



## State of New Jersey

DEPARTMENT OF HUMAN SERVICES

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

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CAROLE JOHNSON  
*Commissioner*

MEGHAN DAVEY  
*Director*

**MEDICAID COMMUNICATION NO. 18-06**

**DATE: August 10, 2018**

**TO:** NJ FamilyCare Eligibility Determining Agencies

**SUBJECT:** Decrease in the Penalty Divisor – Effective April 1, 2018

The average daily cost of nursing home services is called the penalty divisor which 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 an individual applying for Long Term Services and Supports when that individual transfers resources/assets for less than the fair market value. Effective April 1, 2018, the penalty divisor has **decreased** from \$423.95 to **\$343.85**. The number of days in a penalty period is calculated using the value of the transferred resource/asset divided by the amount of the penalty divisor and then rounded down. The penalty clock begins on the date that an individual is determined to be otherwise eligible, but for the penalty.

All cases that have had penalty periods calculated between April 1, 2018 and August 1, 2018, must be recalculated if the penalty is reduced as a result of the penalty divisor decrease. All cases with penalty periods calculated after August 1, 2018 must use the new daily penalty divisor of \$343.85 in the calculation.

In the past, the Division's Office of Eligibility Policy has issued a calculating tool to assist the eligibility determining agencies with calculating the month and/or days of a penalty period, this tool will be forthcoming electronically.

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

MD:jm

c: Carole Johnson, Commissioner  
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