

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

## ASSEMBLY, No. 1951

with Assembly committee amendments

# STATE OF NEW JERSEY

DATED: DECEMBER 2, 1999

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1951 (1R).

Assembly Bill No. 1951 (1R), as amended, provides length-of-stay protection for eligible Medicaid recipients residing in "free-standing special care nursing facilities."

Current administrative regulations (N.J.A.C.10:63-2.21(c), paragraphs 1 and 2) impose limits on the length of a Medicaid recipient's stay in a special care nursing facility. The regulations permit six-month extensions of such stays beyond the prescribed limits, but the Department of Health and Senior Services (DHSS) has discretion over the allowance of such extensions.

Under this bill as amended, a Medicaid recipient could continue to reside in an "special care nursing facility" of 40 beds or fewer if:

(1) the facility is "free-standing", defined as a facility that: (a) is independently incorporated as a for-profit or nonprofit entity; (b) is not affiliated with or owned by any governmental entity, or any religious entity that limits services to members only; and (c) is not directly owned and operated by a hospital unless the facility is located at least 20 miles outside the boundaries of the municipality in which the hospital is located; and

(2) the Medicaid recipient remains eligible by developing skills leading toward a more independent life and continuing to benefit from active participation in community involvement, continuing education, employment in the community, sheltered workshop, extended rehabilitation, complex care and vocational training.

The individual's continuing eligibility is subject to review by an independent contractor, who shall not, during a period of six months after completion of the review, engage in the performance of any compensated work for the State other than a review pursuant to this bill. The review shall not occur more frequently than every two years.

The bill defines a "special care nursing facility" as a nursing facility or separate and distinct special care nursing facility unit within a Medicaid-certified conventional nursing facility that has been approved

by the DHSS to provide care to New Jersey Medicaid recipients who require specialized nursing facility services beyond the scope of a conventional nursing facility.

**FISCAL IMPACT:**

The Office of Legislative Services is not able to determine with certainty the legislation's fiscal impact, as the number of Medicaid recipients who would be eligible to remain in a free-standing special care nursing facility without limitation as to the length of stay is not known.

The Department of Human Services, however, has indicated that in 1998, the average per capita daily charge at a special care nursing facility was \$271, while the corresponding per diem cost at a regular nursing facility was roughly \$116. Thus, for each patient who, under the bill, continues to reside in an special care nursing facility instead of being discharged to a regular nursing facility, the annual cost would equal the differential per diem cost of care (\$271 - \$116, or \$155) x the number of days per year (365), or roughly \$56,600.

There are currently 17 special care nursing facilities with 40 or fewer beds in the State. These facilities have a total of about 380 licensed beds.

**COMMITTEE AMENDMENTS:**

The amendments provide for the review by an independent contractor of the eligibility of the Medicaid recipient to continue to reside in a special care nursing facility.