



**State of New Jersey**

**DEPARTMENT OF HUMAN SERVICES  
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES**

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MEDICAID COMMUNICATION NO: **88-17**      DATE: **May 18, 1988**  
TO:      County Welfare Agency Directors  
SUBJECT: Change in Federal Rules Governing the Application of Income to  
          the Cost of Care in a Long Term Care Facility

Background

Recent newspaper accounts have reported an amendment to federal Medicaid regulations, effective April 8, 1988, which would allow states to modify the process by which a Medicaid long term care patient's income is applied to the cost of care. In these press reports, it has been implied that states could increase the amount of a patient's income that is available for the cost of care by reducing the amount of a patient's income that can be used for other medical care. Concern was expressed that by implementing the newly available regulatory options, states would, in effect, force some patients to forgo certain necessary medical care.

New Jersey's Interpretation

Our analysis of the new regulations indicates that the impact of the new options offered to state Medicaid agencies has applicability only in those states that provide Medicaid coverage for limited medical services and that have elected medically needy coverage for long term care. Because New Jersey offers expansive coverage of medical services through its Medicaid program, Medicaid patients in long term care facilities need not use their own income for the cost of other medical care. Because of this, and the fact that New Jersey does not offer medically needy coverage for long term care services, it is our interpretation that the new rules will have no effect in this state.

Should your agency receive inquiries from Medicaid applicants or recipients concerning public media and/or press reports, you may assure them that the New Jersey Medicaid programs anticipates no modification

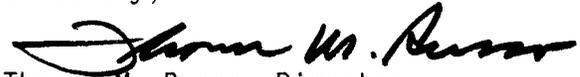
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to the allowable deductions from a patient's income and no additional liability on the part of a Medicaid recipient for any costs of medical services.

Sincerely,



Thomas M. Russo, Director  
Division of Medical Assistance  
and Health Services

TMR:Hh

cc: Odella T. Welch  
Deputy Commissioner

Marion Reitz, Director  
Division of Public Welfare

William Waldman, Director  
Division of Youth and Family Services