

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 1012

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 17, 1999

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 1012 (1R).

This bill provides length-of-stay protection for certain Medicaid recipients' residing in certain 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 (SCNF). The regulations permit six-month extensions of such stays beyond the prescribed limits, but the Department of Health and Senior Services (DHSS) enjoys discretion over the allowance of such extensions.

Under this bill as amended, a Medicaid recipient could continue to reside in an SCNF if:

(1) the facility is "free-standing", i.e., is (a) independently incorporated as a for-profit or nonprofit entity, (b) not affiliated with or owned by any governmental entity, or any religious entity that limits services to members only, and (c) 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 develops skills leading toward a more independent life and continues 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 qualification under the second requirement would be subject to review by an independent contractor, but not 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.

COMMITTEE AMENDMENTS

Committee amendments to this bill (1) provide that the continuing eligibility of the Medicaid recipients for residency at SCNFs under the bill shall be subject to review and redetermination by an independent contractor who is not otherwise affiliated with the State, but that such review shall not occur more frequently than every two years, (2) incorporate the provision limiting the type of special care nursing facility in which Medicaid recipients' length of stay would be unrestricted to free-standing facilities and supply a definition of the term "free-standing", and (3) delete a provision restricting the facilities whose residents would be eligible for protection under the bill to SCNFs with no more than 40 beds.

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 SNCF 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 SCNF 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.