MEDICAID COMMUNICATION NO. 09-01

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

SUBJECT: Increase in the Penalty Divisor – Effective November 1, 2008

As you are aware, the average monthly cost of nursing home services in New Jersey is adjusted annually. This amount is used to determine the penalty period for institutional services when an individual transfers assets for less than the fair market value. This average cost is based on the Consumer Price Index-All Urban Consumers, rounded up to the nearest dollar. This Medicaid Communication is issued to confirm that, as of November 1, 2008, the statewide average cost is $7,282.00.

Pending cases where transfer of asset penalty was calculated using $6,942.00 as a divisor shall be recalculated using $7,282.00. However, eligibility may not be established prior to November 1, 2008, when applying the new divisor. For all cases received on or after November 1, 2008, the new divisor will be used.

Should you have any questions regarding this Communication, please contact the Division’s Office of Policy Development field staff assigned to your county at 609-588-2556.

Sincerely,

John R. Guhl
Director

JRG: P