

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
New York Regional Office
26 Federal Plaza, Room 37-100
New York, NY 10278



DIVISION OF MEDICAID AND CHILDREN'S HEALTH OPERATIONS

March 5, 2013

Valerie Harr
Director of Medical Assistance and Health Services
Department of Human Services
CN 712 Quakerbridge Plaza
Trenton, New Jersey 08625-0712

Dear Ms. Harr:

We have completed our review of New Jersey's State Plan amendment (SPA) 05-05 received in office on March 31, 2005, with updated pages received on February 27, 2013 and find it acceptable for incorporation into New Jersey's Medicaid State Plan. This SPA proposes to require prior authorization for adult and pediatric day health services and place limitations on amount, duration and scope of services

Please note the approval date of this SPA is March 5, 2013 with an effective date of January 1, 2005. Copies of the approved State Plan pages and the signed CMS-179 are enclosed.

Should you have any questions or concerns please contact Tara Porcher at (212) 616-2418.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Melendez". The signature is written in a cursive style with a long horizontal stroke at the end.

Michael Melendez
Associate Regional Administrator
Division of Medicaid & Children's Health

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION	1. TRANSMITTAL NUMBER: <u>0 5 - 0 5 MA</u>	2. STATE: New Jersey
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	

TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE January 1, 2005
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5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: Section 1902(a) of the Social Security Act	7. FEDERAL BUDGET IMPACT: a. FFY 2005 \$ 7.5 million b. FFY 2006 \$ 2.5 million
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Addendum to Attachment 3.1A, page 9 Addendum to Attachment 3.1B, page 9	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Same Same

****SEE REMARKS BELOW**


10. SUBJECT OF AMENDMENT:
Limitation on Amount, Duration and Scope of Services; Prior Authorization for Adult and Pediatric Day Health Services

11. GOVERNOR'S REVIEW (Check One):


GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED: Exempt, pursuant to Section 7.4 of the State Plan

COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: Division of Medical Assistance & Health Services P.O. Box 712, #26 Trenton, NJ 08625-0712
13. TYPED NAME: James M. Davy	
14. TITLE: Commissioner	
15. DATE SUBMITTED: 3-29-05	

FOR REGIONAL OFFICE USE ONLY	
17. DATE RECEIVED:	18. DATE APPROVED: March 05, 2013

PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: January 01, 2005	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: Michael Melendez	22. TITLE: Associate Regional Administrator Division of Medicaid and State Operations

23. REMARKS:

****This SPA proposes to require prior authorization for adult and pediatric day health services and place limitations on amount, duration and scope of services.**

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**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
Limitations on Amount, Duration and Scope of Services
Provided to the Categorically Needy**

9. Clinic Services (continued)

(i) Adult Day Health Services (ADHS) and Pediatric Day Health Services (PDHS)
Clinics

Adult Day Health Services (ADHS) and Pediatric Day Health Services (PDHS) clinics are programs of medically supervised, health-related services provided in an ambulatory care setting located in nursing homes, affiliated with hospitals or are freestanding community-based programs. Services are provided to persons who are non-residents of the facility, who do not require 24-hour inpatient institutional care and yet, due to their physical and/or mental impairment, need health maintenance and restorative services. Clinic services furnished in a nursing facility or affiliated with a hospital are separate entities and must meet the clinic licensure requirements. Clinic services are furnished by or under the direction of a physician. The physician assumes professional liability for clinic services except for licensed professionals who furnish clinic services.

ADHS and PDHS clinics are required to provide medical, nursing, social, personal care and rehabilitative services. Services are provided five days per week, approximately five to seven hours per day.

ADHS and PDHS clinics must be licensed by the Department of Health. The standards for licensure of ADHS clinics may be found at N.J.A.C 8:43F. The standards for licensure of PDHS clinics may be found at N.J.A.C 8:43J. All ADHS and PDHS providers must be approved for participation as a Medicaid provider by the Department and must execute a Medicaid provider agreement with the Department.

Adult Day Health Services (ADHS):

ADHS clinics serve the health needs of eligible individuals who can benefit from a health services alternative to total institutionalization. ADHS provides medically necessary services in an ambulatory care setting to individuals who are nonresidents of the clinic, and who, due to their physical and/or cognitive impairment, require such services supportive to their community living.

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ADHS clinics shall have adequate direct care staff to provide services and supervision to the participants at all times. The ADHS_clinic shall provide at least one full-time or full-time equivalent, direct care staff person for every nine participants. Transportation staff shall not be counted as direct care staff for the purposes of this ratio while they are driving a vehicle.

The ADHS clinic shall provide, at a minimum, the following services directly at the clinic:

Nursing services, which include the requirement that a registered professional nurse shall be responsible for, but not limited to interviewing the participant and caregivers in order to evaluate the participant's health status and health care needs; monitoring of identified medical conditions; administration and supervision of prescribed medications and treatments; coordination of rehabilitative services; development of a restorative nursing plan; monitoring of clinical behavior and nutritional status; monitoring growth and development; implementing infection control procedures; communicating findings to the attending physician; managing medical emergencies; documenting the nursing services provided, including the initial assessment and evaluation of the participant's health care needs; development/oversight of the individualized plan of care, evaluation of the participant's progress in reaching established goals and defining the effectiveness of the nursing component of the individualized plan of care; alerting others involved with the participant's care about changes in status and the need to change the individualized interdisciplinary plan of care; developing community medical referral resources and maintaining ongoing communication with those providers; providing in-service training to facility staff about the participant's health care needs.

Dietary services shall include but not be limited to assessment of the participant's nutritional status and dietary needs, as part of the interdisciplinary plan of care. The assessment shall address the presence of food allergies; metabolic disorders; and any special needs related to feeding.

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Pharmaceutical services shall include but not be limited to the administration and supervision of prescribed medications.

Social work services shall include but not be limited to referrals to other needed medical services.

The clinic shall provide or arrange for the provision of occupational therapy, physical therapy and speech-language pathology services. These services can be provided either on or off site and will be covered under item 11 (therapies) or item 13d (rehabilitative services) of the state plan and not under the clinic benefit.

The ADHS clinic shall make referral for additional services, including, but not limited to, dental, laboratory, medical and radiological services.

ADHS services shall be provided for at least five consecutive hours, not to exceed twelve hours per day, exclusive of transportation time, for a minimum of five days per week.

Pediatric Day Health (PDHS):

PDHS clinics serve the health needs of eligible technology-dependent and/or medically unstable children who require the continuous, rather than part-time or intermittent, care of a licensed practical or registered professional nurse in a developmentally appropriate environment.

PDHS clinics shall have adequate direct care staff to provide services and supervision to the participants at all times. The ADHS clinic shall provide at least one full-time or full-time equivalent, direct care staff person for every three children in attendance. Transportation staff shall not be counted as direct care staff for the purposes of this ratio while they are driving a vehicle. In addition to the direct care staff the clinic shall provide one licensed nurse for every six children in attendance.

The PDHS clinic shall provide, at a minimum, the following services directly at the facility: nursing services, medical services, pharmaceutical services, dietary services, rehabilitation services, and social work services

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as described in ADHS above. PDHS shall also provide developmental services which include an assessment and recommendations by a child life specialist on the child's performance level in the gross motor, fine motor, cognitive, and social developmental domains.

PDHS services shall be provided for at least six consecutive hours, not to exceed twelve hours per day, exclusive of transportation time, each day the facility is open

(ii) Prior authorization for Adult Day Health Services (ADHS) and Pediatric Day Health Services (PDHS):

Prior authorization is required for all ADHS and PDHS clinic services provided by all ADHS and PDHS providers, including hospital-affiliated, nursing facility-based and free-standing clinics. All ADHS or PDHS clinic services must be prior authorized by professional staff designated by the Department of Human Services.

(iii) ADHS and PDHS plans of correction and service limitations:

An ADHS or PDHS clinic evaluated as providing substandard services and/or inadequate documentation of services may be subject to a plan of correction addressing deficiencies noted by Division of Medical Assistance and Health Services or Department of Health staff. Alternative measures include a ban on new admissions to the clinic or termination of the provider agreement.

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**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
Limitations on Amount, Duration and Scope of Services
Provided to Medically Needy Groups
PREGNANT WOMEN, DEPENDENT CHILDREN AND THE AGED, BLIND OR DISABLED**

9. Clinic Services (continued)
Medical Day Care Services:

(i) Adult Day Health Services (ADHS) and Pediatric Day Health Services (PDHS)

Adult Day Health Services (ADHS) and Pediatric Day Health Services (PDHS) clinics are programs of medically supervised, health-related services provided in an ambulatory care setting. The programs can be located in nursing homes, affiliated with hospitals or be freestanding community-based programs. These services are provided to persons who are non-residents of the clinic, who do not require 24-hour inpatient institutional care and yet, due to their physical and/or mental impairment, need health maintenance and restorative services. ADHS and PDHS services furnished in a nursing facility or affiliated with a hospital are separate entities and must meet the clinic licensure requirements. ADHS and PDHS services are furnished by or under the direction of a physician. The physician assumes professional liability for clinic services except for licensed professionals who furnish clinic services.

ADHS and PDHS clinics are required to provide medical, nursing, social, personal care and rehabilitative services. Services are provided five days per week, approximately five to seven hours per day.

ADHS and PDHS clinics must be licensed by the Department of Health. The standards for licensure of ADHS clinics may be found at N.J.A.C 8:43F. The standards for licensure of PDHS clinics may be found at N.J.A.C 8:43J. In addition, all providers must be approved for participation as a Medicaid provider by the Department and must execute a Medicaid provider agreement with the Department.

Adult Day Health Services (ADHS):

ADHS clinics serve the health needs of eligible individuals who can benefit from a health services alternative to total institutionalization. ADHS provides medically necessary services in an ambulatory care setting to individuals who are nonresidents of the facility, and who, due to their

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physical and/or cognitive impairment, require such services supportive to their community living.

ADHS clinics shall have adequate direct care staff to provide services and supervision to the participants at all times. The ADHS facility shall provide at least one full-time or full-time equivalent, direct care staff person for every nine participants. Transportation staff shall not be counted as direct care staff for the purposes of this ratio while they are driving a vehicle.

The ADHS clinic shall provide, at a minimum, the following services directly at the facility:

Nursing services, which include the requirement that a registered professional nurse shall be responsible for, but not limited to interviewing the participant and caregivers in order to evaluate the participant's health status and health care needs; monitoring of identified medical conditions; administration and supervision of prescribed medications and treatments; coordination of rehabilitative services; development of a restorative nursing plan; monitoring of clinical behavior and nutritional status; monitoring growth and development; implementing infection control procedures; communicating findings to the attending physician; managing medical emergencies; documenting the nursing services provided, including the initial assessment and evaluation of the participant's health care needs; development/oversight of the individualized plan of care, evaluation of the participant's progress in reaching established goals and defining the effectiveness of the nursing component of the individualized plan of care; alerting others involved with the participant's care about changes in status and the need to change the individualized interdisciplinary plan of care; developing community medical referral resources and maintaining ongoing communication with those providers; providing in-service training to facility staff about the participant's health care needs.

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of food allergies; metabolic disorders; and any special needs related to feeding.

Pharmaceutical services shall include but not be limited to the administration and supervision of prescribed medications.

Social work services shall include but not be limited to referrals to other needed medical services.

The ADHS clinic shall make referral for additional services, including, but not limited to, dental, laboratory, medical and radiological services.

The ADHS clinic shall provide or arrange for the provision of occupational therapy, physical therapy and speech-language pathology services. These services can be provided either on or off site. These services can be provided either on or off site and will be covered under item 11 (therapies) or item 13d (rehabilitative services) of the state plan and not under the clinic benefit.

The ADHS clinic shall make referral for additional services, including, but not limited to, dental, laboratory, medical and radiological services. ADHS services shall be provided for at least five consecutive hours, not to exceed twelve hours per day, exclusive of transportation time, for a minimum of five days per week.

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PDHS clinics serve the health needs of eligible technology-dependent and/or medically unstable children who require the continuous, rather than part-time or intermittent, care of a licensed practical or registered professional nurse in a developmentally appropriate environment.

PDHS clinics shall have adequate direct care staff to provide services and supervision to the participants at all times. The ADHS clinic shall provide at least one full-time or full-time equivalent, direct care staff person for every three children in attendance. Transportation staff shall not be counted as direct care staff for the purposes of this ratio while they are

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driving a vehicle. In addition to the direct care staff the clinic shall provide one licensed nurse for every six children in attendance.

The PDHS clinic shall provide, at a minimum, the following services directly at the facility: nursing services, medical services, pharmaceutical services, dietary services, rehabilitation services, social work services, as described in ADHS above. PDHS shall also provide developmental services which include an assessment and recommendations by a child life specialist on the child's performance level in the gross motor, fine motor, cognitive, and social developmental domains.

PDHS services shall be provided for at least six consecutive hours, not to exceed twelve hours per day, exclusive of transportation time, each day the facility is open.

(ii) Prior authorization for Adult Day Health Services (ADHS) and Pediatric Day Health Services (PDHS):

Prior authorization is required for all ADHS and PDHS clinic services provided by all ADHS and PDHS providers, including hospital-affiliated, nursing facility-based and free-standing clinics. All ADHS or PDHS services must be prior authorized by professional staff designated by the Department of Human Services.

(iii) ADHS and PDHS plans of correction and service limitations:

An ADHS or PDHS clinic evaluated as providing substandard services and/or inadequate documentation of services may be subject to a plan of correction addressing deficiencies noted by Division of Medical Assistance and Health Services or Department of Health staff. Alternative measures include a ban on new admissions to the clinic or termination of the provider agreement.

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**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE OF NEW JERSEY
Methods and Standards for Establishing Payment Rates for
Non- Institutional Services
INDEPENDENT CLINIC SERVICES**

Payment for Independent Clinic Services shall be as follows:

(1) Independent Clinic Services Generally

(a) Reimbursement for covered services in approved independent clinics shall be determined by the Commissioner of the Department of Human Services. Except where a set fee schedule exists, reimbursement to independent clinics shall be based on the same fees, conditions and definitions, for corresponding services, utilized for the reimbursement of the individual Title XIX participating practitioners and providers in "private" practice.

Except as otherwise noted in the plan, state-developed fee schedule rates for services provided in Independent Clinics are the same for both governmental and private providers of these services, and the fee schedule and any annual/periodic adjustments to the fee schedule are published in the DMAHS Independent Clinic Manual. The Department's rates are set on an as-needed basis, and are effective for services provided on or after that date. All rates are published on the Department's fiscal agent website at www.njmmis.com and the link "Rate Information."

(b) In no event shall the charge to the Title XIX programs exceed the charge by the provider for identical services to other governmental agencies or other groups or individuals in the community.

(c) Payment for Part B co-insurance and deductible shall be paid only to the Title XIX maximum allowable (less any third party payments).

(2) Adult Day Health Services (ADHS) and Pediatric Day Health Services (PDHS)

Reimbursement for Medical Day Care Services (Adult Day Health Services (ADHS) and Pediatric Day Health Services (PDHS) Services) shall be made in accordance with a per diem rate established yearly by the State for each ADHS or PDHS clinic. A per diem unit of service shall be equal to at least five continuous hours of service for adults or at least six continuous hours of service for children on-site at the clinic.

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STATE OF NEW JERSEY
Methods and Standards for Establishing Payment Rates for
Non- Institutional Services**

INDEPENDENT CLINIC SERVICES

Reimbursement shall be limited to payment of no more than five per diem units of service per individual per week.

Rehabilitative services, that is, speech, occupational therapy and physical therapy, may be provided on-site at the clinic or off-site. Rehabilitative services are not a component of the per diem rate of reimbursement and shall be billed separately by the provider on a fee-for-service basis.

Reimbursement rates at ADHS and PDHS clinics are derived from cost reports submitted to the State in accordance with State statute and regulation by New Jersey Medicaid-enrolled long term health care facility providers. The rate-setting reimbursement methodology is based on the long term health care facility's cost or the State-established limit, whichever is lower. Limits are defined based on median costs of similar facilities on all cost categories to establish a reasonable long term health care facility payment rate.

Costs for the care of individuals in ADHS and PDHS clinics are similar to costs incurred by long term health care facilities, with a few exceptions. Long term health care facilities have additional costs for property, laundry and linen, food, room and board and other general and administrative functions that ADHS and PDHS clinics would not incur. The State has determined that these additional costs represent 55 percent of the total long term health care facility per diem distribution. By excluding consideration of the above-mentioned additional cost elements, the State has determined that 45 percent of the long term health care facility per diem reimbursement rate represents the reasonable payment rate for ADHS and PDHS clinics.

The State recognizes three classes of ADHS and PDHS facilities:

1. ADHS/PDHS facilities that are based at long term care facilities, from which the Department collects cost data for establishing long term health care facility and ADHS/PDHS per diem reimbursement rates;
2. Free-standing ADHS/PDHS clinics; and
3. ADHS/PDHS clinics affiliated with acute care health facilities.

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STATE OF NEW JERSEY
Methods and Standards for Establishing Payment Rates for
Non- Institutional Services**

INDEPENDENT CLINIC SERVICES

Reimbursement for each class of facility is derived as follows:

1. For ADHS/PDHS clinics based at long term care facilities, the adult or pediatric day health services per diem rate shall be 45 percent of that long term health care facility's per diem rate.
2. For free-standing ADHS/PDHS clinics, the adult or pediatric day health services per diem rate shall be based on an average of the rates paid to ADHS/PDHS clinics in 1 above that are in effect as of July 1 each year.
3. For ADHS/PDHS clinics affiliated with acute care health facilities, the adult or pediatric day health services rate shall be a negotiated per diem rate which shall not exceed the maximum per diem rate established for clinics in 1 above.

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