LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 5035

STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JANUARY 15, 2026

SUMMARY

Synopsis: Requires DHS to study ways to increase collaboration among certain Statewide entities to optimize federal and State Medicaid resources; appropriates $250,000.

Type of Impact: One-time State expenditure and revenue increases.

Agencies Affected: Department of Human Services.

Office of Legislative Services Estimate

One-Time Fiscal Impact	
State Expenditure Increase	Up to $250,000
State Revenue Increase	Up to $125,000 to $225,000

- The Office of Legislative Services concludes that this bill will increase one-time State expenditures incurred by the Department of Human Services by up to $250,000 as a result of implementing the required study. Actual costs of the bill will be determined by: 1) whether existing department staff, newly hired staff, or a contracted entity will be involved in this study; and 2) the scope and scale of the study.

- The OLS assumes that these costs will be eligible Medicaid administrative expenses since the goal of the study is to optimize federal and State Medicaid resources. As such, State revenue will experience a one-time increase of up to $125,000 to $225,000, depending on the type of administrative activity for which reimbursement is sought, in the form of federal Medicaid matching funds. One-time net State costs under the bill are therefore estimated to be between $25,000 and $125,000.

BILL DESCRIPTION

This bill requires the Department of Human Services, within 180 days of the effective date of the bill, to study the ways by which the State may increase collaboration between State academic

institutions, Level 1 and Level 2 trauma centers as designated by the Department of Health and any other healthcare provider, and Medicaid managed care organizations to optimize federal and State Medicaid resources needed to support long-term, sustainable improvements in the quality of healthcare across New Jersey. The department is permitted to contract with a third-party entity to comply with this requirement, and is required to apply for any federal Medicaid waivers or State plan amendments necessary to implement this provision and ensure continued federal reimbursement for State expenditures under the Medicaid program. Finally, the bill appropriates $250,000 from the General Fund to the department to fulfill these provisions.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that this bill will increase State expenditures incurred by the Department of Human Services, up to $250,000, as a result of implementing a study, as described in the bill. Actual costs of the bill will be determined by: 1) whether existing department staff, newly hired staff, or a contracted entity will be involved in this study; and 2) the scope and scale of the study.

The OLS assumes that these costs will be eligible Medicaid administrative expenses since the goal of the study is to optimize federal and State Medicaid resources. As such, State revenue will experience a one-time increase of up to $125,000 to $225,000, in the form of federal Medicaid matching funds. One-time net State costs under the bill are therefore estimated to be between $25,000 and $125,000.

Section:	*Human Services*
Analyst:	*Sarah M. Schmidt* *Principal Research Analyst*
Approved:	*Thomas Koenig* *Legislative Budget and Finance Officer*

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.).Senator