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State/Territory Name: **NEW JERSEY**

State Plan Amendment (SPA) #: **14-010**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

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



MAY 19 2015

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

RE: State Plan Amendment (SPA) NJ 14-0010

Dear Ms. Harr:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 14-0010. Effective July 1, 2014 this amendment reduces the Charity Care Subsidy Disproportionate Share Hospital (DSH) payments to \$650 million for SFY 2015 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 14-0010 is approved effective July 1, 2014. I have enclosed the CMS-179 and the approved plan pages

If you have any questions, please call Tom Brady at 518-396-3810 x109 or Rob Weaver at 410-786-5914.

Sincerely



Timothy Hill
Director

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
14-010-MA

2. STATE
New Jersey

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2014

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:
Social Security Act 42 U.S.C. 1396r-4

7. FEDERAL BUDGET IMPACT: (in thousands)
a. FFY 2014 ~~(\$3.42 million)~~ $(3,120)$
b. FFY 2015 ~~(\$12.5 million)~~ $(9,375)$

8. PAGE NUMBER OF THE PLAN SECTION OR
ATTACHMENT:
• Attachment 4.19-A Page l-262, l-262.1, & l-262.2

9. PAGE NUMBER OF THE SUPERSEDED PLAN
SECTION OR ATTACHMENT (if Applicable):
• Attachment 4.19-A Page l-262, l-262.1, &
l-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:

[Redacted Signature]

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 Veisz

14. TITLE: Commissioner,
Department of Human Services

15. DATE SUBMITTED: September 2, 2014

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

MAY 19 2015

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

JUL 01 2014

20. SIGNATURE OF REGIONAL OFFICIAL:

[Redacted Signature]

21. TYPED NAME: Kristin Fan

22. TITLE: Deputy Director, FMC

23. REMARKS:

The State requested CMS to make "pen + ink" changes to Boxes 7 and 15 in its correspondence dated 2/20/14

**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) 2015:
- i) Payments in SFY2015 will be \$650,000,000.
 - ii) Payments shall be calculated in the following manner:
 - a. Source data used shall be from calendar years 2012, 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 (CY) 2012, 2011, 2010 and any prior year submitted claims, as submitted by each acute care hospital or determined by the Department of Health (DOH);
 - b. Source data used for CY 2012 documented charity care for each hospital's total gross revenue for all patients shall be from the CY 2012 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 15, 2013, as submitted by each acute care hospital by March 20, 2013, and source data used for Medicare Cost Report data shall be from CY 2011;
 - c. In the event that an eligible hospital failed to submit by March 20, 2013, its total gross revenue for all patients from the CY 2012 Acute Care Hospital Cost Report as defined by Form E4, Line 1, Column E data according to the DOH advance submission request dated February 15, 2013, source data from calendar year 2011 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;
 - d. 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;
 - e. 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;
 - f. Source data used for CY 2010 documented charity care for each hospital's total

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TN: 14-010-MA (NJ)

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Supersedes: 13-07-MA (NJ)

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gross revenue for all patients shall be from 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;

- g. 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;
- h. Each eligible hospital's charity care subsidy allocation for SFY 2014 as as calculated in accordance with the approved state plan in July 2013, for this calculation purpose only, shall be initially split into three pools, one that equals 78.5% of its SFY 2014 allocation, another that equals 20% of its SFY 2014 allocation, and lastly one that equals 1.5% of its SFY 2014 allocation;
- i. Each pool amount in subsection h. above shall be reduced in a proportionately equal manner by multiplying each value by the ratio of 650 divided by 675 to simulate an SFY14 subsidy total for all hospitals of \$650,000,000;
- j. For each eligible hospital the difference between its CY 2012 documented charity care and its CY 2011 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 2011 documented charity care;
- k. For each eligible hospital the ratio of its CY 2012 documented charity care divided by the total CY 2012 documented charity care for all hospitals shall be calculated;
- l. For each eligible hospital the percentage change in documented charity care as calculated in accordance with subsection j. above shall be multiplied by the CY 2012 documented charity care ratio calculated in subsection k. above;
- m. For each eligible hospital the value calculated in accordance with subsection l. above shall be multiplied by the total of the 20% pool for all eligible hospitals as calculated in subsections h. and i. above;
- n. For each eligible hospital the value calculated in accordance with subsection m. above shall be added to its 20% pool value as calculated in subsections h. and i. above;
- o. Each eligible hospital that demonstrates an increase in their calendar year documented charity care from 2010 to 2011 and from 2011 to 2012 shall be eligible for participation in the 1.5% pool, and hospitals that do not demonstrate the increasing trend shall receive an amount of \$0 for their 1.5% pool amount;

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- p. Each hospital that is eligible for the 1.5% pool based on the trend evaluation in subsection o. above shall receive the amount of their initial 1.5% pool amount as calculated in subsections h. and i. above, then multiplied by a common factor until the total of the 1.5% pool for these eligible hospitals equals the total of the 1.5% pool as calculated in subsections h. and i. above;
- q. For each eligible hospital the amount calculated in subsections h. and i. above for its 78.5% pool, subsection n. above for its adjusted 20% pool, and subsections o. and p. above for its adjusted 1.5% pool shall be added together producing the preliminary SFY 2015 charity care subsidy allocation for each eligible hospital;
- r. Notwithstanding the provisions above, an eligible hospital shall not receive more than \$1.10 in subsidy for each dollar of CY 2012 documented charity care;
- s. ~~Notwithstanding the provisions above, an eligible hospital shall not receive a lower SFY 2015 charity care subsidy allocation than its SFY 2014 charity care subsidy allocation if it had increased documented charity care as calculated in subsection jk. above, and an eligible hospital shall not receive a greater SFY 2015 charity care subsidy allocation than its SFY 2014 charity care subsidy allocation if it had decreased documented charity care as calculated in subsection jk. above;~~
- t. If necessary, a proportionate increase or decrease shall be applied to the 20% pool value as calculated in subsections m. and n. for each eligible hospital based on its percentage of total CY 2012 documented charity care such that the total calculated SFY 2015 charity care subsidy allocation for all hospitals shall equal \$650,000,000, except that the proration applied to the subsidy for any eligible hospital shall be modified as necessary to comply with subsections r. and s. above; and
- u. The resulting number will constitute each eligible hospital's SFY 2015 charity care subsidy allocation.

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