

Pursuant to our conversation earlier today, below is the DHSS's response to question #2 in Assemblyman Greenwald's letter of April 6, 2011 to Commissioners Velez and O'Dowd.

Questions number 1 and 3 will be responded to by Commissioner Velez's office under separate cover.

In the Spring of 2009, DHSS contracted with Myers and Stauffer to develop a new nursing home rate setting system with input from stakeholders. The contracted cost to develop the system was approximately \$470,000. Of this amount, approximately \$342,000 is estimated to be expended since inception of the contract through June 30, 2011. Beginning in calendar year 2009, DHSS staff and Myers and Stauffer staff conducted several meetings with the nursing home industry to develop the new methodology, including meetings specifically with Special Care Nursing Facility (SCNF) Providers and their representatives. At these meetings, Myers and Stauffer modeled several different scenarios using data from the SCNFs' cost reports. This information was utilized to develop the FY 2012 Budget initiative. Attached are copies of these analyses.

-[SCNF FY 12 Savings Detail from Reduction of SCNF Admin Costs](#) was prepared by DHSS staff and distributed to the industry to provide detail of the proposed reduction

-[SCNF M&S Notes](#) was prepared by Myers & Stauffer and related to a suggested methodology which calculated SCNF add-ons which was similar to method in other states

-[Model Update 08062009](#) was prepared by Myers & Stauffer and provided an analysis using the SCNF add-on methodology

- [SCNF Model 092909](#) was prepared by Myers & Stauffer with an alternate methodology using percentages of NF components

-[SCNF Medicare & Medicaid Comparison](#) was prepared by Myers and Stauffer which showed NJ's Medicaid rates as compared with the appropriate Medicare rates given the same acuties