

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2920 STATE OF NEW JERSEY 221st LEGISLATURE

DATED: SEPTEMBER 11, 2024

SUMMARY

- Synopsis:** Requires parity in Medicaid reimbursement rates for certain routine inpatient hospice room and board services.
- Type of Impact:** Annual increase in State expenditures and revenue.
- Agencies Affected:** Department of Human Services.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	\$116,000 - \$161,000
State Revenue Increase	\$60,000 - \$83,000

- The Office of Legislative Services (OLS) estimates that gross State Medicaid expenditures will increase between \$116,000 and \$161,000 annually due to increased Medicaid reimbursement for room and board services provided in licensed hospice care programs' inpatient units.
- The OLS further estimates that State revenues, in the form of federal reimbursements for State Medicaid expenditures on hospice services, will increase between \$60,000 and \$83,000 annually under the bill. Therefore, the bill's annual net State cost is projected to range from \$56,000 to \$78,000.

BILL DESCRIPTION

The bill requires that the Medicaid reimbursement rate for room and board services provided in a licensed hospice care program's inpatient unit be equal to the Medicaid reimbursement rate for nursing home room and board services provided to beneficiaries who are receiving hospice services within nursing homes. The reimbursement rate provided under the bill will not apply to hospice care provided in a patient's home or to inpatient care received by a hospice patient for the purpose of respite services, symptom management, or pain control.

For patients admitted to a licensed hospice care program's inpatient unit, the reimbursement rate provided under the bill will apply to days when the patient receives a routine level of care from the hospice care program, as well as to any days during which the patient is no longer receiving services from the hospice care program but continues to reside within the program's inpatient unit pending transfer to another facility.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

Although the federal Medicare program pays for most hospice care delivered across the United States, Medicaid covers certain hospice recipients and services not covered by Medicare. NJ FamilyCare, the State's Medicaid program, covers most of the same hospice benefits as Medicare and generally pays for nursing care, medical equipment and supplies, medications, home health aides, and other services provided to hospice patients. NJ FamilyCare reimburses hospice care on a per-diem basis that varies according to the type and intensity of services provided, including lower-intensity "routine home care" provided to stable patients in private homes or other residential settings. Unlike Medicare, however, NJ FamilyCare also covers certain room and board costs for beneficiaries who reside in nursing facilities and who elect to receive hospice services. Federal law requires that the Medicaid room and board rate for a hospice patient residing in a nursing home must be at least 95 percent of the regular Medicaid per-diem reimbursement rate for that nursing home.

NJ FamilyCare does not currently reimburse room and board costs for hospice patients residing within inpatient hospice facilities. Information provided by the Home Care & Hospice Association of New Jersey indicates that, as of June 2024, NJ FamilyCare members receiving hospice services within inpatient hospice facilities generally only qualify for a Medicaid per-diem rate of \$89.50, which covers assisted living facility supportive services but not other room and board costs. This bill would increase inpatient hospice facility reimbursement rates to the level of Medicaid per-diem rates for hospice room and board services within nursing homes, which the OLS estimates would yield a per-diem rate of \$258.27 based on 95 percent of NJ FamilyCare's average nursing home rate in FY 2024 when excluding specialized care and pediatric nursing facilities.

Absent information from the Department of Human Services on the number of Medicaid hospice care days that would potentially be affected by the bill's provisions, the OLS estimates that NJ FamilyCare covers between 689 and 956 days of hospice care within inpatient hospice facilities each year, under both managed care and fee-for-service arrangements. This estimate is derived by extrapolating site-specific federal Medicare hospice utilization data, which accounts for approximately 90 percent of all hospice days, to the State's Medicaid-enrolled population. Thus, the OLS projects that increasing NJ FamilyCare reimbursement for these inpatient hospice care days from the assisted living facility rate of \$89.50 to the nursing home rate of \$258.27 per diem would increase NJ FamilyCare's gross annual expenditures between \$116,000 and \$161,000. Net State costs would increase between \$56,000 and \$78,000, assuming federal reimbursements between \$60,000 and \$83,000 that are consistent with the federal matching rate for NJ FamilyCare's fee-for-service hospice expenditures in 2023.

The OLS acknowledges that these net State costs may be underestimated if assisted living facility reimbursements are not uniformly available for all NJ FamilyCare members currently receiving hospice services from inpatient hospice facilities. The OLS also does not have sufficiently detailed data to estimate: any additional State costs resulting from the increased reimbursement rate's indirect impacts on premium-based assessments or other non-benefit costs borne by the State's Medicaid managed care plans; or the extent to which the higher reimbursement rate would divert more hospice recipients from nursing homes to inpatient hospice facilities, with any additional effects on net State costs. Finally, the OLS notes that federal law explicitly authorizes Medicaid reimbursement of hospice room and board services only when provided within nursing facilities and intermediate care facilities for individuals with intellectual disabilities, and that federal rules have historically prohibited Medicaid reimbursement of most room and board costs in other long-term care settings. If federal reimbursement is not available for this rate increase, the State may incur the full cost of \$116,000 to \$161,000 annually.

Section: Human Services

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).