsolete language, which requires the establishment of a system for the use of unopened and unexpired prescription drugs previously dispensed but not administered at nursing homes. According to the department, the program was once operational but was later discontinued because of low provider participation.

Extends Use of Certain State Appropriations to Include Close-Out Activities Associated with Enhanced Federal Funding for Home and Community Based Services

Revision

FY 2026 Handbook: p. B-124
FY 2027 Budget: p. D-219

Notwithstanding the provisions of any law or regulation to the contrary, of the amounts appropriated hereinabove to support the State share of Medicaid home and community based services (HCBS), an amount not to exceed the total enhanced federal matching rate provided for such services pursuant to the "American Rescue Plan Act of 2021," Pub. L. 117-2, subject to the approval of the Director of the Division of Budget and Accounting, is appropriated to implement program and rate adjustments that enhance, expand, or strengthen Medicaid HCBS services, as required by federal law and to comply with any close out activities required by Centers for Medicare and Medicaid Services; provided, however, that such program and rate changes shall be determined by the Commissioner of Human Services, subject to the approval of the Director of the Division of Budget and Accounting, and shall be consistent with Initial and Quarterly HCBS Spending Plans as submitted to the Centers for Medicare and Medicaid Services and required by the "American Rescue Plan Act of 2021" and federal regulation.

Significant Language Changes (Cont'd)

Explanation

The Executive recommends allowing the use of the State funds appropriation for home- and community-based services for certain federal COVID-19 grant close-out activities. Specifically, this language relates to the enhanced federal matching funds the State received from April 1, 2021 to March 31, 2022 for Medicaid home- and community-based services under the federal American Rescue Plan Act of 2021. These federal funds had to be used to improve, expand, or strengthen Medicaid home- and community-based services. The State received $529.3 million in enhanced federal matching funds, which had to be expended by March 31, 2026.

Removes Language Associated with Expired Perinatal Episode of Care Pilot Program

Deletion

FY 2026 Handbook: p. B-124
FY 2027 Budget: N/A

~~Notwithstanding the provisions of any law or regulation to the contrary and subject to any required federal approval, in order to implement the perinatal episode of care pilot program established pursuant to P.L.2019, c.86, from the amounts hereinabove appropriated in the General Medical Services program classification, payments may be made to support shared savings initiatives, incentive payments, and other quality and cost improvements, subject to the approval of the Director of the Division of Budget and Accounting.~~

Explanation

The Executive recommends removing language that implemented the Perinatal Episode of Care Pilot Program, which is set to expire at the end of FY 2026. The program allows providers who meet certain quality and cost requirements regarding perinatal care delivered to NJ FamilyCare beneficiaries to become eligible for a financial incentive.

Removes Language as $3.0 Million Appropriation for Increasing Certain NJ FamilyCare Transportation and Mileage Reimbursement Rates Is in FY 2027 Base Appropriations

Deletion

FY 2026 Handbook: p. B-125
FY 2027 Budget: N/A

~~Notwithstanding the provisions of any law or regulation to the contrary, $3,000,000 of the amounts hereinabove appropriated for the General Medical Services program classification shall be used to increase the reimbursement rate for transportation services and mileage to and from a partial care or intensive outpatient services provider.~~

Explanation

The Legislature added $3.0 million to the FY 2026 Appropriations Act to increase FY 2026 Medicaid reimbursement rates for transportation and mileage associated with partial care or intensive outpatient services. This language specified the policy.

Significant Language Changes (Cont'd)

The Governor now recommends deleting the language in FY 2027 because the FY 2026 rate increases are incorporated into the FY 2027 base appropriations.

Effective October 1, 2025, the Division of Medical Assistance and Health Services increased the rate for transportation of Medicaid members to and from partial care programs from $5.00 to $12.17 each way.

Reduces NJ FamilyCare Reimbursement Rate for Assisted Living Programs

Revision **FY 2026 Handbook: p. B-127**
FY 2027 Budget: p. D-221

Notwithstanding the provisions of any law or regulation to the contrary, the amounts hereinabove appropriated to the General Medical Services program classification are subject to the following condition: assisted living facilities, comprehensive personal care homes, and assisted living programs, shall receive a per diem rate of no less than $91.10, $81.10, and ~~$79.10~~ $71.10, respectively, as reimbursement for each NJ FamilyCare beneficiary under their care.

Explanation

The Legislature added $1.0 million to the FY 2026 Appropriations Act to increase the minimum NJ FamilyCare per diem rates from $89.50 to $91.10 for assisted living facilities, from $79.50 to $81.10 for comprehensive personal care homes, and from $69.50 to $79.10 for assisted living programs.

While the Governor recommends retaining last year's increases in the minimum per diem rates for assisted living facilities and comprehensive personal care homes*, the Governor proposes reducing the minimum rate for assisted living programs from $79.10 to $71.10.*

Modifies the State-Directed Payment Program for Acute Care Outpatient Hospital Visits

Revision **FY 2026 Handbook: p. B-126 and B-127**
FY 2027 Budget: p. D-221 and D-222

Notwithstanding the provisions of any law or regulation to the contrary, and subject to any required federal approval, the amounts hereinabove appropriated within the General Medical Services program classification are subject to the following conditions: (1) the Division of Medical Assistance and Health Services shall establish a managed care state directed payment program pursuant to 42 C.F.R. 438.6(c) that provides a supplemental payment for each acute care hospital outpatient visit for which NJ FamilyCare is the primary payer and there is no third-party liability; (2) an outpatient visit is defined as all services billed on a single UB-92, UB-04 or successor claim form related to a singular diagnosis or treatment of services, which did not result in hospitalization; (3) public hospitals shall receive a Medicaid outpatient add-on equal to the difference between the statewide average commercial rate (ACR) and the

Significant Language Changes (Cont'd)

average managed care payment per hospital outpatient visit, except the add-on amount may be adjusted as necessary to obtain federal approval by the Commissioner of Human Services, where (a) the average managed care payment per hospital outpatient visit shall be calculated by dividing the total amount of managed care hospital outpatient payments by the number of visits, calculated on managed care encounter payments for which NJ FamilyCare was the primary payer for calendar year ~~2023~~ 2024, with payment dates between January 1, ~~2023~~ 2024, and ~~June 30, 2024~~ September 30, 2025, (b) the ACR shall be calculated using the ~~2023~~ 2024 audited Acute Care Hospital (ACH) Cost Reports as follows: (i) the ACR numerator equals a hospital's gross revenue from patient care for payers as reported on Form E6, Line 1, Column A, Column B, Column F, and Column I minus prior year allowances and adjustments as reported on Form E6, Line 2, Column A, Column B, Column F, and Column I minus current year allowances as reported on Form E6, Line 3, Column A, Column B, Column F and Column I, (ii) the ACR denominator equals the sum of the hospital's visits as reported on Form B6, Column L, Line 1, Line 2, Line 6 and Line 9, and (iii) the ACR equals the sum of the ACR numerators divided by the sum of the ACR denominators for all hospitals submitting an ACH cost report; (4)(a) the remaining non-public, acute care hospitals shall be ranked by their Relative Medicaid Percentage (RMP) from highest to lowest, which shall be calculated using the ~~2023~~ 2024 audited ACH Cost Reports and shall be calculated as follows: (i) the RMP numerator equals a hospital's gross revenue from patient care as reported on Forms E5 and E6, Line 1, Column D and Column H, (ii) the RMP denominator equals a hospital's gross revenue from patient care as reported on Form E4, Line 1, Column E, (iii) the RMP equals the RMP numerator divided by the RMP denominator for each hospital submitting an ACH cost report, and (iv) for instances where hospitals that have a single Medicare identification number submit a separate ACH Cost Report for each individually licensed hospital, the ACH Cost Report data for those hospitals shall be consolidated to the single Medicare identification number, and (b) the top 15 hospitals ranked with the highest RMPs shall receive an outpatient add-on equal to ~~$225~~ $246.73 per visit, hospitals with an RMP ranking of 16 through 30 shall receive an outpatient add-on equal to ~~$150~~ $164.49 per visit, hospitals with an RMP ranking of 31 through 45 shall receive an outpatient add-on equal to ~~$100~~ $109.66 per visit, and hospitals ranked 46 and lower shall receive an outpatient add-on equal to ~~$50~~ $54.83 per visit; (5) unless it is publicly owned, each acute care hospital shall be ranked by their Relative Charity Care Percentage (RCCP) from highest to lowest, which shall be calculated using the ~~2023~~ 2024 audited ACH Cost Reports, by dividing the amount of hospital-specific gross revenue for charity care patients by the hospital's total gross revenue for all patients, and for instances where hospitals that have a single Medicare identification number submit a separate ACH Cost Report for each individually licensed hospital, the ACH Cost Report data for those hospitals shall be consolidated to the single Medicare identification number, and each ACH shall receive an increase to the add-on calculated in clause 4 above with (i) the top 15 hospitals ranked with the highest RCCP receiving an increase to the add-on equal to 40 percent, (ii) hospitals with an RCCP ranking of 16 through 30 shall receive an increase equal to 20 percent, (iii) hospitals with an RCCP ranking of 31 through 45 shall receive an increase equal to 10 percent of the add-on calculated in clause 4 above, (iv) and hospitals ranked 46 and lower shall receive an increase equal to 5 percent of the add-on calculated in clause 4 above; (6) each of the hospitals located in the ten municipalities in the state containing a hospital that have the lowest median annual household income according to Table S1901 from the ~~2023~~ 2024 American Community Survey (ACS) 5-Yr Estimate ~~Released December 12, 2024~~, shall be ranked from the hospital with the highest hospital-specific reimbursed Medicaid and NJ FamilyCare managed care outpatient hospital services to the hospital with the lowest hospital-specific reimbursed Medicaid and NJ FamilyCare managed care outpatient hospital services,

Significant Language Changes (Cont'd)

as calculated on managed care encounter payments for which NJ FamilyCare was the primary payer for calendar year ~~2023~~ 2024, with payment dates between January 1, ~~2023~~ 2024, and September 30, ~~2024~~ 2025, and the hospital in each of the ten municipalities, with the highest reimbursed Medicaid and NJ FamilyCare managed care outpatient hospital services shall receive a 20 percent increase to their designated tier's add-on payment calculated in clause 4 above, unless such hospital is publicly owned; (7) unless it is publicly-owned, the hospital that provides the highest level of managed care outpatient hospital services, as defined in clause 6 above, in the seven counties with the lowest life expectancy at birth shall receive a 20 percent increase to the add-on calculated in clause 4 above, where life expectancy at birth is based on calendar year ~~2020~~ 2023 New Jersey State Health Assessment Data (NJSHAD); (8) unless it is publicly-owned, a hospital that is among the top ten in terms of RCCP and has operating margins less than or equal to negative 15 percent shall receive an increase of 20 percent to the add-on payment calculated in clause 4 above, where operating margins shall be calculated using calendar year ~~2023~~ 2024 audited ACH cost reports with a numerator of Form L3, Line 34 minus Line 12, and a denominator of Form L3, Line 15 minus Line 12 minus Line 31; (9) hospitals shall receive interim quarterly Medicaid managed care outpatient hospital payments on or about the 30th of the first month of each quarter based on calendar year ~~2023~~ 2024 outpatient visits as calculated above, which shall be reconciled to actual fiscal year utilization in the subsequent State fiscal year's fourth quarter payment using the methodology above, except that the total amount of the per-visit add-on for each hospital may be changed proportionately, as calculated by the Commissioner of Human Services, to ensure that the reconciled payments across all hospitals do not increase the non-federal share reported by the State for State fiscal year ~~2026~~ 2027 to the federal government in its Section 438.6(c) Preprint, where the reconciliation shall be based on managed care encounter payments with service dates between July 1, ~~2025~~ 2026, and June 30, ~~2026~~ 2027, for which NJ FamilyCare was the primary payer and there is no third-party liability, with payment dates between July 1, ~~2025~~ 2026, and September 30, ~~2026~~ 2027, and (10) notwithstanding the provisions of any law or regulation to the contrary and subject to federal approval, the interim payments made in the previous State fiscal year shall be reconciled to actual fiscal year utilization in the fourth quarter payment, which shall be calculated using the methodology in the previous State fiscal year's Appropriations Act, except that the total amount of the per-visit add-on for each hospital may be changed proportionately, as calculated by the Commissioner of Human Services, to ensure that the reconciled payments across all hospitals do not increase the non-federal share of the interim payments made during State fiscal year ~~2025~~ 2026, as reported by the State to the federal government in its Section 438.6(c) Preprint, where the reconciliation shall be based on managed care encounter payments with service dates between July 1, ~~2024~~ 2025, and June 30, ~~2025~~ 2026, for which NJ FamilyCare was the primary payer and there is no third-party liability, with payment dates between July 1, ~~2024~~ 2025, and September 30, ~~2025~~ 2026; and (11) if required federal approvals are not received by the date of the first quarterly payment, the add-on amount for each hospital shall be changed proportionately, as calculated by the Commissioner of Human Services, such that the total interim payments for all hospitals does not exceed the non-federal share reported by the State to the Centers for Medicare and Medicaid Services in its Section 438.6(c) Preprint and that the department shall make quarterly payments based on the non-federal share only, until federal approval is received.

Significant Language Changes (Cont'd)

Explanation

The Executive proposes modifications to the Medicaid state-directed payment program. Under the program, which requires renewed federal approval for FY 2027, the State directs NJ FamilyCare managed care plans to provide hospitals with a supplemental payment for each acute care hospital outpatient visit. The methodology for calculating these payments is set forth in the language and differs for non-public hospitals and public hospitals, with State documents estimating the average payments to non-public hospitals to be $212.55 per outpatient visit in FY 2026 compared to $956.80 per visit for public hospitals.

The Executive proposes increasing the range of add-on payments received by non-public, acute care hospitals from $50 to $225 per visit in FY 2026 to $54.83 to $246.73 per visit in FY 2027. The payments are based on the hospital's ranked "Relative Medicaid Percentage," which is the portion of gross inpatient and outpatient revenue that the hospitals receive from Medicaid. The Executive recommends maintaining FY 2026 language providing four categories of increases to this add-on payment based on various data, including the hospital's Relative Charity Care Percentage ranking, NJ Family Care managed care outpatient services reimbursement ranking, operating margin, and municipal and county location.

The proposed FY 2027 methodology continues the same calculation of add-on payments for public hospitals – University Hospital and New Bridge Medical Center – as specified in FY 2026. For these hospitals the outpatient payment rate is increased to the average statewide rate paid by commercial insurers. The Executive, however, does propose new language in FY 2027 that authorizes the department to adjust this add-on amount as necessary in order to obtain federal approval.

The FY 2027 Budget maintains language authorizing the department to ensure that total add-on payments across all hospitals in both FY 2026 and FY 2027 do not increase the non-federal shares of expenditures for the state-directed payment arrangement as reported within the State's request for federal approval for each year's arrangement. In the State's FY 2026 request, total program costs were estimated at $574.3 million, with $364.8 million from federal funds and $209.4 million from State funds. Of the aggregate amount, $539.3 million is allocated directly to hospital subsidies.

Applicable to New Jersey, the federal "One Big Beautiful Bill Act" limits provider reimbursements under the State-directed payment mechanism to 100 percent of comparable Medicare reimbursement rates. The State is currently above that threshold but is likely to be "grandfathered" until January 1, 2028. At that time, the reimbursement rates must be reduced by 10 percentage points annually until they reach the allowable Medicare-related payment limits.

Significant Language Changes (Cont'd)

Eliminates Mandated Any Willing Provider Policy for NJ FamilyCare Nursing Homes

Deletion

FY 2026 Handbook: p. B-127
FY 2027 Budget: N/A

~~Notwithstanding the provisions of any law or regulation to the contrary, the amounts hereinabove appropriated within the General Medical Services program classification are subject to the following conditions: (1) all Class I (private), Class II (county), and Class III (special care) nursing facilities that are certified Medicaid providers are considered qualified providers to fully participate in all State contracted Managed Care Organization networks; (2) no Managed Care Organization that distributes Medicaid funding shall deny a contract to any willing Medicaid certified Class I (private), Class II (county), and Class III (special care) nursing facility nor shall it deny payment for any new admissions to such facility; and (3) no Class I (private), Class II (county), and Class III (special care) nursing facility shall be denied Medicaid certification except as set forth in federal and State law.~~

Explanation

The Governor proposes eliminating a language provision newly added to the FY 2026 Appropriations Act by the Legislature which reinstated an "Any Willing Provider" policy. Under this policy, Medicaid managed care organization networks are required to include any nursing facility agreeing with the managed care organization's contract terms and conditions. The removal of this language would allow the Department of Human Services to impose quality of care standards on nursing facilities providing services to NJ FamilyCare members.

The Legislature added the FY 2026 language in response to the department's proposed transition from an Any Willing Provider policy to an "Any Willing Qualified Provider" policy. Under that proposed policy, managed care organizations would have contracted with all nursing facilities agreeing to their terms and conditions except if, in two of the three most recent calendar years, a facility was: 1) included on federal Centers for Medicare and Medicaid Services Special Focus Facilities Lists for low- performing nursing homes; 2) cited for certain deficiencies by the federal or State governments; or 3) given a one-star Centers for Medicare and Medicaid Services rating for at least nine of the prior twelve quarters.

Modifies Fee-for-Service Nursing Home Reimbursement Rate

Revision

FY 2026 Handbook: p. B-128 and B-129
FY 2027 Budget: p. D-222 and D-223

Notwithstanding the provisions of N.J.A.C.8:85-1.1 et seq. or any other law or regulation to the contrary, and subject to any required federal approval, the amounts hereinabove appropriated within the General Medical Services program classification are subject to the following conditions: (1) Class I (private), Class II (county), and Class III (special care) nursing facilities being paid on a fee-for-service basis shall be reimbursed at a per diem rate no less

Significant Language Changes (Cont'd)

than the rate received on June 30, ~~2025~~ 2026, minus the first provider tax add-on and any performance add-on amounts, subject to the condition that Class III (special care) facilities shall be reimbursed the greater of this rate or $450 per diem, and that Class III (special care) nursing facilities licensed pursuant to a Certificate of Need to operate a traumatic brain injury unit as of July 1, 2023, shall be reimbursed the greater of this rate or at a base per diem reimbursement rate that is $400 above the special care nursing facility's base per diem reimbursement rate as of June 30, 2022 and that Class III (special care) nursing facilities licensed pursuant to a Certificate of Need to operate a neurologically impaired young adult unit as of July 1, 2024 shall be reimbursed, at a minimum, the greater of the special care nursing facility's FY 2024 base per diem rate or $853.50 per diem except for those defined as a special care nursing facility pursuant to P.L. 2025, c.206; (2) nursing facilities that are being paid by a Managed Care Organization (MCO) for custodial care through a provider contract that includes a negotiated rate shall receive that negotiated rate; (3) any Class I and Class III nursing facility that is being paid by an MCO for custodial care through a provider contract but has not yet negotiated a rate shall receive the equivalent fee-for-service per diem reimbursement rate as it received on June 30, ~~2025~~ 2026, minus the first provider tax add-on and any performance add-on amounts, and any Class II nursing facility that is being paid by an MCO for custodial care through a provider contract but has not yet negotiated a rate shall receive the equivalent fee-for-service per diem reimbursement rate as it received on June 30, ~~2025~~ 2026, minus any performance add-on amounts, had it been a Class I nursing facility; (4) monies designated pursuant to subsection c. of section 6 of P.L.2003, c.105 (C.26:2H-97) for distribution to nursing facilities, less the portion of those funds to be paid as pass-through payments in accordance with paragraph (1) of subsection d. of section 6 of P.L.2003, c.105 (C.26:2H-97) and less the actual amounts expended during fiscal year 2022 on performance add-ons and expenditures to establish a minimum per diem of $188.35, shall be combined with amounts hereinabove appropriated for the General Medical Services program classification for the purpose of calculating NJ FamilyCare reimbursements for nursing facilities; (5) for the purposes of this paragraph, a nursing facility's per diem reimbursement rate or negotiated rate shall not include, if the nursing facility is eligible for reimbursement, the difference between the full calculated provider tax add-on and the quality-of-care portion of the provider tax add-on, which difference shall be payable as an allowable cost pursuant to subsection d. of section 6 of P.L.2003, c.105 (C.26:2H-97); (6) the ~~Director of the Division of Taxation in the Department of the Treasury, in consultation with the Commissioner of the Department of Human Services, shall ensure that the full statutorily authorized amount set forth in section 5 of P.L.2003, c.105 (C.26:2H-96) is collected and notwithstanding paragraph (1) of subsection d. of section 6 of P.L.2003, c.105 (C.26:2H-97), the provider tax~~ first add-on ~~payable as an allowable cost shall be determined by the Commissioner of the Department of Human Services and~~ as calculated in clause 4 above shall be applied to both MCO and fee-for-service per diem reimbursement rates effective July 1, ~~2025 through June 30,~~ 2026; (7) each Class I, Class II, and Class III nursing facility that has, no later than the deadline established by the Commissioner of Human Services, submitted to the Department of Human Services (DHS) the DHS Fiscal Year ~~2026~~ 2027 CoreQ Long-Stay Survey Sample Size Calculation Grid with affirmative answers, as defined by the department, CoreQ vendor intent, and completion of the CoreQ Long-Stay Survey sample size calculation and, if eligible for CoreQ, no later than the deadline established by the Commissioner of Human Services, submitted demographics to the CoreQ vendor to initiate the CoreQ survey process, and, in the most recently completed calendar ~~years~~ year, has not been included on the Centers for Medicare and Medicaid Services (CMS) Special Focus Facility Lists A, C or D at least once, or been cited by the Department of Health for two or more Level G or higher federal deficiencies

Significant Language Changes (Cont'd)

or similar equivalent licensing violations, or received an overall one-star rating by CMS (a) shall receive a performance add-on of ~~$3.00~~ $2.50 for each of the following CMS nursing home long stay quality measures where the nursing facility has not failed to report data for any of the reporting periods ~~Q4 2023, Q1 2024, Q 2024, and Q3 2024~~ Q4 2024, Q1 2025, Q2 2025, and Q3 2025, and the simple average of the quarters, as calculated by the department with available data, is at or below the lower of the New Jersey or national average, as calculated by CMS, for the percentage of long-stay residents who are losing too much weight and high risk residents with a pressure ulcer, (b) shall receive a performance add-on of ~~$3.00~~ $2.50 for the following CMS nursing home long stay quality measure where the nursing facility has not failed to report data for any of the reporting periods ~~Q3 2023, Q4 2023, Q1 2024 and Q2 2024~~ Q3 2024, Q4 2024, Q1 2025 and Q2 2025, and the simple average of the quarters, as calculated by the department with available data, is at or below the lower of the New Jersey or national average, as calculated by CMS, for the number of hospitalizations per 1,000 long-stay resident days, (c) shall receive a performance add-on of ~~$3.00~~ $2.50 if the nursing facility has been deemed eligible to participate in the CoreQ survey process as determined by the department and received a composite score of 85 percent or greater, as calculated by the DHS vendor, on the CoreQ Resident and Family Experience Survey for the fiscal year ~~2026~~ 2027 survey period, (d) shall receive a performance add-on of ~~$4.50~~ $5.25 for the following CMS staff measure where the nursing facility has not failed to report data for any of the reporting periods ~~Q4 2023, Q1 2024, Q 2024, and Q3 2024~~ Q4 2025, Q1 2025, Q2 2025, and Q3 2025 and the simple average of the quarters, as calculated by the department with the available data, is at or below 30 percent, as calculated by CMS, for the percentage of total nursing staff that are no longer employed at the facility, (e) shall receive a performance add-on of ~~$4.50~~ $5.25 for the following CMS staff measure where the nursing facility has not failed to report data for any of the reporting periods ~~Q4 2023, Q1 2024, Q 2024, and Q3 2024~~ Q4 2024, Q1 2025, Q2 2025, and Q3 2025 and the simple average of the quarters, as calculated by the department with the available data, is at or above the New Jersey average and below 4.1 hours per resident day, as calculated by CMS, for the total nurse staffing hours adjusted per resident day, (f) shall receive a performance add-on of ~~$6.75~~ $7.50 for the following CMS staff measure where the nursing facility has not failed to report data for any of the reporting periods ~~Q4 2023, Q1 2024, Q 2024, and Q3 2024~~ Q4 2024, Q1 2025, Q2 2025, and Q3 2025 and the simple average of the quarters, as calculated by the department with the available data, is at or above 4.1 hours per resident day, as calculated by CMS, for the total nurse staffing hours adjusted per resident day, and (g) shall receive a performance add-on of ~~$1.25~~ $2.00 for the following CMS staff measures where the nursing facility has not failed to report any data for any of the reporting periods ~~Q4 2022, Q1 2023, Q2 2023, Q3 2023, Q4 2023, Q1 2024, Q2 2024, and Q3 2024~~ Q4 2023, Q1 2024, Q2 2024, Q3 2024, Q4 2024, Q1 2025, Q2 2025, and Q3 2025 and the simple average of ~~Q4 2023, Q1 2024, Q 2024, and Q3 2024~~ Q4 2024, Q1 2025, Q2 2025, and Q3 2025, as calculated by the department using available data, is equal to or greater than 100.5 percent of the simple average of ~~Q4 2022, Q1 2023, Q2 2023, and Q3 2023~~ Q4 2023, Q1 2024, Q2 2024, and Q3 2024, as calculated by the department using available data, and is at or above 3.6 hours per resident day and below 4.1 hours per resident day, as calculated by CMS, for total nurse staffing hours adjusted per resident day; (8) each nursing facility shall be eligible to receive a per diem adjustment that shall be calculated based upon an additional ~~$3,600,000 in State and $3,600,000 in federal appropriations, except that if the department promulgates regulations implementing a new rate setting methodology in the current fiscal year, nursing facilities shall be reimbursed in accordance with that rate setting methodology, plus the performance add-ons defined above, subject to the approval of the Director of the Division of Budget and Accounting; and (9) within 30 days~~

Significant Language Changes (Cont'd)

~~of setting nursing facility Medicaid reimbursement rates based upon Medicaid cost reports submitted by nursing homes, the Commissioner of Human Services shall report to the Legislature on the differential between the average per diem nursing home Medicaid rate and the average per diem cost of providing nursing home care to Medicaid beneficiaries~~ $1,800,000 in State and $1,800,000 in federal appropriations.

Explanation

This language provision sets forth the requirements for NJ FamilyCare reimbursement of nursing facility services when paid on a fee-for-service basis, rather than through managed care. Generally, daily per-capita reimbursement rates differ from facility to facility. Each nursing home's daily per-capita rate has three elements: 1) a base rate that is equal to the rate received on the last day of the previous fiscal year; 2) a provider tax add-on; and 3) a performance add-on under the so-called Quality Incentive Payment Program that is based on certain quality and performance metrics.

The FY 2027 Governor's Budget maintains the formula used in FY 2026 with several recommended modifications:

- *Provides an additional $3.6 million in FY 2027 funding, $1.8 million in State funds and $1.8 million of federal funds, to adjust each nursing home's base per diem rate above the rate received on June 30, 2026 due to higher direct care employee compensation following the increase in the State minimum wage for such employees from $18.49 per hour to $18.92 per hour on January 1, 2026 with another cost-of-living adjustment anticipated starting on January 1, 2027. The FY 2026 Appropriations Act provided $7.2 million, $3.6 million in State funds and $3.6 million of federal funds, for rate increases;*

- *Modifies each performance metric's add-on amount. In so doing, aggregate add-on payments for the three performance metrics focused on health outcomes of long-stay residents and patient satisfaction of short-stay residents will decrease from $9.00 per diem in FY 2026 to $7.50 per diem in FY 2027. Alternatively, aggregate add-on payments for the four performance metrics focused on nursing staff retention and rising direct care hours will increase from $17.00 per diem in FY 2026 to $20.00 per diem in FY 2027. If a nursing home were to satisfy all applicable performance metrics in FY 2027, at the highest per diem amount, its performance add-on would rise from $26.00 in FY 2026 to $27.50 in FY 2027;*

- *Removes a provision added to the FY 2026 Appropriations Act by the Legislature, which directed the Department of the Treasury to increase the nursing home provider assessment to equal the full statutorily authorized rate of six percent of nursing homes' aggregate amount of annual revenues. The change was not implemented because the federal "One Big Beautiful Bill Act" prohibits states from establishing or increasing Medicaid provider taxes beyond rates imposed as of July 4, 2025. Meeting the deadline was unrealistic because the nursing home provider assessment rate increase required prior Centers for Medicare and Medicaid Services approval;*

Significant Language Changes (Cont'd)

- *Creates a carve out for special care nursing facilities. Pursuant to P.L.2025, c.206, the reimbursement rate for these facilities is required to be equal to the facility's FY 2022 rate or $1,100, whichever is greater; and*

- *Updates the source data for metrics used in the formula.*

Provides Unlimited Supplemental Appropriation Authority to Support Special Education Medicaid Initiative and Medicaid Administrative Claiming Programs

Revision **FY 2026 Handbook: p. E-1**
FY 2027 Budget: p. F-3

16. The administrative costs of the Special Education Medicaid Initiative ~~(SEMI)~~ ("SEMI") ~~(~~("SEMI~~)~~") and the Medicaid Administrative Claiming ~~(MAC program)~~ ("MAC") programs, including the participation of a consultant, are appropriated ~~and shall be paid~~ from the revenue received, subject to the approval of the Director of the Division of Budget and Accounting. In the event that revenues received from the SEMI and the MAC programs are insufficient to pay the administrative costs, there are appropriated such amounts for these purposes as recommended by the State Treasurer, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The Executive requests unlimited supplemental appropriation authority without additional legislative approval from the General Fund to support the administrative costs of the Special Education Medicaid Initiative and the Medicaid Administrative Claiming Programs, if insufficient revenue is received from the programs. The administrative costs are historically charged to revenue received from the programs.

These programs are school-based federal Medicaid reimbursement programs administered jointly by the Departments of the Treasury, Education, and Human Services as well as a contracted vendor – currently the Public Consulting Group. The Department of Human Services claims a participating school's costs associated with providing health-related services to Medicaid-eligible students in their special education programs for federal Medicaid cost reimbursements. The federal share of allowable expenditures is then shared between the State and the school district. The Department of Human Services anticipates the receipt of $18.6 million in revenue under these school-based programs in FY 2027, some $7.7 million below FY 2026.

Significant Language Changes (Cont'd)

Increase in Maximum Appropriation for Medicaid Program from Dedicated, Off-Budget Health Care Subsidy Fund

Revision

FY 2026 Handbook: p. E-7
FY 2027 Budget: p. F-9

82. Notwithstanding the provisions of section 8 of P.L.1992, c.160 (C.26:2H-18.58) or any other law or regulation to the contrary, an amount not to exceed ~~$1,499,521,000~~ $1,536,047,000 as determined by the Director of the Division of Budget and Accounting, is appropriated from the Health Care Subsidy Fund to the Division of Medical Assistance and Health Services to fund Medical Coverage - Title XIX Parents and Children in the General Medical Services program classification.

Explanation

The Governor recommends increasing by $36.5 million – from $1.50 billion in FY 2026 to $1.54 billion in FY 2027 -- the maximum appropriation from the dedicated, off-budget Health Care Subsidy Fund for the Medicaid component of the NJ FamilyCare program. The increased appropriation is facilitated by anticipated net growth in Health Care Subsidy Fund revenue collections.

Discontinues $45.0 Million Appropriation from Opioid Recovery and Remediation Fund to Certain Hospitals for Opioid-Related Care and Treatment Services

Deletion

FY 2026 Handbook: p. E-10
FY 2027 Budget: N/A

~~111. Notwithstanding the provisions of any law or regulation to the contrary, of amounts received by the State pursuant to settlement agreements with opioid manufacturers and distributors and on deposit in the Opioid Recovery and Remediation Fund, $45 million is appropriated to the Department of Human Services, Division of Medical Assistance and Health Services, for distribution as follows for the purpose of providing necessary care and treatment for victims of opioid-related health issues: $10 million to Hackensack, $15 million to RWJ Barnabas, $15 million to Cooper, and $5 million to Atlantic Health. All activities funded pursuant to this paragraph shall be consistent with the terms and conditions of the relevant settlement agreements and may include eligible administrative costs to the extent authorized by those agreements. Consistent with CMS guidelines and subject to any required federal approval, amounts appropriated pursuant to this paragraph may be utilized by the Division of Medical Assistance and Health Services to maximize federal Medicaid funds.~~

Explanation

The Governor recommends discontinuing in FY 2027 a $45.0 million appropriation from the dedicated, off-budget Opioid Recovery and Remediation Fund to four hospital systems to provide care and treatment services for individuals with opioid-related health issues: RWJBarnabas Health ($15.0 million), Cooper University Health Care ($15.0 million), Hackensack Meridian Health ($10.0 million), and Atlantic Health System ($5.0 million).

Significant Language Changes (Cont'd)

The Opioid Recovery and Remediation Fund is the repository of the State's share of settlement payments from producers and distributors of opioid-based pharmaceuticals related to their alleged liability for the nationwide opioid epidemic. As of April 29, 2026, the fund received $277.4 million in abatement funds, with approximately $116.7 million of these funds unexpended. The State and local governments expect to receive over $1.1 billion in settlement payments through 2038.

Significant Language Changes (Cont'd)

DIVISION OF AGING SERVICES

Removes Language Related to Eliminated Senior Wellness Pilot Program Appropriation

Deletion

FY 2026 Handbook: p. B-133
FY 2027 Budget: N/A

~~The amount hereinabove appropriated for the Senior Wellness Pilot Program is subject to the following conditions: the Commissioner of Human Services shall develop a competitive grant program to fund local government units and nonprofit organizations implementing initiatives that improve socialization and support the health and wellbeing of older adults, and homebound individuals, subject to the approval of the Director of the Division of Budget and Accounting.~~

Explanation

The Governor recommends eliminating the $4.0 million appropriation for the Senior Wellness Pilot Program, thereby obviating the need for this associated language provision that directed the use of the funding. The new FY 2026 initiative intends to award grants, up to $250,000 per grantee, to local government or nonprofit entities to implement new initiatives that improve socialization and support the health and well-being of older adults, individuals with disabilities who are homebound, and residents of institutional settings. Grant applications are due on May 1, 2026.

Significant Language Changes (Cont'd)

DIVISION OF DEVELOPMENTAL DISABILITES

Removes Language Related to Eliminated Appropriation for New Jersey Association for Centers for Independent Living

Deletion

FY 2026 Handbook: p. B-136
FY 2027 Budget: N/A

~~Notwithstanding the provisions of any law or regulation to the contrary, of the amount hereinabove appropriated for New Jersey Association of Centers for Independent Living, an amount not to exceed $500,000 shall be allocated to the Centers in amounts to be determined by the Director of the Division of Disability Services for purpose of providing case management services to individuals and supporting the costs of data collection and reporting required by the Division of Disability Services.~~

Explanation

Aligning with the general policy of eliminating or reducing in FY 2027 most appropriations the Legislature added for FY 2026, the FY 2027 Governor's Budget proposes eliminating a $3.0 million appropriation for the New Jersey Association of Centers for Independent Living. Rendered obsolete by the proposed non-renewal of funding, this associated language set aside $500,000 of the FY 2026 appropriation for case management services provided by these centers and to help the centers comply with data collection and reporting requirements by the Division of Disability Services.

Centers for Independent Living are non-profit organizations that work with people with disabilities to advance their independence via information and referral, peer counseling, skills training, advocacy and a variety of other services based on individual needs.

Significant Language Changes (Cont'd)

DIVISION OF FAMILY DEVELOPMENT

Modifies Prioritization of Child Care Assistance Program Admittances in Event of Insufficient Funds

Revision

FY 2026 Handbook: p. B-144
FY 2027 Budget: p. D-249

Notwithstanding the provisions of section 2 of P.L.1993, c.46 (C.30:5B-31) or any other law or regulation to the contrary, of the amounts hereinabove appropriated for Work First New Jersey Child Care and for the avoidance of doubt, the Commissioner of Human Services, in consultation with the Division of Family Development, is authorized to pause or terminate acceptance of applications for child care assistance in the event that projected program expenditures exceed the amount hereinabove appropriated for Work First New Jersey Child Care, subject to the approval of the Director of the Division of Budget and Accounting; provided, however, that in the event that sufficient funding is determined to be available, applications received during the time period that enrollment is reopened, as determined by the ~~Director of the Division of Family Development~~ Commissioner of Human Services, shall be prioritized ~~in the following order: (1)~~ for families at or below 100% of the federal poverty level~~; (2)~~, Temporary Assistance for Needy Families children~~; (3)~~, children under the auspices of Child Protective Services~~; (4)~~, children with special needs/disabilities, and ~~(5) all other~~ children experiencing homelessness, as well as any other category of prioritization as may be determined by the Commissioner of Human Services.

Explanation

It is the current policy of the Department of Human Services to cap the number of children enrolled in the Child Care Assistance Program at 75,000, which cap is to increase to 77,500 in FY 2027. This language provision outlines the process for determining priority among program applicants whenever enrollment is reopened.

In FY 2026, the language ranked the different priority groups absent any discretion. In addition to newly extending priority status to children experiencing homelessness, the modified FY 2027 language would grant the department flexibility in assigning priority by replacing a strict cascading order of priority with a single large, adjustable priority group. Specifically, priority status would be granted to children living in households at or below 100 percent of federal poverty levels, Temporary Assistance for Needy Families children, children under the auspices of Child Protective Services, children with special needs and disabilities, children experiencing homelessness, and any other population as the department may determine.

The Child Care Subsidy Program assists lower-income families with paying for a portion of child care costs when they are working, participating in training programs, or enrolled in school.

Significant Language Changes (Cont'd)

Eliminates Carry Forward Authority for Depleted Thriving By Three Appropriation

Deletion

FY 2026 Handbook: p. B-144
FY 2027 Budget: N/A

~~The unexpended balance at the end of the preceding fiscal year in the Thriving By Three Act (P.L.2022, c.25) account is appropriated for the same purpose, subject to the approval of the Director of the Division of Budget and Accounting.~~

Explanation

The Governor recommends the deletion of a language provision carrying forward into the next fiscal year any unexpended balances remaining at the end of current fiscal year in the Thriving By Three Act (P.L.2022, c.25) account. The FY 2023 Appropriations Act provided a one-time appropriation of $20.0 million for the implementation of the grant program, which was designed to support the creation of infant and toddler slots in day care centers. The appropriation is depleted, rendering the carryforward language obsolete.

Acknowledges Recent Federal Restrictions on "Heat and Eat" Eligibility

Revision

FY 2026 Handbook: p. B-144
FY 2027 Budget: p. D-249 and D-250

Notwithstanding the provisions of any law, rule or regulation to the contrary, every household in the State with a member that is elderly or disabled that is eligible to receive benefits under the Supplemental Nutrition Assistance Program (SNAP) established pursuant to the "Food and Nutrition Act of 2008," Pub.L.110-246 (7 U.S.C. s.2011 et seq.) shall receive a minimum annual energy assistance payment of $21 in order to qualify the household for a heating and cooling standard utility allowance under SNAP, in accordance with 7 U.S.C. s.2014(e)(6)(C)~~,~~ unless a standard utility allowance would have been unavailable to the household under the State and federal criteria for SNAP and any applicable energy assistance programs that were in place as of July 1, 2013.

Explanation

The recommended modification incorporates the new federal restrictions on eligibility for "heat and eat" benefits in accordance with the federal "One Big Beautiful Bill Act" and effective since July 4, 2025. Previously, any household receiving Supplemental Nutrition Assistance Program (SNAP) benefits qualified for a federal heating and cooling standard utility allowance under SNAP when the household's State government provided a minimum annual energy assistance payment of $21 to the household. The federal allowance is now only available to any such household containing an elderly or disabled member. The Executive estimates that 41,000 households will no longer receive the annual $21 benefit in FY 2027 under the language revision. The FY 2027 Governor's Budget recommends $3.3 million, equal to FY 2026 levels, for the Utility Assistance Payment account, which supports the $21 energy assistance payments.

Significant Language Changes (Cont'd)

Decreases Minimum Allocation to Volunteers of America Delaware Valley for Enhanced Navigation and Coordination of Housing and Homeless Services

Revision

FY 2026 Handbook: p. B-146
FY 2027 Budget: p. D-251

From the amount appropriated hereinabove for Payments for Cost of General Assistance, the commissioner shall allocate not less than ~~$2,800,000~~ $2,000,000 to Volunteers of America Delaware Valley to provide enhanced navigation and coordination of housing and homeless services in locations to include but not limited to Camden and Atlantic counties.

Explanation

The FY 2027 Governor's Budget recommends reducing by $800,000 -- from $2.8 million in FY 2026 to $2.0 million in FY 2027 -- the minimum appropriation to Volunteers of America Delaware Valley for enhanced navigation and coordination of housing and homeless services. This recommendation is consistent with the general and broad-based policy of eliminating or reducing funding for many discretionary programs.

The language carves the allocation out of the Payments for Cost of General Assistance account. The General Assistance program supports extremely low-income individuals without dependent children and is completely State-funded. In FY 2027, the Executive recommends reducing the Payments for Cost of General Assistance account by $3.8 million from $62.2 million in FY 2026 to $58.3 million in FY 2027.

Budget Brief: NJ FamilyCare Overview

Budget Pages .... D-210 through D-223

NJ FamilyCare combines two federal health insurance programs for low-income individuals — Medicaid and the Children's Health Insurance Program (CHIP) — into a unified source of health coverage. This brief summarizes the Governor's FY 2027 budget proposal and key program trends for NJ FamilyCare's general medical and long-term care services, which are administered by the Division of Medical Assistance and Health Services in the Department of Human Services.[i]

BUDGET SNAPSHOT

The FY 2027 Governor's Budget recommends for the NJ FamilyCare program in FY 2027…

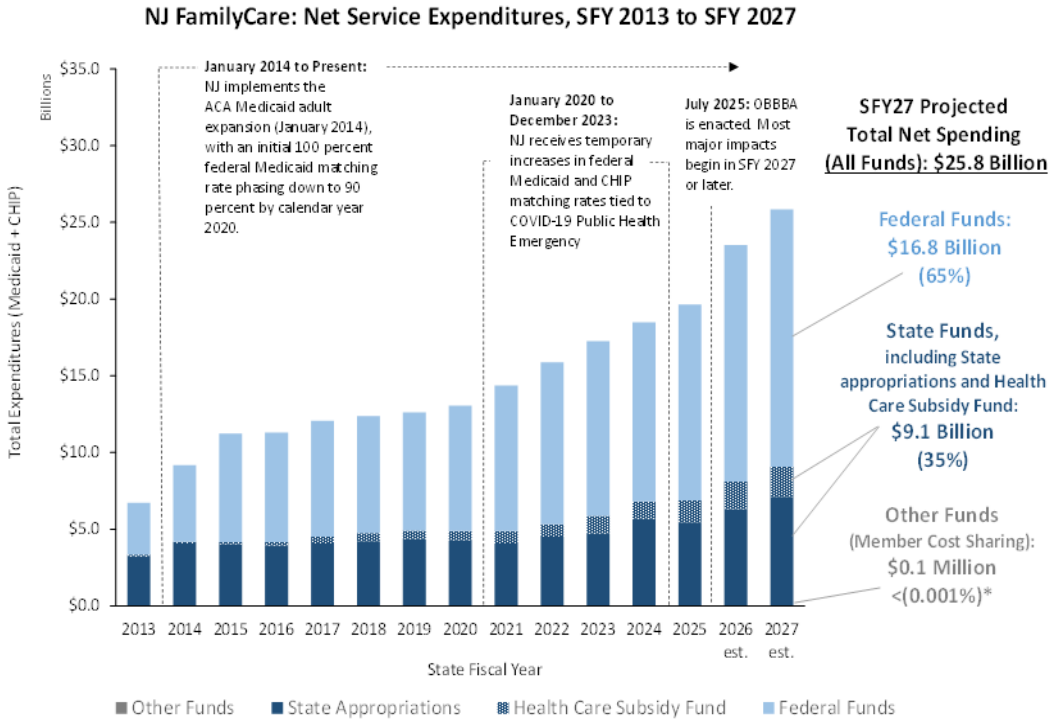
- **$25.8 billion in net service expenditures (after applying certain offsetting resources),** which are supported by roughly:
  - $7.1 billion in State appropriations and $16.8 billion in federal funds
  - $2.0 billion in dedicated funds from the State's off-budget Health Care Subsidy Fund
- **$357.7 million in administrative expenditures,** supported by State appropriations ($93.9 million), federal funds ($256.8 million), and the Health Care Subsidy Fund ($7.1 million).
- **Net growth of $793.9 million in FY 2027 State appropriations over current FY 2026 funding levels, driven by underlying increases that reflect:**
  - Rate increases in the general "acute care" managed care program: $399.9 million for higher per-member per-month rates in FY 2027 plus a one-time $35.6 million payment for certain higher-than-anticipated FY 2026 costs
  - Enrollment trends: $201.4 million net increase due to combined NJ FamilyCare enrollment trends, primarily driven by growth among long-term care populations
  - "One Big Beautiful Bill Act" implementation: $10.5 million for administrative and vendor costs largely stemming from new federal Medicaid eligibility policies
  - Other costs: a total of $295.6 million from federal law and policy changes, certain reduced resources, and increases in provider rates and Medicare cost-sharing
- **And offsetting reductions within the $793.9 million net growth driven by:**
  - Shifting additional costs to the Health Care Subsidy Fund: a $112.5 million decrease
  - New federal limits on immigrant and retroactive eligibility: $14.8 million in decrease
  - Managed Long Term Services and Supports rate reductions: a $21.8 million decrease

More details regarding the Executive's FY 2027 recommendations for NJ FamilyCare spending are provided in this OLS Analysis's *Significant Changes/New Programs* section.

Budget Brief: NJ FamilyCare Overview (Cont'd)

THE "ONE BIG BEAUTIFUL BILL ACT" WILL SIGNIFICANTLY AFFECT NJ FAMILYCARE

The federal government and the State jointly fund NJ FamilyCare's services and administration. The State's share generally ranges from 10 to 50 percent depending on the specific member category, service category, or administrative activity involved. In all, the State is projected to fund 35 percent of net service costs in FY 2027. Federal Medicaid and CHIP reimbursements provide nearly all remaining funding, as shown below:



Source: NJ FamilyCare evaluation data from annual Governor's Budgets, FY 2016 through FY 2027.
* "Other funds" includes budgeted revenue from WorkAbility premiums but excludes other cost-sharing factored into net program expenditures, such as NJ FamilyCare copayments received from households of children in higher-income eligibility groups.

The federal "One Big Beautiful Bill Act," enacted in July 2025, will significantly affect NJ FamilyCare's spending and revenue, although FY 2027 impacts are only projected to be relatively moderate. For example, the Executive anticipates the following FY 2027 impacts on NJ FamilyCare's net service costs due to the law:

- *Reduced federal funding for "emergency-only" coverage* of certain adults ineligible for coverage due to immigration status, as of October 2026 ($34.6 million in State costs)[ii]
- *Temporary increase in Medicare's Physician Fee Schedule,* causing increases in Medicaid physician rates tied to Medicare rates during calendar year 2026 ($2.1 million in State costs)
- *Eligibility restrictions for certain lawfully present immigrants* ($13.1 million in State savings)
- *Reductions in Medicaid's retroactive coverage period* for qualifying medical expenses, beginning in January 2027 ($1.7 million in State savings)

Budget Brief: NJ FamilyCare Overview (Cont'd)

FEDERAL ELIGIBILITY CHANGES ARE EXPECTED TO HAVE MAJOR PROGRAM IMPACTS

NJ FamilyCare covers a range of low-income individuals, including children, older adults and individuals with disabilities, pregnant individuals, and non-disabled adults — primarily childless adults and parents enrolled in the State's Affordable Care Act (ACA) Medicaid expansion.

Under the federal "One Big Beautiful Bill Act," three new Medicaid eligibility policies are expected to have major long-term impacts on NJ FamilyCare's enrollment and spending:

1. *Elimination of Medicaid eligibility for certain lawfully present immigrants* such as refugees, asylees, and victims of domestic violence and trafficking, effective October 2026.

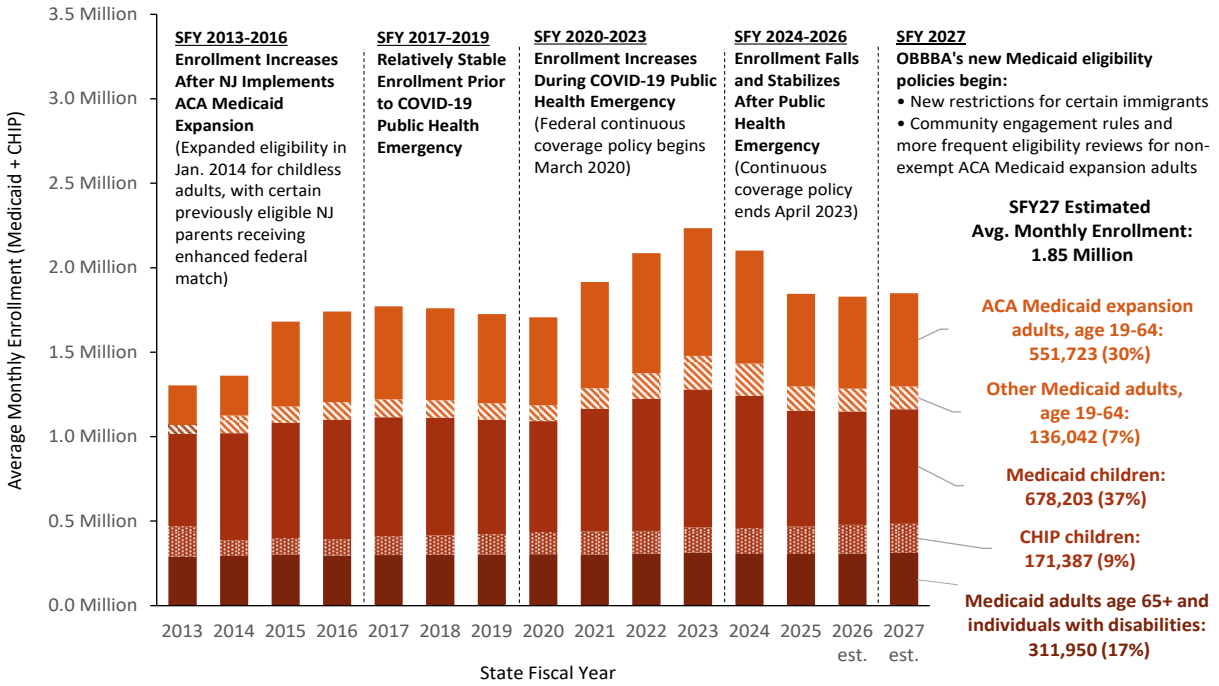
2. *Community engagement rules:* beginning in January 2027, ACA Medicaid expansion adults must complete 80 hours per month of work, education, or volunteering, with exemptions for "medically frail" individuals, parents of children age 13 and under, and other groups.

3. *More frequent eligibility reviews:* also beginning in January 2027, ACA expansion enrollees' eligibility must be reviewed at least once every six months instead of every 12 months.

The FY 2027 Governor's Budget assumes $10.5 million in new State costs tied to implementing these new eligibility rules and $13.1 million in State savings from immigrant disenrollments.

The Executive also projects modest (1.2 percent) enrollment growth in FY 2027 among ACA expansion adults primarily affected by the new eligibility policies, as displayed below.[iii] However, the Department of Human Services expects significant disenrollments in future years.

NJ FamilyCare: Total Enrollment, Disaggregated by Eligibility Category, SFY 2013 to SFY 2027



Budget Brief: NJ FamilyCare Overview (Cont'd)

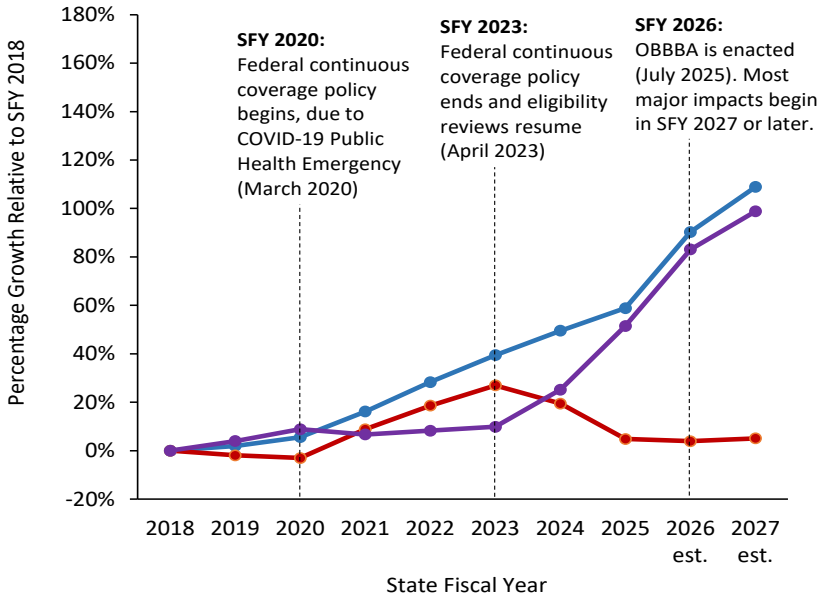
HIGHER PER-ENROLLEE SPENDING APPEARS TO DRIVE FY 2027 SPENDING GROWTH

The Governor's Budget projects $25.8 billion in net service expenditures for NJ FamilyCare during FY 2027, increasing roughly 10 percent from current FY 2026 estimates.

NJ FamilyCare's projected spending growth in FY 2027 is predominantly associated with higher per-enrollee health care spending rather than significant increases in enrollment:

- The Governor's Budget projects nine percent growth in average net per-enrollee service spending between FY 2026 and FY 2027, but just one percent growth in overall enrollment.
- Multiple factors have contributed to recent growth in NJ FamilyCare's per-enrollee health spending, such as:[iv]
  - "Evolving medical needs" and "rising health care costs" anticipated in FY 2027, according to the Governor's Budget in Brief.
  - Lower enrollment of lower-cost individuals after COVID-19-related continuous coverage ended in FY 2023, with remaining members having greater health needs.
  - Growth in State and federal spending on Medicaid supplemental payments to providers, such as the Medicaid Access to Physician Services (MAPS) program, the County Option Hospital Fee program, and the outpatient hospital state-directed payment program.
- The chart below shows the percentage growth in net service expenditures, enrollment, and net per-enrollee spending since FY 2018, two years prior to the COVID-19 pandemic.

NJ FamilyCare: Percentage Growth in Net Service Expenditures, Enrollment, and Per-Enrollee Spending Since SFY 2018



SFY 2027 (Governor's Budget Estimate):

$25.8 Billion in Net Service Expenditures
(10% growth from SFY 2026, 109% growth from SFY 2018)

$13,970 in Per-Enrollee Spending
(9% growth from SFY 2026, 99% growth from SFY 2018)

1.85 Million in Total Enrollment
(1% growth from SFY 2026, 5% growth from SFY 2018)

Source: NJ FamilyCare evaluation data from annual Governor's Budgets, FY 2021 through FY 2027

Budget Brief: NJ FamilyCare Overview (Cont'd)

MANAGED CARE PAYMENTS ARE THE LARGEST SHARE OF NJ FAMILYCARE SPENDING

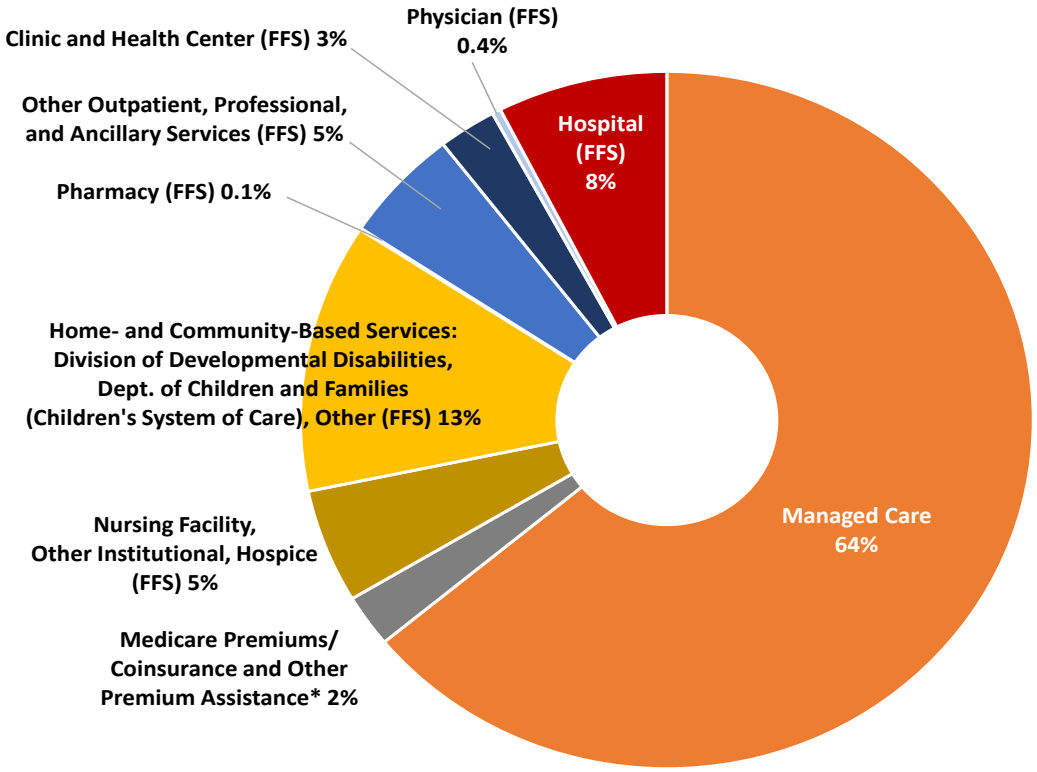
Payments to managed care organizations will continue to drive most of NJ FamilyCare's annual costs in FY 2027. These organizations provide most health care services to NJ FamilyCare members in exchange for a per-member, per-month "capitation payment" from the State.

- **About 95 percent of NJ FamilyCare members were enrolled in managed care as of January 2026.** The remaining members either received services on a fee-for-service basis, with providers reimbursed directly by the State, or were enrolled in the optional Program of All-inclusive Care for the Elderly (PACE) for Medicare-eligible members.

- **Managed care payments represented nearly two-thirds of New Jersey's Medicaid and CHIP spending across all State agencies during federal fiscal year 2024 (October 2023 to September 2024),** as shown below and based on the most recent federal data available.[v]

- Although managed care payments are budgeted entirely within the Division of Medical Assistance and Health Services, the remaining data below capture fee-for-service expenditures budgeted within that division and all other State agencies and divisions, such as the Division of Developmental Disabilities within the Department of Human Services, the Department of Children and Families, and the Department of Health.

New Jersey's Medicaid and CHIP Gross Service Expenditures, by Category, Federal Fiscal Year 2024 — Fee-For-Service (FFS) and Managed Care
(Includes federally reimbursable Medicaid and CHIP expenditures across all State agencies)



Source: OLS analysis of CMS-64 and CMS-21 Medicaid and CHIP data covering fee-for-service (FFS) and managed care expenditures.

Expenditures include total federal and non-federal expenditures for FFY24.

Expenditures also include adjustments for managed care and fee-for-service drug rebates and exclude State administrative costs and offsetting collections from third-party liability, estate, and other recoveries totaling $814 million in FFY24.

* Other Premium Assistance (non-Medicare) represented 0.002% of expenditures in FFY24.

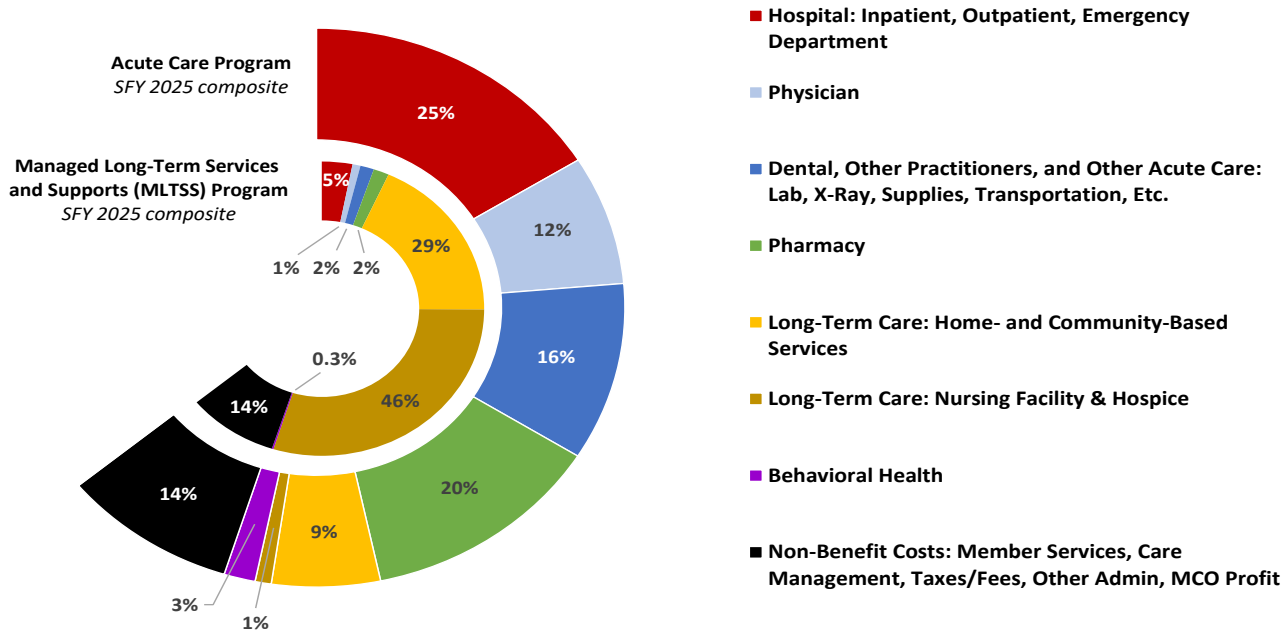
Budget Brief: NJ FamilyCare Overview (Cont'd)

HOSPITAL, PHARMACY, AND LONG-TERM CARE SERVICES DRIVE MOST MANAGED CARE COSTS

Most NJ FamilyCare members are enrolled in the *"acute care" managed care program*, while the *Managed Long Term Services and Supports (MLTSS) program* enrolls members with substantial long-term care needs and pays higher per-member per-month rates to managed care plans.[vi]

- **The Governor's Budget recommends changes in FY 2027 State appropriations that reflect the costs of per-member, per month capitation rates paid in each managed care program:**
  - A $399.9 million increase for higher "acute care" managed care rates, plus $35.6 million for a one-time payment due to higher-than-expected FY 2026 medical costs.
  - A $21.8 million decrease tied to lower MLTSS managed care rates, due to actuarial adjustments and decreases in average health needs across the enrolled population.
  - Other recommended changes in State appropriations reflect additional factors driving managed care costs, including enrollment trends and provider payment increases.
- **Hospital and pharmacy services typically generate the largest "acute care" program costs, while nursing facility services and home- and community-based long-term care generate the largest MLTSS costs.** The chart below shows these patterns by displaying the projected distribution of FY 2025 per-member per-month managed care costs by service category.[vii]

NJ FamilyCare Managed Care: Projected Distribution of State Fiscal Year 2025 Costs, by Service Category



Source: OLS calculations based on NJ FamilyCare's SFY25 Acute Care capitation rate certification reports (weighted composite, versions 1-3) and SFY25 MLTSS capitation rate certification reports (weighted composite, versions 1-3), as submitted to the federal Centers for Medicare and Medicaid Services.

Budget Brief: NJ FamilyCare Overview (Cont'd)

PRESCRIPTION DRUGS AND COMMUNITY-BASED LONG-TERM CARE SHOW THE LARGEST PROJECTED GROWTH IN PER-UNIT COSTS FOR FY 2027

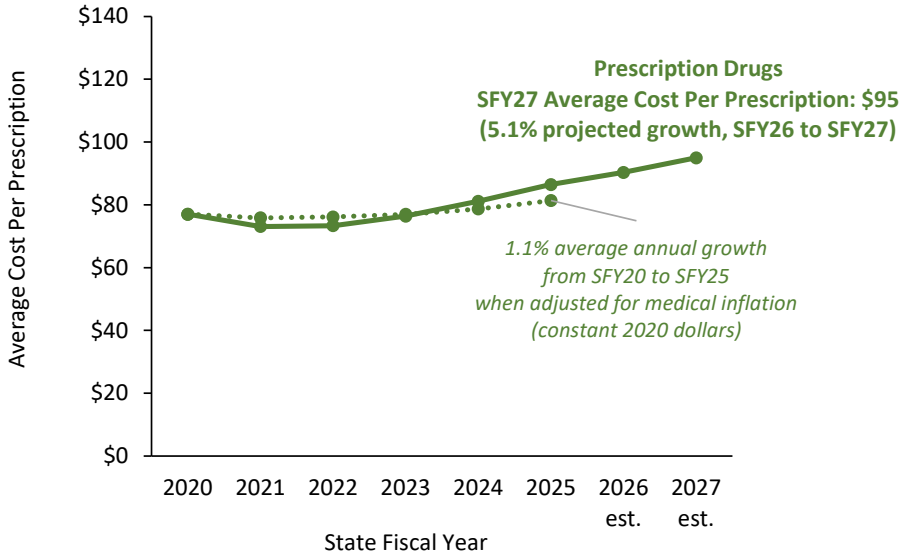
The charts below display trends in average per-unit costs for selected service categories within NJ FamilyCare, as reported by the FY 2027 Governor's Budget and previous budget documents. Each chart compares actual trends in per-unit spending with spending trends and average annual growth rates that include adjustments for medical inflation.[viii]

These charts show the following projected trends:

- ***Prescription drugs and community-based long-term care:*** each category's per-unit costs in FY 2027 are projected to grow well above previous inflation-adjusted average growth rates.

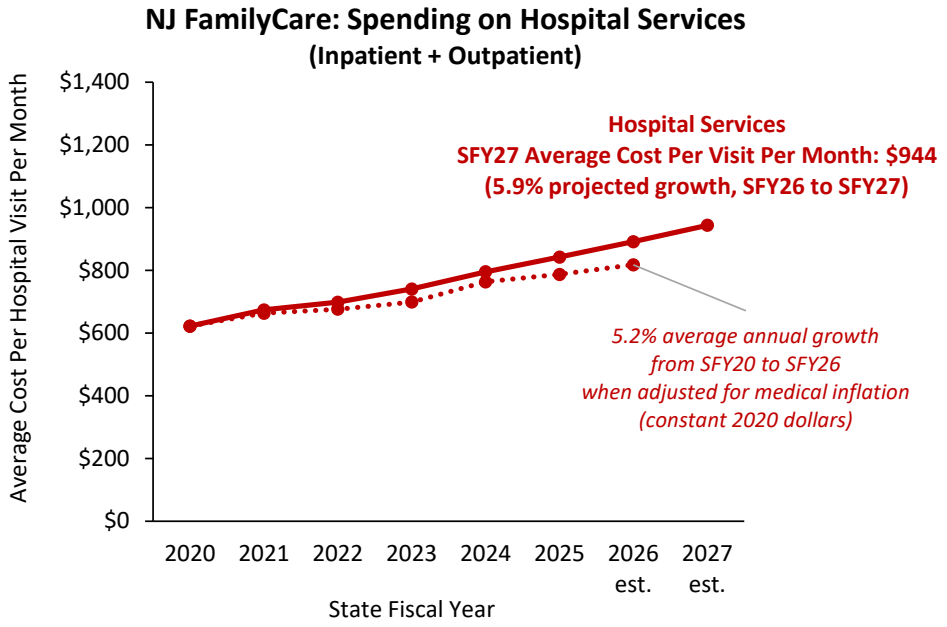
- ***Hospital services:*** costs per visit per month are also projected to grow in FY 2027, but at a more moderate rate above previous inflation-adjusted average growth.
-
- ***Nursing home services:*** costs per client per month are projected to remain nearly flat in FY 2027, which is well *below* previous inflation-adjusted average growth.

NJ FamilyCare: Spending on Prescription Drugs

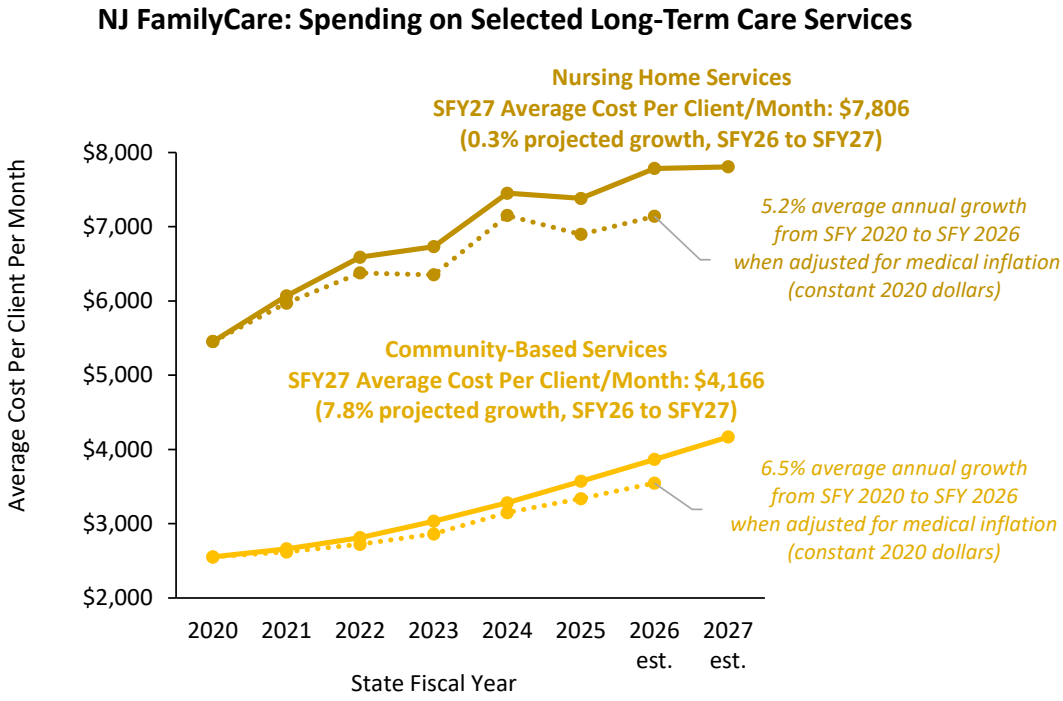


Source: NJ FamilyCare evaluation data from annual Governor's Budgets, FY 2023 through FY 2027; OLS calculations of inflation-adjusted trends, based on CPI-U for medical care commodities.

Budget Brief: NJ FamilyCare Overview (Cont'd)



Source: NJ FamilyCare evaluation data from annual Governor's Budgets, FY 2023 through FY 2027; OLS calculations of inflation-adjusted trends, based on CPI-U for medical care.



Sources: NJ FamilyCare evaluation data from annual Governor's Budgets, FY 2023 through FY 2027; OLS calculations of inflation-adjusted trends, based on CPI-U for medical care.

Budget Brief: NJ FamilyCare Overview (Cont'd)

[i] The $25.8 billion in NJ FamilyCare's total net service expenditures and associated subtotals referenced throughout this Budget Brief are drawn from evaluation data within the FY 2027 Governor's Budget and previous Governor's Budgets, as applicable. The Executive has adjusted these amounts to include certain offsetting resources (such as drug manufacturer rebates) and exclude certain intergovernmental and other dedicated funds. Total program funding may be represented differently in other appropriations and expenditure data within the Governor's Budget and other sections of this OLS analysis.

[ii] NJ FamilyCare's Affordable Care Act Medicaid expansion includes childless adults and certain parents with household incomes up to 138 percent of the federal poverty level, whom the State elected to cover under the federal Affordable Care Act (ACA). This federal funding reduction reflects a decrease in the federal Medicaid matching rate, from 90 percent to 50 percent, for federally required "emergency-services-only" Medicaid coverage of emergency medical treatment that is provided to adults who would be eligible for NJ FamilyCare's ACA expansion except for their immigration status.

[iii] Data sources for this chart include: for FY 2014 through FY 2027, NJ FamilyCare evaluation data from annual Governor's Budgets; for FY 2013, OLS calculations based on evaluation data from the FY 2013 Governor's Budget combined with monthly enrollment reports from the Division of Medical Assistance and Health Services. The displayed categories of Medicaid and CHIP children are primarily age 0-18, although these categories include certain enrollees age 19-21 prior to transitions into adult categories. "Medicaid children" includes: children eligible for Medicaid under Title XIX of the Social Security Act; certain children eligible under the CHIP Medicaid expansion ("M-CHIP") program financed under Title XXI of the Social Security Act; and children under supervision of the Department of Children and Families.

[iv] Information regarding these drivers of spending growth was drawn from the Executive's budget documents, the department's responses to previous OLS Discussion Points, NJ FamilyCare's federal managed care rate certification reports produced by the State's actuary, federal documentation of state-directed payment arrangements, and other sources.

[v] Although the Executive does not routinely publish complete views of NJ FamilyCare expenditures by service category, these data are derived from aggregated CMS-64 and CMS-21 reports published by the federal Centers for Medicare and Medicaid Services, which collects detailed, quarterly Medicaid and CHIP expenditure data from all states as part of the federal reimbursement process. These data capture expenditures within the Division of Medical Assistance and Health Services as well as other Department of Human Services divisions (primarily the Division of Developmental Disabilities), the Department of Children and Families (primarily the Children's System of Care), the Department of Health, and other State agencies as applicable.

[vi] The Managed Long Term Services and Supports program is available to enrollees who are clinically determined to require a nursing facility level-of-care.

[vii] Notably, these data do not reflect the fully annualized costs of certain NJ FamilyCare outpatient behavioral health services that were shifted from fee-for-service reimbursement into managed care during the last six months of FY 2025.

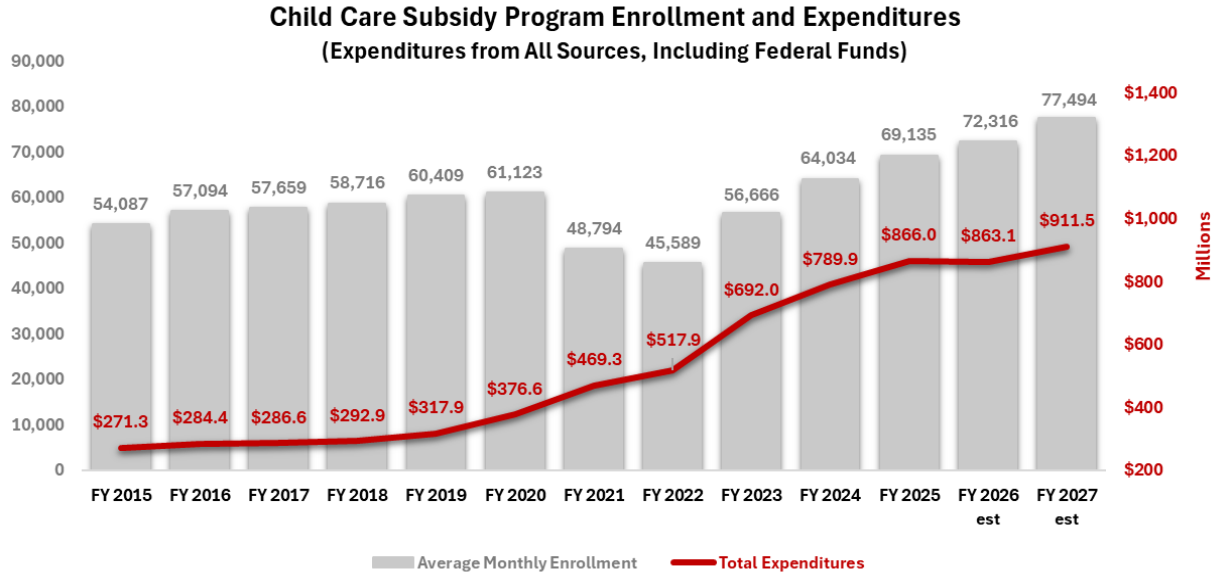
[viii] For the applicable charts below, OLS calculated inflation-adjusted spending trends by applying the average of the Consumer Price Index for All Urban Consumers (CPI-U) for *medical care* (in the hospital, nursing home, and community-based long-term care trends) and for *medical care commodities* (in the prescription drug trends) from the U.S. Bureau of Labor Statistics' CPI data for Northeast urban areas, not seasonally adjusted.

Budget Brief: Child Care Subsidy Program – Cost Control Measures after Rapid Pandemic Expenditure Growth

Budget Pages .... D-246 through D-249

When COVID-19 and the pandemic-related restrictions on daily life caused child care center enrollment to plunge, the Child Care Subsidy Program became the primary vehicle for the State to support the child care industry, using federal pandemic assistance. Once the restrictions were lifted, child care enrollment gradually recovered. The industry support, however, remained in place with State funds backfilling the temporary federal assistance.

Concerns about the program's financial sustainability led to the recent introduction of two cost control measures. First, in August 2024, family copayments were reinstituted. In FY 2026, the department then capped program participation at 75,000 children and ceased to accept applications in August 2025. Following attrition, the department reopened the program to certain priority families in February 2026 and then to all eligible families in April 2026 until the total census will reach 75,000 children. The FY 2027 Governor's Budget proposes appropriating an additional $16.0 million from the General Fund to the program, which – in conjunction with other funds - would allow for the raising of the cap to 77,500 participating children in FY 2027.



General Background on Child Care Subsidy Program

The Division of Family Development administers the Child Care Subsidy Program, which assists lower-income families by paying a portion of their child care expenses. This subsidy program is funded through the federal Child Care Development Fund, the federal Temporary Assistance for Needy Families program, and State appropriations.

Subsidies for child care include preschool instruction, after school programs, and summer youth camps for children up to the age of 13, and care for children and teens with special needs. To be eligible, an applicant must be a New Jersey resident; meet income requirements and not have assets that exceed $1 million; and be working full-time, attending school full-time, participating in job training, or a combination of these activities. Depending on family size and income, participants may be required to contribute to the cost of care.

Budget Brief: Child Care Subsidy Program – Cost Control Measures after Rapid Pandemic Expenditure Growth (Cont'd)

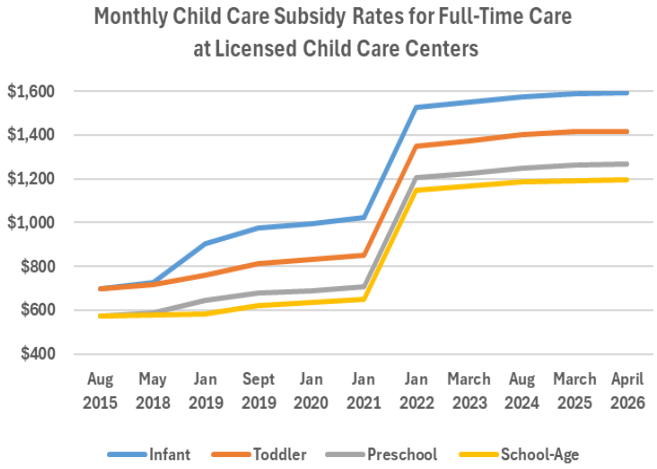
Moderate Program Expenditure and Enrollment Growth from FY 2015 to FY 2019

From FY 2015 to FY 2019, the Child Care Subsidy Program experienced moderate growth in enrollment and expenditures. In FY 2019, expenditures equaled $317.9 million, or 17.2 percent, over the FY 2015 level, with an annualized growth rate of 4.0 percent. Similarly, enrollment in FY 2019 was 11.7 percent higher than in FY 2015, having grown at an annualized rate of 2.8 percent. Because of rate increases in May 2018 and January 2019, program expenditure growth outpaced enrollment growth in FY 2019.

Erratic Enrollment and Significant Increase in Program Expenditures from FY 2019 to FY 2024

Between FY 2019 and FY 2024, the program's total expenditures rose by 148.5 percent, from $317.9 million in FY 2019 to $789.9 million in FY 2024, primarily due to rate increases and temporary child care industry support from the federal government during the COVID-19 pandemic when enrollment plummeted.

Pre-COVID Rate Increases: The Division of Family Development periodically increases provider rates under the Child Care Subsidy Program. After an increase in August of 2014, subsidy rates were not augmented again until May 2018. In total, between May 2018 and January 2020, rates were augmented on four separate occasions (May 2018, January 2019, September 2019, and January 2020). Depending on the age of the child, rates rose by a low of 10.6 percent (school-aged children) to a high of 43.0 percent (infants) over that period.



Pandemic Rate Increases: Rates then soared during the COVID-19 pandemic after the federal government provided substantial financial assistance to the State to stabilize the child care industry. Notably, from January 2021 to January 2022, rates increased by $500 per month, per full-time child, or between 50.3 percent and 78.8 percent depending on the child's age. During this same period, the per-month, per part-time child rate also increased by $250. A portion of these significant rate increases ($300 for full-time children and $150 for part-time children) were initially implemented as temporary family differential payments to providers using federal COVID-19 assistance funds.

Federal COVID-19 Assistance for Child Care Centers: Starting in March 2020, the Division of Family Development received about $1.22 billion in additional federal COVID-19 pandemic funding to support the child care industry via the Child Care Subsidy Program. This assistance funded most of the initial spike in program costs.

Budget Brief: Child Care Subsidy Program – Cost Control Measures after Rapid Pandemic Expenditure Growth (Cont'd)

The federal support was provided as child care centers experienced many challenges during the pandemic, with plummeting enrollment a main concern regarding financial viability. Specifically, from FY 2020 to FY 2022, the effects of the COVID-19 pandemic caused enrollment in the Child Care Subsidy Program to decline by over 15,000 (25.4 percent). Despite a significant recovery in FY 2023, program enrollment exceeded pre-pandemic levels for the first time only in FY 2024.

With a portion of the extraordinary federal funding the division administered three policies aimed at supporting families and providers participating in the Child Care Subsidy Program: the aforementioned monthly supplemental payment to providers of $300 for full-time care slots and of $150 for part-time care slots (the so-called family differential payment); the provision of enrollment-based, rather than attendance-based, payments to child care providers; and a co-payment waiver for families. As federal pandemic assistance was expended, certain costs for these policies began to shift to State funds in FY 2024.

FY 2025 to Present: Cost Growth Slows as State Backfills Federal Funds and Controls Cost

Starting in FY 2025, federal COVID-19 assistance no longer supported the Child Care Subsidy Program. Additionally, in FY 2025, two COVID-era policies, the monthly supplemental payment to providers and the implementation of enrollment-based payment policy, were fully integrated into the program with State funds backfilling the depleted federal pandemic assistance. The third policy, the suspension of family copayments, was lifted in August of 2024.

Since a high point in FY 2023, both expenditure and enrollment growth have slowed due to the waning impacts of the pandemic and the introduction of cost control measures. First, in August 2024, family copayments were reinstituted. In FY 2026, the department then capped program participation at 75,000 children and ceased to accept applications on August 1, 2025. Following attrition, the department reopened the program to certain priority families in February 2026 and then to all eligible families in April 2026 until the total census will reach 75,000 children. Accordingly, FY 2026 program expenditures are projected to decrease by 0.3 percent relative to FY 2025, albeit with modest growth in enrollment.

Rates of Growth - Child Care Subsidy Program					
	FY 2023	FY 2024	FY 2025	FY 2026 Est.	FY 2027 Est.
Expenditures	33.6%	14.2%	9.6%	-0.3%	5.6%
Enrollment	24.3%	13.0%	8.0%	4.6%	7.2%

The FY 2027 Governor's Budget anticipates a return to more typical trend growth for both expenditures and enrollment. The recommended FY 2027 State-budgeted appropriation for the Child Care Subsidy Program is $581.8 million, an increase of $16.0 million over FY 2026. The increase is attributed to the raising of the enrollment cap to 77,500 participating children. Specifically, the Executive estimates that enrollment will increase in FY 2027 to an average of 77,494 children per month, or 7.2 percent growth over FY 2026 levels. The per-capita subsidy in FY 2027, however, remains relatively stable at $11,763 per child, or $172 less compared to the FY 2026 amount of $11,935. The FY 2027 Governor's Budget anticipates Child Care Subsidy Program funding from all other sources to grow by $48.5 million, or 5.6 percent.

Budget Brief: Increased State and County Cost Shares for Supplemental Nutrition Assistance Program (SNAP)

Budget Pages .... D-244 to D-251

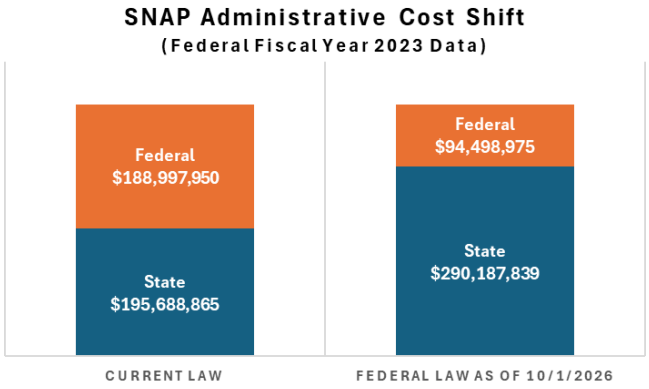
The federal "One Big Beautiful Bill Act" of 2025 reduced the federal share of states' costs of administering the Supplemental Nutrition Assistance Program (SNAP) starting on October 1, 2026. In addition, the federal law induces states to improve the administration of the program by shifting a portion of the costs of SNAP benefits to states that make erroneous benefit payments to ineligible program participants above certain acceptability thresholds. Any shift of a portion of SNAP benefit costs to states could occur as early as October 1, 2027, or in FY 2028.

SNAP is a nutrition assistance program for low-income households regulated by the United States Department of Agriculture and administered on a State level by the county welfare agencies under the supervision of the department's Division of Family Development.

SNAP Administrative Cost Share Shift

Currently, the federal government reimburses states for 50 percent of the costs the State and county governments incur in administering the Supplemental Nutrition Assistance Program, subject to certain adjustments. As of October 1, 2026, however, the federal government will reduce its cost share to 25 percent.

In federal fiscal year 2023, the most recent year for which federal data are available, this new policy would have shifted $94.5 million in SNAP administrative costs from the federal government to State and county resources.



The FY 2027 Governor's Budget recommends an additional $70.9 million in State appropriations to cover these new SNAP administrative costs for the pertinent three-quarters of FY 2027. Of this amount, $61.0 million would be allocated as State Aid to county welfare agencies. The total proposed FY 2027 appropriation to support county government SNAP administrative activities is $89.5 million compared to the FY 2026 level of $28.5 million. The Executive has indicated that the additional recommended county funding in FY 2027 is intended to be temporary at that level to help ease the transition to the new federal cost-sharing formula.

The remainder of the recommended $70.9 million FY 2027 appropriation increase, or $9.9 million, would support higher SNAP administrative costs incurred by the Division of Family Development, as the State-level administering entity for the program.

Budget Brief: Increased State and County Cost Shares for Supplemental Nutrition Assistance Program (SNAP) (Cont'd)

Potential SNAP Benefit Cost Share Shift

Currently, the federal government pays for the entirety of SNAP benefits. As of October 1, 2027, however, that could change depending on each state's individual circumstances, as states with a SNAP payment error rate of six percent or more will have to begin contributing to the cost of their SNAP benefits. An extension will apply to states with adjusted error rates (actual error rate multiplied by 1.5) of 20 percent or more in either federal FY 2025 or federal FY 2026 in recognition of the significant effort these states are assumed to have to deploy to bring their error rates below six percent. The extension for implementation will be October 1, 2028 for federal fiscal year 2025 performance and October 1, 2029 for federal fiscal year 2026 performance.

State SNAP Payment Error Rate	State SNAP Benefit Cost Share Increase from 0 Percent
Up to 5.99 Percent	None
6.00 - 7.99 Percent	5 Percent
8.00 - 9.99 Percent	10 Percent
10 Percent and Over	15 Percent

New Jersey last had a SNAP payment error rate under six percent in federal FY 2017 with the rate peaking at 35.70 percent in federal FY 2023. The Department of Human Services has cited a federal policy change in quality control reviews, first implemented in federal FY 2022 but not reflected in the State's payment error rate until the following year due to the interaction with certain pandemic-related flexibilities, as a source of the State's soaring payment error rate. Under the new policy, a quality control reviewer automatically deems a household to be wholly ineligible for SNAP benefits when procedural deficiencies are identified. As a result, all benefits issued to the household since their last complete certification, or required report, are considered overpayments that the household must repay. Prior to this federal policy, a reviewer was authorized to correct any procedural deficiencies. Other states, however, did not see similar spikes in their federal FFY 2023 error rates.

In federal FY 2024, New Jersey's payment error rate declined significantly to 14.33 percent. The federal FY 2025 payment error rates will not be released until June 2026.

New Jersey SNAP Payment Error Rates							
Federal FY 2017	Federal FY 2018	Federal FY 2019	Federal FY 2020	Federal FY 2021	Federal FY 2022	Federal FY 2023	Federal FY 2024
5.41%	6.16%	8.47%	No Data	No Data	6.24%	35.70%	14.33%

Data are unavailable in FFY2020 and FFY2021 due to the COVID-19 Pandemic.

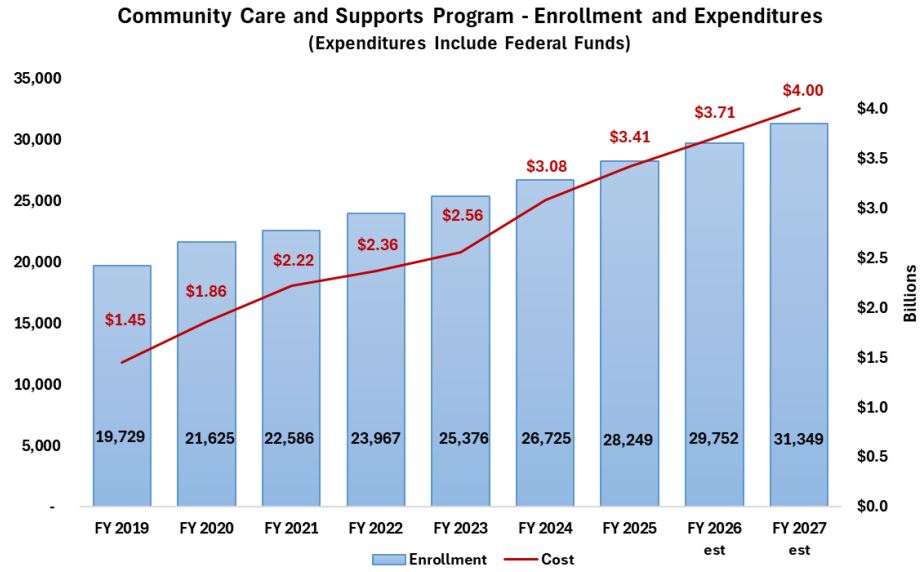
Based on federal FY 2023 benefits data, the most recent such data available, this new policy could annually shift between $98.8 million and 296.3 million of the $1.98 billion in SNAP benefits from the federal government to the State.

New Jersey SNAP Benefit Costs By Payment Error Rate - FFY 2023 Total SNAP Benefit Payments of $1.98 Billion	
Payment Error Rate	**SNAP Benefit Cost Increase**
Up to 5.99 Percent	$0
6.00 - 7.99 Percent	$98,774,812
8.00 - 9.99 Percent	$197,549,623
10 Percent and Over	$296,324,435

Budget Brief: Olmstead Decision Part I - Prioritizing Community-Based Service Delivery for the Developmentally Disabled

Budget Pages .... D-236 to D-241

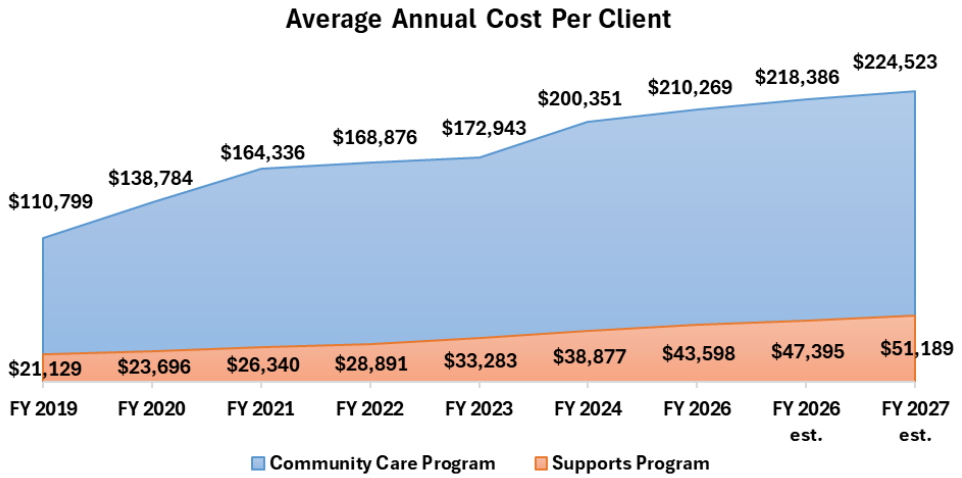
The Division of Developmental Disabilities administers two Medicaid waiver programs, the Community Care Program (CCP) and the Supports Program, that provide home- and community-based services to clients with developmental disabilities based on their assessed needs and individualized budget. The CCP primarily serves clients who live in State-licensed residential settings and, therefore, has a higher average annual cost per enrollee, projected at $224,523 in FY 2027. The Supports Program primarily serves clients living in unlicensed settings, such as with family members or in their own homes, and has a projected average annual cost per enrollee of $51,189 in FY 2027. While these programs share basic eligibility rules, the CCP has additional eligibility criteria requiring clients to have a level of care needed at an Intermediate Care Facility for Individuals with Intellectual Disabilities.



From FY 2019 through FY 2027, combined enrollment in these two programs is projected to have grown by 58.9 percent. This growth was prompted by the United States Supreme Court decision in Olmstead v. L.C., 527 U.S. 581 (1999), which required that residents with disabilities live in the least restrictive appropriate environment. Accordingly, the Division of Developmental Disabilities prioritized the transition of residents in developmental centers into the community and limited the number of new admissions to the developmental centers. Instead, the division provides services to clients in the community setting whenever feasible. Over this time, the division has also increased outreach to schools to help facilitate the transition of students from school to services provided by the division, contributing to enrollment growth.

State and federal expenditures over the same period, however, are projected to grow at a faster pace than enrollment. The Executive estimates expenditures from all sources to be $4.00 billion in FY 2027, some 175.6 percent above expenditures in FY 2019. While the rise in enrollment has contributed to the overall expenditure growth, the larger contributor has been increasing year-over-year cost per client, which indicates service costs growth. Significantly, the Executive's FY 2027 estimates for cost per client exceed the FY 2019 equivalents by 102.6 percent in the CCP and 142.3 percent in the Supports Program.

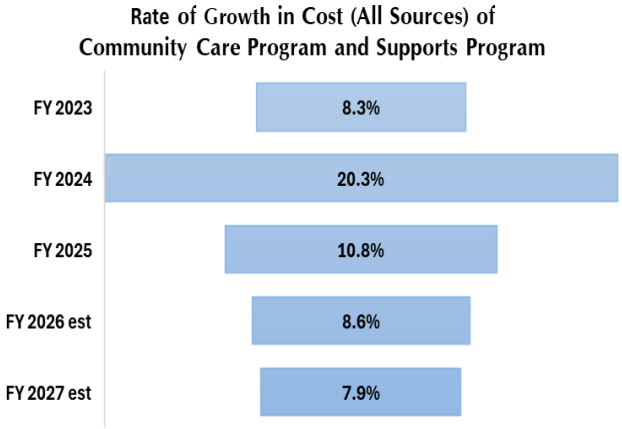
Budget Brief: Olmstead Decision Part I - Prioritizing Community-Based Service Delivery for the Developmentally Disabled (Cont'd)



Generally, the following factors have been drivers of growth in service costs since FY 2019:

- Increases to the base provider rates to align the rates with actual service costs and to adjust the rates for inflation;
- P.L.2019, c.32, which provides for annual increases to the State minimum wage, causing provider salary and wage costs to grow so as to maintain salaries in excess of the minimum wage and to avoid salary compaction;
- A shift in client preference from provider-managed services to more costly self-directed services, under which clients hire their own caregivers to deliver division-approved services based upon a pre-determined budget; and
- Policy responses to the COVID-19 pandemic, such a temporary $3 per hour COVID-19 pandemic wage increase for direct support professionals, which was effective May 1, 2020 through March 31, 2021, and a temporary 20-percent increase in the residential daily rate from March 2021 to December 2021 to compensate providers for the additional daytime staffing hours required during the public health emergency. The end of the temporary increases, however, did not lower costs in subsequent fiscal years.

While the two programs' annual enrollment growth has been steady at between five and six percent since FY 2023, the annual rate of cost growth has fluctuated. The outlier was FY 2024 when multiple factors in addition to routine year-over-year enrollment and cost increases converged to compound expenditure growth. These factors included a three-percent provider rate increase and higher provider costs due to increases in the State minimum wage. That high rate of growth became part of the cost base of the two programs.



Budget Brief: Olmstead Decision Part I - Prioritizing Community-Based Service Delivery for the Developmentally Disabled (Cont'd)

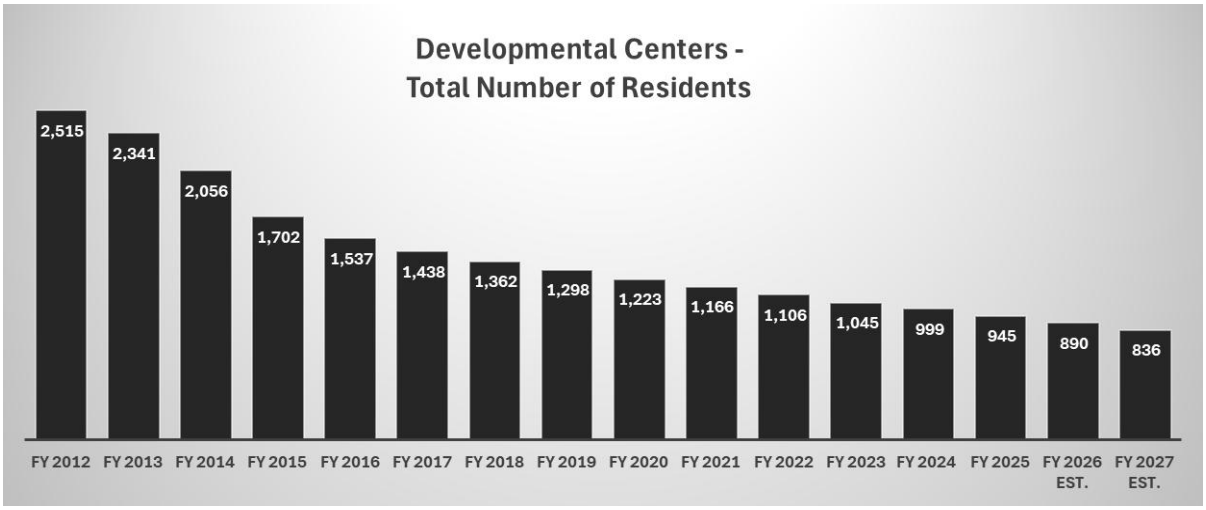
The FY 2027 Governor's Budget recommends increasing State appropriations across the CCP and Supports Program budget lines by $154.0 million, of which $144.9 million is attributed to program "trend growth" and $9.1 million to statutory minimum wage increases for the direct support professional workforce. Combined with the $53.1 million appropriation to maintain competitive direct support professional wages, which is equivalent to the FY 2026 funding level, the aggregate recommended FY 2027 State appropriation for the CCP and Supports Program is $1.92 billion.

Budget Brief: Olmstead Decision Part II – Limiting Use of Developmental Centers to Care for the Developmentally Disabled

Budget Pages .... D-234 through D-236

The Division of Developmental Disabilities operates five residential developmental centers for individuals with developmental disabilities, which are certified by the federal government as Intermediate Care Facilities for Individuals with Intellectual and Developmental Disabilities and are supported by a combination of federal funds and State appropriations. The centers are: Green Brook Regional Center, located in Somerset County; Vineland Developmental Center, located in Cumberland County; Woodbine Developmental Center, located in Cape May County; New Lisbon Developmental Center, located in Burlington County; and Hunterdon Developmental Center, located in Hunterdon County. The centers provide a range of vocational, habilitative, health, psychological, and social services for their residents.

Recommended FY 2027 appropriations for the centers total $336.3 million ($249.7 million federal funds and $86.6 million State-budgeted funds). This amounts to a $12.6 million increase over FY 2026, which occurs entirely in federal funds.



Prompted by the United States Supreme Court decision in Olmstead v. L.C., 527 U.S. 581 (1999), which required that residents with disabilities live in the least restrictive appropriate environment, the Division of Developmental Disabilities has prioritized the transition of residents in developmental centers into the community and has limited the number of new admissions to the centers. The division now provides services to clients in a community setting whenever feasible. Since November 2007, the division's policy has limited developmental center admissions to: 1) court-ordered placements; 2) temporary, emergency placements; 3) interstate compact transfers; and 4) placements in which there are no adequate resources presently available in the community, which placements are to be transferred once the necessary community resources are identified.

Accordingly, developmental centers have experienced a long-term trend of declining population. In FY 2027, the department estimates that the average daily population of all five developmental centers will be 836 residents. This is 1,679 residents fewer, or 66.8 percent, compared to the FY 2012 total of 2,515. The shrinking population also impelled the closure of two centers: the North Jersey Developmental Center, located in Passaic County, in FY 2014 and the Woodbridge Developmental Center, located in Middlesex County, in FY 2015. Additionally, with limited

Budget Brief: Olmstead Decision Part II – Limiting Use of Developmental Centers to Care for the Developmentally Disabled (Cont'd)

admissions, the average age of the population within the developmental centers has increased over time. As of December 2025, approximately 68 percent of the residents are 60 years of age or older, compared to 54.2 percent in December of 2021.

Developmental Center		FY 2012	FY 2027 est.	Change	
Green Brook	Average Daily Population	101	44	-57	-56.4%
	Annual Per Capita Cost	$178,019	$800,445	$622,426	349.6%
Vineland	Average Daily Population	309	123	-186	-60.2%
	Annual Per Capita Cost	$203,306	$719,780	$516,474	254.0%
Woodbine	Average Daily Population	456	177	-279	-61.2%
	Annual Per Capita Cost	$172,351	$634,735	$462,384	268.3%
New Lisbon	Average Daily Population	409	199	-210	-51.3%
	Annual Per Capita Cost	$215,564	$471,945	$256,381	118.9%
Hunterdon	Average Daily Population	526	293	-233	-44.3%
	Annual Per Capita Cost	$164,289	$488,005	$323,716	197.0%

The long-term trend of declining developmental center population, along with the care needs of the aging residents, has also caused significant growth in the per-capita costs of operating each center, as shown in the table above. The increasing per-capita costs have attracted the attention of the State Auditor. Notably, the State Auditor suggested in a report published in March 2024 that consolidating the existing Green Brook Regional Center and Hunterdon Developmental Center could result in a more efficient use of State funds, noting the rising year-over-year cost per client across all centers. Of the five active developmental centers, Green Brook Regional Center is projected to have the lowest average daily population (44 residents) in FY 2027 as well as the highest per-capita cost at $800,445 per year. In FY 2012, the per-capita cost at Green Brook Regional Center was $178,019, or less than one-quarter of the projected FY 2027 equivalent.

In its audit response, however, the Department of Human Services demurred, contending that the Green Brook Regional Center was a small facility with 100 beds that served a special function of caring for a geriatric and medically-compromised population. The chart to the right provides the estimated number of open beds at each facility in FY 2027.

Developmental Center	Bed Capacity	Estimated Number of Open Beds in FY 2027
Green Brook	100	56
Vineland	205	82
Woodbine	270	93
New Lisbon	325	126
Hunterdon	465	172
All Centers	1,365	529

Concomitant with the declining enrollment trend of 66.8 percent since FY 2012, staff levels at the centers have also fallen at a similar rate, with the number of funded positions in FY 2027 being 3,226. That is 4,567 fewer staff than the FY 2012 count of 7,793 funded positions, or a reduction of 58.6 percent. The recommended number of funded positions in FY 2027 is unchanged from FY 2026. In January 2026, some 3,001 positions were filled.

Conversely, the number of developmental center residents who have been transitioned to the community, first noted in the FY 2014 Governor's Budget and projected at 273 residents for that fiscal year, has declined following a February 2013 settlement in which the State agreed to discharge approximately 600 individuals residing in developmental centers to community placements between FY 2013 and FY 2017. This settlement was in response to two lawsuits filed by Disability Rights New Jersey that contended that the State had failed to comply with the Olmstead v. L.C. decision. The department anticipates transitioning 12 residents from the State's developmental centers to community placements in FY 2026 and nine in FY 2027.

NEW JERSEY LEGISLATURE

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services provides nonpartisan assistance to the State Legislature in the areas of legal, fiscal, research, bill drafting, committee staffing and administrative services. It operates under the jurisdiction of the Legislative Services Commission, a bipartisan body consisting of eight members of each House. The Executive Director supervises and directs the Office of Legislative Services.

The Legislative Budget and Finance Officer is the chief fiscal officer for the Legislature. The Legislative Budget and Finance Officer collects and presents fiscal information for the Legislature; serves as Secretary to the Joint Budget Oversight Committee; attends upon the Appropriations Committees during review of the Governor's Budget recommendations; reports on such matters as the committees or Legislature may direct; administers the fiscal note process and has statutory responsibilities for the review of appropriations transfers and other State fiscal transactions.

The Office of Legislative Services Central Staff provides a variety of legal, fiscal, research and administrative services to individual legislators, legislative officers, legislative committees and commissions, and partisan staff. The central staff is organized under the Central Management Unit into ten subject area sections. Each section, under a section chief, includes legal, fiscal, and research staff for the standing reference committees of the Legislature and, upon request, to special commissions created by the Legislature. The central staff assists the Legislative Budget and Finance Officer in providing services to the Appropriations Committees during the budget review process.

Individuals wishing information and committee schedules on the FY 2027 budget are encouraged to contact:

Legislative Budget and Finance Office
State House Annex
PO Box 068
Trenton, NJ 08625
(609) 847-3105