



State of New Jersey

DEPARTMENT OF HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

P.O. Box 712
Trenton, NJ 08625-0712

CHRIS CHRISTIE
Governor

JENNIFER VELEZ
Commissioner

KIM GUADAGNO
Lt. Governor

VALERIE HARR
Director

MEDICAID COMMUNICATION NO. 14-06 DATE: March 26, 2014

TO: County Welfare Agency Directors
Institutional Services Section (ISS) Area Supervisors

SUBJECT: Increase in the Penalty Divisor - Effective April 1, 2014

As you are aware, the average daily cost of nursing home services in New Jersey is adjusted annually. The daily amount is used to determine the penalty period for institutional and waiver services when an individual transfers resources/assets for less than the fair market value.

This Medicaid Communication is issued to confirm that, as of April 1, 2014, the statewide average daily cost is **\$313.50** when calculating an individual's penalty period. Penalty calculations are not rounded down for periods less than a full month per the Deficit Reduction Act (DRA) of 2005, Section 6016 (a). This DRA section requires that a penalty be calculated and imposed for partial months of ineligibility.

Pending cases where the transfer of resources/asset penalty was calculated using \$261.00 as the daily divisor shall be recalculated using the new \$313.50 daily amount. However, eligibility may not be established prior to April 1, 2014, when applying the new daily figure. For all cases received on or after April 1, 2014, the new daily divisor will be used.

In the past the Division's Office of Eligibility Policy has issued a calculating tool to assist determination agencies with determining the month and/or days of a transfer penalty period, this tool is forthcoming electronically once updated with the above figures.

If you have any questions regarding this Medicaid Communication, please refer them to the Division's Office of Eligibility Policy field service staff for your agency at 609-588-2556.

Sincerely,

A handwritten signature in purple ink that reads "Valerie Harr".

Valerie Harr
Director

VH:m

- c: Jennifer Velez, Commissioner
Department of Human Services
- Dawn Apgar, Deputy Commissioner
Department of Human Services
- Lowell Arye, Deputy Commissioner
Department of Human Services
- Lynn Kovich, Assistant Commissioner
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