



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

ELIZABETH CONNOLLY
Acting Commissioner

KIM GUADAGNO
Lt. Governor

VALERIE HARR
Director

MEDICAID COMMUNICATION NO. 15-05 DATE: March 26, 2015

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

SUBJECT: Increase in the Penalty Divisor - Effective April 1, 2015

The average daily cost of nursing home services is called the penalty divisor and it is adjusted annually through an independent survey of all nursing facilities in New Jersey. The penalty divisor 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. The number of days in a penalty period is calculated as the value of the transferred resource/asset divided by the amount of the penalty divisor. The penalty clock begins on the date that an individual is determined to be otherwise eligible but for the penalty.

This Medicaid Communication is issued to confirm that, as of April 1, 2015, the penalty divisor has been increased from \$313.50 to **\$332.59**. 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.

For all cases received on or after April 1, 2015, the new daily divisor will be used.

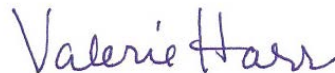
For those cases pending on April 1, 2015, where the transfer of resources/asset penalty was calculated using \$313.50 as the daily divisor, the penalty shall be recalculated using the new \$332.59 daily amount. However, eligibility may not be established prior to April 1, 2015, when applying the new daily figure.

Pending cases where the transfer of resources/asset penalty was calculated using \$313.50 as the daily divisor shall be recalculated using the new \$332.59 daily amount. However, eligibility may not be established prior to April 1, 2015, when applying the new daily figure. For all cases received on or after April 1, 2015, the new daily divisor will be used.

In the past the Division's Office of Eligibility 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 County Operations 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: Elizabeth Connolly, Acting 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
Division of Mental Health and Addiction Services
- Liz Shea, Assistant Commissioner
Division of Developmental Disabilities
- Joseph Amoroso, Director
Division of Disability Services
- Jeanette Page-Hawkins, Director
Division of Family Development
- Allison Blake, Commissioner
Department of Children and Families
- Mary E. O'Dowd, Commissioner
Department of Health