

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



NOV 14 2013

Valarie Harr
State Medicaid Director
Department of Human Services
Division of Medical Assistance and Health Services
State of New Jersey
P.O. Box 712
Trenton, New Jersey 08625-0712

RE: New Jersey 13-07

Dear Ms. Harr:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 13-07. Effective July 1, 2013 this amendment maintains the Charity Care Subsidy Disproportionate Share Hospital (DSH) payments at \$675 million for SFY 2014 and revises the related pool allocation methodology.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act and the regulations at 42 CFR 447 Subpart C. This is to inform you that New Jersey 13-07 is approved effective July 1, 2013.

I have enclosed the approved State plan pages. If you have any questions, please call Tom Brady at 518-396-3810 x109 or Rob Weaver at 410-786-5914.

Sincerely,

A large black rectangular redaction box covers the signature area of the letter.

Cindy Mann
Director

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: 13-07-MA	2. STATE New Jersey
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	4. PROPOSED EFFECTIVE DATE July 1, 2013	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT	

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

6. FEDERAL STATUTE/REGULATION CITATION: Social Security Act 42 U.S.C. 1396r-4	7. FEDERAL BUDGET IMPACT: a. FFY 2012/13 \$ 0 b. FFY 2013/14 \$ 0
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: • Attachment 4.19-A Page I-262, I-262.1, & I-262.2	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): • Attachment 4.19-A Page I-262, I-262.1, & I-262.2

10. SUBJECT OF AMENDMENT:
Charity Care Subsidy

11. GOVERNOR'S REVIEW (Check One):
 GOVERNOR'S OFFICE REPORTED NO COMMENT
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
 OTHER, AS SPECIFIED:
Not required, pursuant to 7.4 of the Plan

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: Valerie J. Harr, Director Division of Medical Assistance and Health Services P.O. Box 712, Mail Code #1 Trenton, NJ 08625-0712
13. TYPED NAME: Jennifer Velez	
14. TITLE: Commissioner, Department of Human Services	
15. DATE SUBMITTED: 8/16/13	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED: NOV 14 2013
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL 01 2013	20. SIGNATURE OF REGIONAL OFFICIAL:
21. TYPED NAME: Penny Thompson	22. TITLE: Deputy Director, Policy & Financial Mgt., CMES

23. REMARKS:
Pen & ink change to block 7

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
Reimbursement for Instate Acute Care Inpatient Hospital Services
Disproportionate Share Hospital**

3. Health Care Subsidy Fund – Charity Care Subsidy

- a) The charity care subsidy shall be determined according to the following methodology in State Fiscal Year (SFY) 2014:
- i) Payments in SFY2014 will remain at \$675,000,000.
 - ii) Payments shall be calculated in the following manner:
 1. Source data used shall be from calendar years 2011 and 2010 for documented charity care claims data and hospital-specific gross revenue for charity care patients and shall include all adjustments and void claims related to calendar years 2011, 2010 and any prior year submitted claims, as submitted by each acute care hospital or properly determined by the DOH.
 2. Source data used for CY 2011 documented charity care for each hospital's total gross revenue for all patients shall be from the CY 2011 Acute Care Hospital Cost Report as defined by Form E4, Line 1, Column E data and shall be according to the DOH advance submission request dated February 13, 2012, as submitted by each acute care hospital by March 16, 2012, and source data used for Medicare Cost Report data shall be from calendar year 2010.
 3. In the event that an eligible hospital failed to submit by March 16, 2012, its total gross revenue for all patients from the CY 2011 Acute Care Hospital Cost Report as defined by Form E4, Line 1, Column E data according to the DOH advance submission request dated February 13, 2012, source data from calendar year 2010 shall be used for hospital-specific gross revenue for charity care patients and for hospital total gross revenue for all patients as defined by Form E4, Line 1, Column E.
 4. Source data used for CY 2010 documented charity care for each hospital's total gross revenue for all patients shall be from

13-07-MA (NJ)

TN: 13-07-MA (NJ)

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the CY 2010 Acute Care Hospital Cost Report as defined by Form E4, Line 1, Column E data and shall be according to the DOH advance submission request dated February 10, 2011, as submitted by each acute care hospital by March 10, 2011, and source data used for Medicare Cost Report data shall be from calendar year 2009.

5. In the event that an eligible hospital failed to submit by March 10, 2011, its total gross revenue for all patients from the CY 2010 Acute Care Hospital Cost Report as defined by Form E4, Line 1, Column E data according to the DOH advance submission request dated February 10, 2011, source data from calendar year 2009 shall be used for hospital-specific gross revenue for charity care patients and for hospital total gross revenue for all patients as defined by Form E4, Line 1, Column E.
 - iii) Each eligible hospital's charity care subsidy allocation for SFY 2013 as calculated in accordance with the approved State Plan in July 2012, for this calculation purpose only, shall be initially split into two pools, one that equals 80% of its SFY 2013 allocation and another that equals 20% of its SFY 2013 allocation.
 - iv) For each eligible hospital the difference between its CY 2011 documented charity care and its CY 2010 documented charity care shall be calculated, then the percentage change in documented charity care for each eligible hospital shall be obtained by dividing this difference by its CY 2010 documented charity care.
 - v) For each eligible hospital the ratio of its CY 2011 documented charity care divided by the total CY 2011 documented charity care for all hospitals shall be calculated.
 - vi) For each eligible hospital the percentage change in documented charity care as calculated in accordance with subsection iv. above shall be multiplied by the CY 2011 documented charity care ratio calculated in subsection v. above.

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- vii) For each eligible hospital the value calculated in accordance with subsection vi. above shall be multiplied by the total of the 20% pool for all eligible hospitals as calculated in subsection iii. above.
- viii) For each eligible hospital the value calculated in accordance with subsection vii. above shall be added to its initial 20% pool value as calculated in subsection iii. above.
- ix) For each eligible hospital the amount calculated in subsection iii. above for its 80% pool and subsection viii. above for its adjusted 20% pool shall be added together producing the SFY 2014 charity care subsidy allocation for each eligible hospital.
- x) Notwithstanding the provisions above, an eligible hospital shall not receive a lower SFY 2014 charity care subsidy allocation than its SFY 2013 charity care subsidy allocation if it had increased documented charity care as calculated in subsection iv. above, and an eligible hospital shall not receive a greater SFY 2014 charity care subsidy allocation than its SFY 2013 charity care subsidy allocation if it had decreased documented charity care as calculated in subsection iv. above.
- xi) If necessary, a proportionate increase or decrease shall be applied to the 20% pool value as calculated in subsection viii. for each eligible hospital based on its percentage of total CY 2011 documented charity care such that the total calculated SFY 2014 charity care subsidy allocation for all hospitals shall equal \$675,000,000, except that the proration applied to the subsidy for any eligible hospital shall be modified as necessary to comply with subsection x. above.
- xii) the resulting number will constitute each eligible hospital's SFY 2014 charity care subsidy allocation.

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