MEDICAID COMMUNICATION NO. 12-10    DATE: May 29, 2012

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

SUBJECT:  Increase in the Penalty Divisor - Effective November 1, 2011

As you are aware, the average monthly cost of nursing home services in New Jersey is adjusted annually. The monthly and/or daily amount is used to determine the penalty period for institutional services when an individual transfers resources/assets for less than the fair market value. This average cost adjustment is based on the Consumer Price Index-All Urban Consumers (CPI-U), rounded up to the nearest dollar.

This Medicaid Communication is issued to confirm that, as of November 1, 2011, the statewide average monthly cost is $7,757.00 and $256.00 when calculating the daily divisor. As you are aware penalty calculations are no longer 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 $7,282.00 as a divisor shall be recalculated using $7,757.00 monthly/$256.00 daily. However, eligibility may not be established prior to November 1, 2011, when applying the new divisor. For all cases received on or after November 1, 2011, the new monthly/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,

Valerie Harr
Director

VH:s

c: Jennifer Velez, Commissioner
   Department of Human Services
   Lynn Kovich, Assistant Commissioner
   Division of Mental Health and Addiction Services
   Dawn Apgar, Deputy Commissioner
   Division of Developmental Disabilities
   Jeanette Page-Hawkins, Director
   Division of Family Development
   Joseph Amoroso, Director
   Division of Disability Services
   Raquel Jeffers, Deputy Director
   Division of Mental Health and Addiction Services
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