



State of New Jersey

DEPARTMENT OF HUMAN SERVICES

PO Box 700

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CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

JENNIFER VILIZ
Commissioner

November 9, 2012

Lane Terwilliger
Centers for Medicare and
Medicaid Services
Center for Medicaid, CHIP and
Survey and Certification
Mail Stop S2-01-16
7500 Security Boulevard
Baltimore, MD 21244-1850

Dear Ms. Terwilliger:

I am writing to accept the Special Terms and Conditions (STCs) and award letter, dated October 2, 2012, for the New Jersey Comprehensive Waiver Demonstration (Demonstration).

The approval of the Demonstration will assist New Jersey in attaining our goal of preserving and sustaining our Medicaid program for decades to come through delivery system reform. It allows us to use savings to improve services for populations that are currently underserved, such as those with developmental disabilities and those with significant behavioral health care needs, as well as rebalancing our long-term care expenditures.

We appreciate the opportunity afforded us to review the STCs and are requesting some technical corrections prior to finalizing the agreement. The enclosed document outlines our proposed technical corrections which do not impact budget neutrality.

Please forward official communications regarding program matters to:

Valerie Harr, Director
Division of Medical Assistance and Health Services
NJ Department of Human Services
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I would like to thank you and your team for the dedicated time and effort, resources, and collaborative engagement throughout the review process. New Jersey looks forward to operationalizing a successful Demonstration for our Medicaid beneficiaries.

Sincerely,



Jennifer Velez
Commissioner

JV:2:jc

Enclosure

c: Valerie Harr
Cindy Mann
Victoria Wachino
Michael Melendez

New Jersey Department of Human Services
Technical Corrections to the
Comprehensive Waiver Special Terms and Conditions

Below is New Jersey's request for technical correction to the Comprehensive Waiver Special Terms and Conditions, Waiver Authority and Expenditure Authority. New Jersey is requesting five technical corrections. Please note that these requested technical corrections do not impact budget neutrality.

1. Transfer of Assets

The transfer of assets 5 year look back period STC and Waiver Authority change the State's intended process concerning the transfer of assets eligibility process. The intended process was to have all applicants with income up to 100% FPL self-attest and if the individual attested that no assets were transferred the state would *not* perform required asset research. If the individual attested that he or she did transfer assets the required research would be done. The way the approval documents describe it now is an elimination of a penalty. The proposed language change is outline below:

Approved Waiver Authority

Transfer of Assets Section 1902(a)(18)

Current language in final approval documents:

"To enable the State not to impose penalties on individuals who are enrolled in HCBS benefit programs whose transfer assets but have incomes at or below 100 percent of the FPL."

Proposed change:

"Eliminate the five year look back at time of application for applicants or beneficiaries seeking long term services and supports who have income at or below 100 percent of the Federal Poverty Level (FPL);"

Special Terms and Conditions (STCs)

Page 3 - PROGRAM DESCRIPTION AND HISTORICAL CONTEXT

This five year demonstration will:

Current language in final approval documents:

"Eliminate penalties for beneficiaries who transfer assets prior to seeking nursing facility services and have income at or below 100 percent of the Federal Poverty Level (FPL);"

Proposed change:

"Eliminate the five year look back at time of application for applicants or beneficiaries seeking long term services and supports who have income at or below 100 percent of the Federal Poverty Level (FPL);"

Page 4 - Demonstration Hypothesis

The State will test the following hypotheses in its evaluation of the demonstration:

Current language in final approval documents:

“Utilizing a projected spend-down provision and eliminating the penalty for transfer of assets for long term care and home and community based services will simplify Medicaid eligibility and enrollment processes without compromising program integrity.”

Proposed change:

“Utilizing a projected spend-down provision and eliminating the look back period at time of application for transfer of assets for applicants or beneficiaries seeking long term services and supports whose income is at or below 100% of the FPL will simplify Medicaid eligibility and enrollment processes without compromising program integrity.”

STC 21 – Transfer of Assets

Current language in final approval documents:

Transfer of Assets. New Jersey will not apply any transfer of assets penalty under section 1917 of the Act for long term care beneficiaries with income at or below 100 percent of the FPL.

Proposed change:

Transfer of Assets. At the time of application for long term care and home and community based services, based on self-attestation, New Jersey will not review assets pursuant to section 1917 of the Act for applicants or beneficiaries seeking long term services and supports with income at or below 100 percent of the FPL.”

STC 134 (iv) - EVALUATION OF THE DEMONSTRATION

Current language in final approval documents:

“iv. What is the impact of eliminating the Transfer of assets look-back period for long term care and home and community based services for individuals who are at or below 100 percent of the FPL. Was there a change in the number of individuals or on the mix of individuals qualifying for Medicaid due to this provision?”

Proposed change:

“iv. What is the impact of using self-attestation on the Transfer of assets look-back period for long term care and home and community based services for individuals who are at or below 100 percent of the FPL. Was there a change in the number of individuals or on the mix of individuals qualifying for Medicaid due to this provision?”

2. Expenditure Authority:

Current language in final approval documents:

Expenditure for HCBS Services furnished to Low-Income Individuals who Transferred Assets - Expenditures for HCBS services that would not otherwise be covered based on a transfer of assets by the low-income individual as described in section 1917(c) of the Act.”

Proposed change:

Expenditure for HCBS/MLTSS furnished to Low-Income Individuals who Transferred Assets – Expenditures for the provision of long term care and home and community based services that could be provided under the authority of section 1915(c) waivers, that would not otherwise be covered due to a transfer of assets penalty when the low-income individual has attested that no transfers were made during the look back period.

3. Federal reporting requirements:

STC #115

- Item a) The STCs indicate the Medicaid Expansion up to 133 percent of the FPL should be reported on the CMS 21. We believe this should be changed to the CMS64.21U form on the CMS 64 instead.
- Item d) The STCs indicate that CHIP Pregnant Women are part of the demonstration. We believe they are part of the CHIP State Plan and should not be included in the demonstration reporting.

STC #117

- The STC indicates CMS will make federal funds available based on the State estimate on the CMS 21B. The CHIP allotment is based on the previous year expenditures and/or budget and not related to the CMS 21B estimate. The language in this STC is appropriate for the Title XIX funding process, but not for Title XXI.

STC #122

- The STC should describe Populations 21, 22, and 23.

STC #123

- The STC states the State shall provide CMS with 60 days' notice before drawing down funds for Population 1. This condition is unclear and maybe unnecessary.

STC #124

- The STC should describe Populations 2 and 3.
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4. Premium Support Program:

New Jersey is requesting a technical correction to the cost-effectiveness language under STC #84(f) – see language below:

i. Cost-effectiveness shall be determined in the aggregate by comparing the cost, including administrative costs, of all eligible members' participation in the NJ FamilyCare program against the total cost to the State of reimbursing eligible members for their employer-sponsored insurance. The amounts used for the calculations (including risk-adjusted capitation rates) shall be derived from actuarial tables used by the NJ FamilyCare program and actual costs reported by the employer during the processing of the NJFC/PSP application.

ii. The cost of the employer-sponsored plans shall be determined by totaling the amount of the employees' premiums plus the actuarial value of all "wraparound" services, if applicable, minus any NJFC premium contributions owed to the State under the CHIP state plan.

iii. As a condition of PSP approval, the result of the cost-effectiveness test in the aggregate shall indicate a cost savings difference of, at a minimum, five percent between what the State would pay for the beneficiaries' participation in their employer-sponsored plans and NJFC vs. what the State would pay for their participation in the NJFC program alone.

iv. If the employer-sponsored plans are determined by the Division to be cost-effective in the aggregate in accordance with (i) above, the applicants shall participate in the Premium Support Program. If the employer-sponsored plans are determined not to be cost-effective, in accordance with (i) above, the applicants will continue to participate solely in the NJ FamilyCare program.

5. Transition plan from FFS Programs to Managed Care Delivery System:

- New Jersey is requesting to technically correct STC #63(f).
- The STC currently states that the state send informing notices to the beneficiaries no less than 60 days prior to implementation of MLTSS. We are requesting to change this to no less than 45 days, due to our eligibility system programming. Please note that beneficiaries will be receiving at least four notices prior to the implementation of MLTSS beginning 90 days prior to implementation.