

FISCAL YEAR 2024-2025



ANALYSIS OF THE NEW JERSEY BUDGET

DEPARTMENT OF HUMAN SERVICES

Prepared by the

NEW JERSEY LEGISLATURE
OFFICE OF LEGISLATIVE SERVICES

May 2024

NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF HUMAN SERVICES

Budget Pages C-5; C-12; C-21; D-189 to D-248; G-5 to G-6; H-11

Fiscal Summary (\$000)

	Expended FY 2023	Adjusted Appropriation FY 2024	Recommended FY 2025	Percentage Change 2024-25
State Budgeted	\$7,411,233	\$9,212,229	\$9,710,278	5.4%
Federal Funds	15,663,307	17,089,309	15,661,794	(8.4%)
<u>All Other Funds</u>	<u>2,558,131</u>	<u>2,790,834</u>	<u>3,216,812</u>	<u>15.3%</u>
Grand Total	\$25,632,671	\$29,092,372	\$28,588,884	(1.7%)

Personnel Summary - Positions By Funding Source

	Actual FY 2023	Revised FY 2024	Funded FY 2025	Percentage Change 2024-25
State	3,298	3,368	3,550	5.4%
Federal	2,572	2,566	2,648	3.2%
<u>All Other</u>	<u>48</u>	<u>55</u>	<u>78</u>	<u>41.8%</u>
Total Positions	5,918	5,989	6,276	4.8%

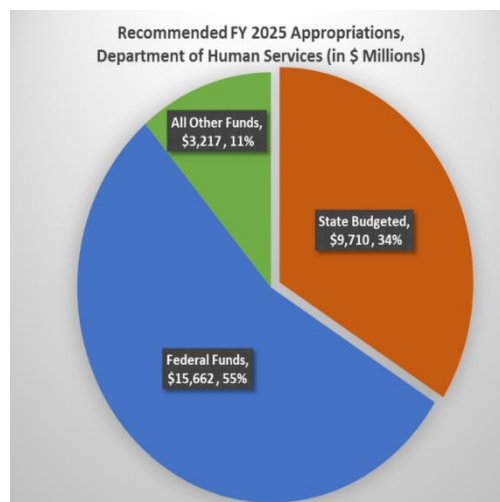
FY 2023 (as of December) and revised FY 2024 (as of January) personnel data reflect actual payroll counts. FY 2025 data reflect the number of positions funded.

Link to Website: <https://www.njleg.state.nj.us/budget-finance/governors-budget>

Highlights

- In the FY 2025 Governor’s Budget, the federal government once more funds the majority of the appropriations for the Department of Human Services (55 percent). The State finances the residual 45 percent through a combination of on- and off-budget funds.

The FY 2025 Governor’s Budget provides \$28.59 billion to the department, or \$503.5 million (1.7 percent) less than in FY 2024. Federal funding is expected to drop by \$1.43 billion (8.4 percent). Conversely, budgeted State funding is anticipated to grow by \$498.0 million (5.4 percent) and resources from All Other Funds by \$426.0 million (15.3 percent).



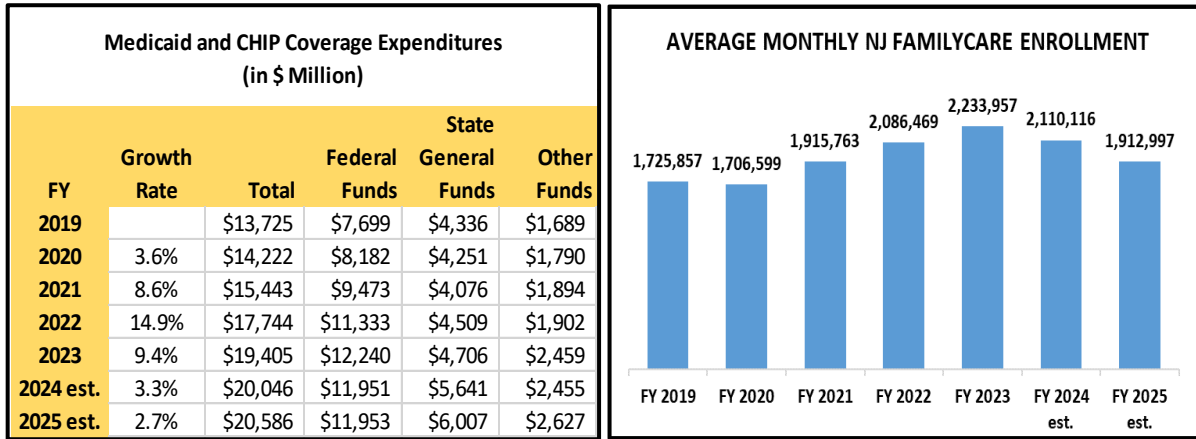
- The Department of Human Services includes five major divisions with annual budgets over \$200 million, each of which is summarized below. The department also includes four divisions whose recommended budgets for FY 2025 are relatively small: the Division of Disability Services, the Commission for the Blind and Visually Impaired, the Division of the Deaf and Hard of Hearing, and the Division of Management and Budget.

Division of Medical Assistance and Health Services

The Division of Medical Assistance and Health Services is primarily responsible for NJ FamilyCare. The program provides health care coverage to low-income New Jersey residents and children living in low- and moderate-income households with support from the federal Medicaid program and the Children’s Health Insurance Program.

- The Governor’s FY 2025 Budget recommends a net decrease of \$916.2 million (4.1 percent) in gross funding for the division, to a total of \$21.29 billion. State appropriations are to increase by \$177.2 million (3.0 percent) to \$6.08 billion; federal funds to decrease by \$1.51 billion (11.0 percent) to \$12.18 billion; and other funds, in the form of Medicaid drug manufacturer rebates, certain health care provider assessments, and other dedicated fund payments for Medicaid/NJ FamilyCare, to increase by \$416.7 million (15.9 percent) to \$3.04 billion.
- Comparisons of FY 2024 adjusted appropriations to recommended FY 2025 NJ FamilyCare/Medicaid appropriations are of limited informative value. That is because the FY 2024 adjusted appropriations reflect higher than actual expenditures for that fiscal year. For example, some \$253.9 million in excess FY 2024 State spending authority is anticipated to revert to the General Fund at the end of the fiscal year. The table on the following page shows expenditure projections for the NJ FamilyCare/Medicaid program, rather than appropriations.

Highlights (Cont'd)



- Pursuant to federal law, the State resumed reviewing all NJ FamilyCare enrollees’ eligibility on April 1, 2023 after a nearly three-year pause in eligibility redeterminations during the COVID-19 Public Health Emergency. During the period of continuous eligibility, NJ FamilyCare enrollment increased by nearly 600,000 members, or 36 percent. As of March 2024, enrollment declined by nearly 300,000 members during the so-called “unwinding” period, to 2.0 million, compared to the peak enrollment of 2.3 million in June of 2023. The Executive anticipates that the average monthly enrollment will decrease by 197,000 in FY 2025 to 1.9 million, when compared to FY 2024 levels.

Of note, despite the significant reduction in enrollment, total program expenditures from all funding sources are anticipated to grow by 2.7 percent from the current fiscal year to FY 2025. If it is assumed - for purposes of illustration and as a readily conceded oversimplification - that the profile of the disenrolled NJ FamilyCare beneficiary population is identical to the profile of the population retaining their NJ FamilyCare coverage, then the projected expenditure growth rate between FY 2024 and FY 2025 would be 13.3 percent absent the enrollment decline.

- The proposed State funds net increase of \$177.2 million for the division in FY 2025 is composed of myriad increases and decreases, of which several will be highlighted next.
- The Governor recommends shifting \$421.6 million in otherwise State-budgeted NJ FamilyCare expenditures to off-budget, dedicated resources. There are two shifts exceeding \$20.0 million each:
 - \$303.3 million to the Health Care Subsidy Fund mostly as a result of reallocating available fund balances and augmenting fund resources by raising, on January 1, 2025, the Health Maintenance Organization premiums assessment rate from 5.0 percent to 6.0 percent (receipts are dedicated to the Health Care Subsidy Fund); and
 - \$88.0 million in additional revenue projected to be generated under the County Option Hospital Fee Program.
- The Governor proposes a \$226.0 million appropriation reduction in FY 2025 due to several factors, most prominently NJ FamilyCare enrollment declines following the resumption of eligibility determinations on April 1, 2023.

Highlights (Cont'd)

- The Governor recommends establishing a new State-directed payment program in FY 2025 under which acute care hospitals would receive supplemental payments for each outpatient visit by a patient with NJ FamilyCare health insurance coverage. The recommended \$170.0 million State appropriation is expected to generate \$345.1 million in federal cost reimbursements, for total program resources of \$515.0 million in FY 2025.
- The Executive recommends a \$139.3 million increase in State appropriations to replace federal revenue received in FY 2024 from enhanced federal Medicaid matching percentage rates during the COVID-19 pandemic prior to the expiration of the enhanced rate at the end of calendar year 2023.
- The Governor anticipates a \$138.8 million increase due to higher managed care capitation rates paid to the five Medicaid managed care organizations for providing services to NJ FamilyCare enrollees.
- The Executive recommends a \$134.2 increase to support higher enrollment and service costs for the long-term care NJ FamilyCare eligibility group. Enrollment is anticipated to grow by 3.7 percent in FY 2025 and the average cost per client per year by \$1,837.
- The Governor recommends shifting \$69.3 million in expenditures for home- and community-based services from federal funds, received as a temporary enhancement to the federal matching rate for Medicaid home- and community-based services under the American Rescue Plan Act of 2021, to State funds. The State is required to use the additional federal funds to improve, expand, or strengthen Medicaid home- and community-based services. This shift maintains the initiatives implemented with the enhanced reimbursements through the use of State funds.
- The Governor recommends a net increase of \$78.9 million in State General Fund appropriations to support Medicare costs charged to the Medicaid program for dually eligible beneficiaries. Without a shift from federal to State funds, the additional appropriation based on rate and enrollment changes would grow by \$62.8 million.
- The Executive proposes a \$31.8 million State appropriation increase to implement expanded eligibility criteria for the NJ WorkAbility Program, as required under P.L.2021, c.344, including the elimination of income eligibility limits.
- The Governor recommends an additional \$9.3 million to increase reimbursement rates under the Personal Preference Program in response to the State's statutory annual minimum wage increases. The program provides qualified NJ FamilyCare enrollees with the option to self-direct the delivery of personal care assistant services.
- The Executive recommends an additional \$7.2 million for higher long-term care facility expenditures for direct care employee compensation because of the State minimum wage for such employees rising to \$18.13 per hour on January 1, 2024 with another inflation adjustment scheduled for January 1, 2025.

Highlights (Cont'd)

Division of Mental Health and Addiction Services

The Division of Mental Health and Addiction Services oversees New Jersey's adult system of community-based behavioral health, mental health, and substance use disorder services.

- The Governor recommends a net decrease of \$9.2 million (1.0 percent) in gross funding for the division, to a total of \$884.9 million. Declining by \$9.3 million to \$662.6 million, State-budgeted appropriations account for virtually the entirety of the net gross decrease.
- The Executive recommends eliminating in FY 2025 the \$3.0 million the Legislature added to the FY 2024 appropriation for the federally-mandated 9-8-8 national suicide prevention hotline. This would decrease the funding level to \$28.8 million. The Office of Management and Budget also indicates that \$6.0 million of the FY 2024 appropriation will be returned to the General Fund at the end of FY 2024 because of the delayed implementation of certain initiatives within the 9-8-8 system.
- The FY 2025 Governor's Budget proposes decreasing the appropriation for the Mental Health Professionals Capacity Expansion Initiatives by \$1.1 million to \$4.6 million in FY 2025. The reduction would lower the number of new adult psychiatric residency positions supported under the program from 10 to seven. The number of funded new child and adolescent psychiatric residency positions would remain at four.
- The Governor recommends increasing the appropriation for county and State-billable patients who reside in county psychiatric hospitals by \$7.6 million to \$146.2 million in FY 2025 due to increases in the calendar year 2024 and 2025 billable per diem rates.

Division of Aging Services

The Division of Aging Services administers numerous programs for senior citizens and certain residents with disabilities. These include the State-funded pharmaceutical assistance programs and several other programs intended to allow seniors to stay in their homes and avoid institutional placement, such as home-delivered meals, transportation, and housekeeping services. The division also provides State Aid to counties for the operations of the County Offices on Aging and the State share of the federal Older Americans Act.

- The Governor recommends \$318.3 million in gross appropriations for the division, an increase of \$11.9 million (3.9 percent) from FY 2024 adjusted appropriations, which is comprised of a \$12.1 million increase in State funds and a \$175,000 decrease from other dedicated revenues. Anticipated federal funds are to remain at FY 2024 levels.
- The Executive proposes a \$12.4 million (18.6 percent) increase for the Pharmaceutical Assistance to the Aged and Disabled (PAAD) Program due to the continuing trend of enrollment growth and the annualization of the cost of the income eligibility expansion that occurred on January 1, 2024. Enrollment in the program is projected to increase by 16,127 to 157,338 beneficiaries in FY 2025.

Highlights (Cont'd)

- The Governor recommends a \$1.1 million increase for the Community Based Senior Programs account, of which \$1.0 million is attributed to additional support for Area Agencies on Aging to reduce enrollment delays for long-term care and community services. The remainder, or \$100,000, is due to the State's statutory annual minimum wage increases.

Division of Developmental Disabilities

The Division of Developmental Disabilities funds a broad range of community-based residential care services, individual and family support services, and day programs for individuals with developmental disabilities. The division also operates the State's five residential developmental centers for individuals with developmental disabilities.

- Gross funding for the five State developmental centers is recommended to increase by \$12.9 million (4.1 percent), to \$329.7 million, composed of a \$13.4 million increase (5.8 percent) in federal funds and a \$479,000 decrease (0.6 percent) in State funds.
- The Governor proposes gross funding for the division's Community Programs of \$3.33 billion in FY 2025, \$232.8 million (7.5 percent) more than in FY 2024, including: \$1.67 billion in State appropriations (an increase of \$136.9 million or 8.9 percent); \$1.65 billion in federal funds (growth of \$96.9 million or 6.2 percent); and \$5.0 million from All Other Funds (a decrease of \$1.0 million or 16.6 percent).
- The Division of Developmental Disabilities administers the Community Care Program and the Supports Program, which provide home- and community-based services to individuals with developmental disabilities and their families. The Governor recommends appropriating an additional \$142.8 million in State funds for the programs:
 - 1) \$96.6 million reflecting enrollment and service cost growth;
 - 2) \$20.9 million reflecting higher compensation expenditures partially in response to the annual increases in the State minimum wage - these funds will support the wages of direct support professionals and their supervisors;
 - 3) \$20.4 million to shift to State funds expenditures previously charged to certain enhanced Medicaid matching funds received during the COVID-19 pandemic; and
 - 4) \$5.3 million to increase mandatory training hours for direct support professionals.
- The Executive recommends shifting \$8.0 million in division salary costs from the State General Fund to federal accounts.
- The Governor proposes an increase of \$2.2 million to annualize the cost of a mid-year FY 2024 group home rate enhancement for emergency capacity beds. This initiative includes a zero rejection policy in which no new client is declined services due to lack of capacity.

Highlights (Cont'd)

Division of Family Development

The Division of Family Development provides various support services and types of assistance to financially insecure families and adults without dependents. In cooperation with county welfare agencies, the division provides nutrition assistance, temporary cash assistance, rental and emergency housing assistance, child care subsidies, and other support services to its client population. These programs include the federal Supplemental Nutrition Assistance Program (SNAP), the Temporary Assistance for Needy Families (TANF) block grant, and the Child Care and Development Block Grant.

- Funding for the division is recommended to increase by \$158.3 million (7.7 percent), to \$2.22 billion (gross). Of this increase, \$181.8 million represents State funds appropriation growth and \$5.4 million represents All Other funds appropriation growth. Conversely, federal funds are anticipated to decline \$28.8 million.
- The Governor's FY 2025 Budget includes an additional \$170.4 million in State funds appropriations for Works First Child Care subsidy payments for eligible families. The three largest contributors to the net increase are:
 - 1) \$139.2 million more to accommodate organic growth in enrollment and the cost of child care services;
 - 2) \$86.2 million more to replace federal COVID-19 pandemic assistance that enhanced child care subsidies, notably Family Differential Payments that provides up to \$300 for full-time care, or \$150 for part-time care, per eligible child, per month above the baseline reimbursement rate; and
 - 3) \$53.5 million less due to the proposed resumption of family copayments in July 2024 and the discontinuation of enrollment-based payments for providers in January 2025.
- The FY 2025 Governor's Budget proposes an additional \$6.1 million to support the \$95 minimum Supplemental Nutrition Assistance Program (SNAP) household benefit in FY 2025. The program provides each SNAP household with the difference between \$95 and the federal monthly benefit if the latter is less than \$95. According to the Office of Management and Budget, some \$32.2 million will be needed in FY 2025 to pay for the minimum benefit. Of that total, a recommended FY 2025 appropriation would cover \$30.2 million and the remaining \$2.0 million would be carried forward into FY 2025.
- The Executive recommends various increases to support the administration of the Supplemental Nutrition Assistance Program and the Work First New Jersey Program: \$2.5 million for overtime wages to county Supplemental Nutrition Assistance Program application processors; \$1.9 million to administer a new program that will provide electronic benefit transfer (ETB) cards to certain eligible students for the purchase of food during the 2024 summer recess with the federal government paying for the costs of the benefits; and \$1.7 million to implement a EBT Fraud Prevention Program, which would provide recipients of both programs with electronic benefit transfer cards embedded with microchip technology.
- The Governor proposes a \$4.1 million increase to raise per diem reimbursement rates for hotels and motels that provide emergency housing by \$10, from \$62 in FY 2024 to \$72 in FY 2025.

Highlights (Cont'd)

Background Papers:

Falling NJ FamilyCare Enrollment During the “Unwinding” of the COVID-19 Public Health Emergency	p. 64
Child Care Subsidy Program Enrollment and Expenditures – The FY 2025 Turning Point	p. 71
The Division of Developmental Disabilities Community Care Program and Supports Program Enrollment and Expenditures	p. 74
Developmental Center Population and Community Placement Trends	p. 76

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2023	Adj. Approp. FY 2024	Recom. FY 2025	Percentage Change	
				2023-25	2024-25
General Fund					
Direct State Services	\$322,657	\$343,519	\$346,292	7.3%	0.8%
Grants-In-Aid	6,117,138	7,830,489	8,237,871	34.7%	5.2%
State Aid	223,985	250,771	259,340	15.8%	3.4%
Capital Construction	48	0	0	(100.0%)	--
Debt Service	0	0	0	--	--
Sub-Total	\$6,663,828	\$8,424,779	\$8,843,503	32.7%	5.0%
Property Tax Relief Fund					
Direct State Services	\$0	\$0	\$0	--	--
Grants-In-Aid	3,841	4,000	4,000	4.1%	0.0%
State Aid	245,360	259,600	269,157	9.7%	3.7%
Sub-Total	\$249,201	\$263,600	\$273,157	9.6%	3.6%
Casino Revenue Fund	\$498,204	\$523,850	\$593,618	19.2%	13.3%
Casino Control Fund	\$0	\$0	\$0	--	--
State Total	\$7,411,233	\$9,212,229	\$9,710,278	31.0%	5.4%
Federal Funds	\$15,663,307	\$17,089,309	\$15,661,794	(0.0%)	(8.4%)
Other Funds	\$2,558,131	\$2,790,834	\$3,216,812	25.7%	15.3%
Grand Total	\$25,632,671	\$29,092,372	\$28,588,884	11.5%	(1.7%)

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2023	Revised FY 2024	Funded FY 2025	Percentage Change	
				2023-25	2024-25
State	3,298	3,368	3,550	7.6%	5.4%
Federal	2,572	2,566	2,648	3.0%	3.2%
All Other	48	55	78	62.5%	41.8%
Total Positions	5,918	5,989	6,276	6.0%	4.8%

FY 2023 (as of December) and revised FY 2024 (as of January) personnel data reflect actual payroll counts. FY 2025 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percentage	57.3%	59.4%	N/A	---	---
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Significant Changes/New Programs (\$000)

DIVISION OF MENTAL HEALTH AND ADDICTION SERVICES

General Fund, Direct State Services				Budget Page: D-196	
Salaries and Wages					
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$10,304	\$10,062	\$13,278	\$13,618	\$340	2.6%

Several changes in the salaries and wages budget for the administration and support services function of the Division of Mental Health and Addiction Services yield the recommended net increase of \$340,000 for division salaries and wages in the FY 2025 Governor’s Budget. The main contributor is an increase of \$680,000 for seven new positions, which according to the Office of Management and Budget, would be used to expand contracting and fiscal oversight, on-site monitoring activities, and programmatic oversight for various programs.

General Fund, Grants-in-Aid				Budget Page: D-197	
Gun Violence and Suicide Prevention Grant					
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$79	\$132	\$500	\$250	(\$250)	(50.0%)

The recommended decrease is aligned with the Administration’s general policy of reducing many grant appropriations to specific organizations by 50 percent. This account supports the State Zero Suicide Program, a national initiative based upon the premise that suicide deaths for individuals under the care of health and behavioral health systems are preventable. The Education Development Center receives a majority of the funding. The appropriation funds, among other related purposes, a two-day Zero Suicide Academy.

General Fund, Grants-in-Aid				Budget Page: D-197	
Justice Involved Mental Health Pilot					
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$424	\$1,873	\$2,000	\$1,600	(\$400)	(20.0%)

The decrease is consistent with the Administration’s general policy of lowering the recommended appropriations for many discretionary grant programs by 20 percent.

Significant Changes/New Programs (\$000) (Cont'd)

This program is a voluntary mental health diversion program, which connects individuals on pretrial monitoring to mental health and substance use disorder treatment, housing, medical assistance and other social services. It is part of a larger effort undertaken by the State Supreme Court Mental Health Advisory Committee to address mental illness in the criminal justice system.

According to continued budget language, this appropriation would fund no less than two county-based pilot programs designed to serve clients with mental health conditions, with one of those programs being the Mental Health Association of Essex and Morris, Inc. Accordingly, this appropriation has funded pilot programs in Morris, Camden, Essex, and Middlesex counties.

General Fund, Grants-in-Aid Monmouth Mental Health Association				Budget Page: D-197	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$250	\$250	\$250	\$125	(\$125)	(50.0%)

The recommended decrease is aligned with the Administration’s general policy of reducing many grant appropriations to specific organizations by 50 percent. Based in Tinton Falls, the Mental Health Association of Monmouth County is an affiliate of the national nonprofit Mental Health America, a community-based nonprofit organization dedicated to addressing the needs of individuals living with mental illness.

General Fund, Grants-in-Aid Bilingual Mental Health Professional Residencies				Budget Page: D-197	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$0	\$0	\$1,000	\$800	(\$200)	(20.0%)

The decrease is consistent with the Administration’s general policy of lowering the recommended appropriations for many discretionary grant programs by 20 percent.

Significant Changes/New Programs (\$000) (Cont'd)

General Fund, Grants-in-Aid 9-8-8 Mental Health Crisis and Suicide Prevention Hotline				Budget Page: D-197	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$0	\$1,500	\$31,824	\$28,824	(\$3,000)	(9.4%)

The Legislature included an additional \$3.0 million in the FY 2024 Appropriation Act for the federally-mandated 9-8-8 national suicide prevention hotline, as well as associated crisis care and response services. The proposed \$3.0 million reduction aligns with the Administration’s general policy of eliminating or reducing in FY 2025 most appropriations the Legislature added for FY 2024.

The Office of Management and Budget also intends to return \$6.0 million in surplus appropriations to the General Fund at the end of FY 2024 because of the delayed implementation of certain initiatives within the 9-8-8 system. The Executive anticipates 138,076 contacts to the 9-8-8 system in FY 2024, which is significantly revised from the 280,750 contacts anticipated a year ago. For FY 2025, the department now projects 252,842 contacts.

General Fund, Grants-in-Aid Mental Health Professionals Capacity Expansion Initiatives				Budget Page: D-197	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$0	\$4,762	\$5,740	\$4,592	(\$1,148)	(20.0%)

The decrease is consistent with the Administration’s general policy of lowering the recommended appropriations for many discretionary grant programs by 20 percent. As per associated budget language, the number of funded new adult psychiatric residency positions would decline from 10 to seven in FY 2025, absorbing the entire recommended \$1.1 million reduction. The number of funded new child and adolescent psychiatric residency positions would remain at four.

Significant Changes/New Programs (\$000) (Cont'd)

General Fund, Grants-in-Aid Hackensack Meridian Health, Raritan Bay Medical Center – Psychiatric Bed Expansion					Budget Page: D-197	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025		
\$0	\$0	\$6,000	\$0	(\$6,000)	(100.0%)	

General Fund, Grants-in-Aid NJ 2-1-1 Partnership Operating Aid					Budget Page: D-197	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025		
\$0	\$0	\$1,019	\$0	(\$1,019)	(100.0%)	

General Fund, Grants-in-Aid TruuSight Health – Mental Health Pilot Project					Budget Page: D-197	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025		
\$0	\$0	\$500	\$0	(\$500)	(100.0%)	

General Fund, Grants-in-Aid New Jersey Post-COVID Behavioral Health Initiative					Budget Page: D-197	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025		
\$0	\$0	\$500	\$0	(\$500)	(100.0%)	

Property Tax Relief Fund, State Aid County of Middlesex – Department of Community Services Comprehensive Behavioral Pilot Program (PTRF)					Budget Page: D-198	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025		
\$0	\$0	\$2,500	\$0	(\$2,500)	(100.0%)	

The Executive recommends eliminating five appropriations totaling \$10.5 million for community-based mental health programs that were added to the FY 2024 Appropriations Act by the Legislature. The proposed reduction aligns with the Administration’s general policy of eliminating or reducing in FY 2025 most appropriations the Legislature added for FY 2024.

Significant Changes/New Programs (\$000) (Cont'd)

General Fund, Grants-in-Aid Preferred Behavioral Health Group – Prevention First Operating Costs					Budget Page: D-197	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025		
\$0	\$0	\$50	\$0	(\$50)	(100.0%)	

General Fund, Grants-in-Aid Tigger House Foundation – Mental Health Programs					Budget Page: D-198	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025		
\$0	\$0	\$50	\$0	(\$50)	(100.0%)	

The Executive proposes eliminating \$50,000 in grant funding for each of two organizations that provide substance use disorder programs. Both appropriations were initially recommended by the Governor last year.

Prevention First programs, which are administered by Preferred Behavioral Health Group in Monmouth and Ocean counties, target youth and families, and cover a wide array of topics, such as substance use, violence, healthy relationships, school and social failure, harassment, and intimidation and bullying.

The Tigger Stavola Foundation for Drug Prevention and Education, in turn, is located in Monmouth County and drug prevention and education programs.

General Fund, Grants-in-Aid Community Based Substance Use Disorder Treatment and Prevention – State Share					Budget Page: D-198	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025		
\$9,757	\$9,069	\$42,829	\$41,379	(\$1,450)	(3.4%)	

The Community-Based Substance Use Disorder Treatment and Prevention – State Share appropriation, in combination with the federal Substance Abuse Block Grant, supports a wide variety of programs to prevent and treat substance use disorders that are not covered by the NJ FamilyCare (Medicaid) program. This account in particular funds the State’s maintenance of effort requirement to match the federal grant.

The reduction in this account represents the countervailing effects of two proposed changes. First, the Executive recommends decreasing funding by \$1.5 million, from \$3.0 million to \$1.5 million, to the New Bridge Medical Center for the provision of behavioral health and substance use disorder treatment services within the hospital’s emergency department.

Significant Changes/New Programs (\$000) (Cont'd)

Second, the Governor proposes increasing the allocation to New Beginnings Behavioral Health by \$50,000, from \$350,000 in FY 2024 to \$400,000 in FY 2025. New Beginnings Behavioral Health is a non-profit health care organization in South Jersey that provides support services to homeless individuals, recovery initiatives for individuals with substance use disorders, and re-entry programs for individuals exiting the prison system.

Property Tax Relief Fund, State Aid Support of Patients in County Psychiatric Hospitals (PTRF)				Budget Page: D-198	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$128,764	\$126,985	\$135,711 S \$2,900	\$146,164	\$7,553	5.4%

The Governor recommends increasing the appropriation for county and State-billable patients who are cared for in county psychiatric hospitals by \$7.6 million in FY 2025 due to increases in the calendar year 2024 and 2025 billable per diem rates. Because each year the department does not establish billable per diem rates for the upcoming calendar year until after the annual Appropriations Act is approved, the Executive also proposes new contingency language that would grant the department unlimited supplemental appropriation authority without additional legislative approval for the above account. The FY 2024 supplemental appropriation of \$2.9 million is anticipated to be needed because the increase in the calendar year 2024 per diem rate exceeded the estimate that formed the basis of the original FY 2024 appropriation.

The Division of Mental Health and Addiction Services pays 85 percent of the costs for maintenance of county patients and 100 percent of the costs for maintenance of State patients in county psychiatric hospitals. The average daily population of 413 State-billable patients in FY 2025 is unchanged. Currently, four counties (Bergen, Essex, Hudson, and Union) operate county psychiatric hospitals, which primarily serve individuals who are involuntarily committed to inpatient psychiatric treatment.

All Other Funds Community Services				Budget Page: D-198	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$1,014	\$682	\$650	\$400	(\$250)	(38.5%)

The proposed reduction in All Other Funds reflects the anticipated non-renewal of a federal \$250,000 grant the department receives in federal FY 2024 through a conduit, the National Association of State Mental Health Program Directors, under the Transformation Transfer Initiative umbrella. The federal FY 2024 initiative assists states in expanding their mental health systems of care.

Significant Changes/New Programs (\$000) (Cont'd)

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

General Fund, Direct State Services Services Other Than Personal				Budget Page: D-205	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$17,303	\$25,049	\$20,339	\$23,839	\$3,500	17.2%

The Office of Management and Budget attributes the recommended growth to the division’s need to secure project management consultants for large-scale program implementation needs. The \$3.5 million would support a wide range of unspecified high-priority division projects, primarily to implement unspecified time-sensitive federal and legislative mandates.

General Fund, Grants-in-Aid Medical Coverage				Budget Page: D-206	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
A) Medical Coverage – Aged, Blind and Disabled					
\$1,316,018	\$1,349,659	\$1,540,014	\$1,624,032	\$84,018	5.5%
B) Medical Coverage – Community-Based Long Term Care Recipients					
\$1,015,662	\$1,145,221	\$1,382,717	\$1,559,330	\$176,613	12.8%
C) Medical Coverage – Nursing Home Residents					
\$411,416	\$449,634	\$619,195	\$556,393	(\$62,802)	(10.1%)
D) Medical Coverage – Title XIX Parents and Children					
\$438,815	\$261,486	\$687,751	\$671,838	(\$15,913)	(2.3%)
E) Medical Coverage – ACA Expansion Population					
\$549,068	\$557,503	\$551,294	\$475,142	(\$76,152)	(13.8%)
TOTAL MEDICAL COVERAGE					
\$3,730,979	\$3,763,503	\$4,780,971	\$4,886,735	\$105,764	2.2%
Less Expected FY 2024 Lapse					
		(\$253,855)			
TOTAL MEDICAL COVERAGE LESS EXPECTED FY 2024 LAPSE					
\$3,730,979	\$3,763,503	\$4,527,116	\$4,886,735	\$359,619	7.9%

The Governor recommends the State funds appropriations for various Medicaid eligibility group budget lines to increase by \$105.8 million to a FY 2025 total appropriation of \$4.89 billion.

As indicated above, the Office of Management and Budget intends to lapse \$253.9 million in surplus Medicaid appropriations into the General Fund at the end of FY 2024. Accordingly, the proposed FY 2025 State funding level reflects a \$359.6 million, or 7.9 percent, increase over anticipated FY 2024 spending needs.

Significant Changes/New Programs (\$000) (Cont'd)

Elements of FY 2024 Lapse of \$253.9 Million: Of the excess FY 2024 State spending authority, about \$203.9 million reflects primarily the replacement of appropriated State funds by available excess federal funds that were carried forward from prior fiscal years into FY 2024.

The remainder of the FY 2024 lapse is due to the previously unanticipated use of \$50.0 million from the Health Care Affordability and Accessibility Fund for NJ FamilyCare expenditures in FY 2024. The Executive projects that this fund, which receives its deposits from Horizon Blue Cross Blue Shield of New Jersey as a part of the conversion of the health insurance company's organizational status, is anticipated to receive \$100 million in FY 2024. The FY 2024 Appropriations Act authorizes the use of these funds for NJ FamilyCare expenditures, subject to the approval of the Joint Budget Oversight Committee. As of April 27, 2024, the committee has not received a funding recommendation for this purpose.

FY 2025 Net Increase in Appropriations: The proposed \$105.8 million net increase in State appropriations, excluding the anticipated lapse, is the aggregate effect of numerous countervailing changes. In total, the Governor recommends expenditure increases of \$753.3 million, offset by \$647.6 million in reductions.

A) Various Appropriation Decreases: The FY 2025 Governor's Budget contains \$647.6 million in recommended decreases for the Medicaid eligibility group budget lines as follows:

- 1) \$421.6 million in cost shifts from the General Fund to All Other Funds, composed of:
 - a) \$303.3 million in additional resources allocated to Medicaid through the dedicated, off-budget Health Care Subsidy Fund (reflecting mostly additional resources from reducing the recommended Charity Care appropriation and the proposed increase in the Health Maintenance Organization (HMO) premiums assessment rate from 5 percent to 6 percent on January 1, 2025);
 - b) \$88.0 million in additional revenue projected to be generated under the County Option Hospital Fee Program;
 - c) \$16.1 million in additional NJ FamilyCare pharmaceutical manufacturer rebates; and
 - d) \$14.0 million in additional premium collection under the NJ WorkAbility program.
- 2) \$226.0 million in reductions due to several other "trend" factors, most prominently NJ FamilyCare enrollment declines following the resumption of eligibility determinations on April 1, 2023. The Executive anticipates that the average monthly enrollment will decrease by 197,119 in FY 2025 to 1.9 million, when compared to FY 2024 levels.

B) Various Appropriation Increases: The FY 2025 Governor's Budget contains \$753.3 million in recommended increases for the Medicaid eligibility group budget lines as follows:

- 1) \$211.4 million for higher capitation rates paid to the five Medicaid managed care organizations for providing services to NJ FamilyCare enrollees and other ancillary impacts of State policy changes affecting managed care organization expenditures;
- 2) \$170.0 million for a new State-directed payment program in FY 2025 under which acute care hospitals would receive supplemental payments for each outpatient visit by a patient with NJ FamilyCare health insurance coverage. The \$170.0 million State appropriation is anticipated to generate \$345.1 million in federal cost reimbursements, for total program resources of \$515.0 million in FY 2025.

Significant Changes/New Programs (\$000) (Cont'd)

- 3) \$134.2 million to support higher enrollment and service costs for the long-term care NJ FamilyCare eligibility group. Enrollment is anticipated to grow by 3.7 percent in FY 2025 and the average cost per client per year by \$1,837;
- 4) \$114.0 million attributed to a shift from federal to State funds following the expiration at the end of calendar year 2023 of the enhanced federal matching percentages for State Medicaid expenditures, available during the federal COVID-19 public health emergency pursuant to the federal Families First Coronavirus Response Act;
- 5) \$69.3 million due to a cost shift from enhanced federal Medicaid funding received under the American Rescue Plan Act for home- and community-based services to State funding. Pursuant to the federal American Rescue Plan Act of 2021, the State received a 10 percentage-point enhancement to the federal matching percentage for State Medicaid expenditures for home- and community-based services from April 1, 2021 to March 31, 2022. The State is required to use the additional federal funds by March 31, 2025 to improve, expand, or strengthen Medicaid home- and community-based services. As of April 26, 2024, the State has \$174.5 million unexpended in this account.
- 6) \$31.8 million for the continued implementation of P.L.2021, c.344, which expanded eligibility for the NJ Workability program. The program offers people with disabilities who are working and whose income would otherwise make them ineligible for Medicaid, the opportunity to pay a premium for the receipt of full Medicaid coverage. In April 2023, the following components of P.L.2021, c.344 were implemented: twelve months of coverage after a job loss; the expansion of eligibility from those aged 16 through 64 to those 65 and older; the phase-out of a spouse's income in eligibility consideration; and the elimination of the program's asset limits. In February 2024, the remaining provisions of the law were implemented: eliminating income limits and establishing premiums for individuals with income above 250 percent of the federal poverty level;
- 7) \$9.3 million to raise reimbursement rates under the Personal Preference Program by \$1.00 per hour in response to the State's statutory minimum wage increases. The program provides qualified NJ FamilyCare enrollees with the option to self-direct the delivery of personal care assistant services;
- 8) \$7.2 million attributed to higher long-term care facility expenditures for direct care employee compensation because of the State minimum wage for such employees rising to \$18.13 per hour on January 1, 2024 with another inflation adjustment scheduled for January 1, 2025;
- 9) \$4.0 million to implement P.L.2023, c.213, which requires NJ FamilyCare to reimburse claims for covered services submitted by clinical social workers, professional counselors, and marriage and family therapists under certain circumstances;
- 10) \$1.2 million to implement P.L.2023, c.181, which establishes a new minimum NJ FamilyCare reimbursement rate for traumatic brain injury specialty care nursing facilities as well as an enhanced NJ FamilyCare reimbursement rate for nursing facilities that create single occupancy rooms; and
- 11) \$1.0 million to implement P.L.2023, c.163, which creates a program for the coverage of acute hospital care in a NJ FamilyCare beneficiary's home when appropriate.

Significant Changes/New Programs (\$000) (Cont'd)

In total, the Executive forecasts NJ FamilyCare expenditures for all eligibility groups from all funding sources for both services and other associated costs - such as Medicare premiums, provider settlements and adjustments, and eligibility and enrollment services - to total \$20.59 billion in FY 2025. This amount is \$540.1 million, or 2.7 percent, higher than anticipated \$20.05 billion in expenditures for the current fiscal year.

In general, the Office of Management and Budget exercises discretion in allocating these resources to the various NJ FamilyCare budget lines. Accordingly, the projected changes in FY 2025 State NJ FamilyCare appropriations are not necessarily an accurate reflection of policy changes related to the delivery of services or program utilization experiences. In addition, recurring budget language grants the Executive substantial discretion with regard to Medicaid Medical Coverage expenditures in the mid-year execution phase of the budget. State funds appropriations to individual Grants-in-Aid budget lines in the General Medical Services program classification may be transferred to other Grants-in-Aid budget lines in the same program classification. Similar language provides transfer authority with regard to federal Medicaid funds. Another language provision grants unrestricted supplemental appropriation authority for the State-funded accounts.

General Fund, Grants-in-Aid Medicare Parts A and B				Budget Page: D-206	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$240,888	\$263,426	\$291,277	\$313,620	\$22,343	7.7%

The NJ FamilyCare program pays Medicare Part A and B premiums for Medicaid enrollees who are also enrolled in the federal Medicare program. For these individuals, Medicare is the primary payer, so dual enrollment helps to reduce State costs by shifting a portion of these costs to the federal government.

The recommended FY 2025 growth in this appropriation has three countervailing components:

- a \$19.9 million increase is due to changes in Medicare rates and enrollment. In calendar year 2024, the standard monthly premium for Medicare Part B increased by \$9.80 to \$174.70, and the annual deductible for all Medicare Part B beneficiaries increased by \$14 to \$240. The Executive projects that the average monthly enrollment will increase from 135,477 in FY 2024 to 137,664 in FY 2025.
- a \$6.2 million increase is due to the replacement of nonrecurring federal funds after the expiration of the federal Medicaid cost reimbursement rate enhancements, available during the federal COVID-19 public health emergency, at the end of calendar year 2023.
- a \$3.7 million decrease for the continued disbursement of retroactive payments to approximately 2,500 individuals who were eligible for the Qualified Medicaid Beneficiary program from 2020 to 2021 and who were retained in the less Specified Low Income Medicaid Beneficiary program, another Medicare Saving Program with less generous benefits, due to system issue limitations. This funding will reimburse those individuals for incurred out-of-pocket medical expenses.

Significant Changes/New Programs (\$000) (Cont'd)

General Fund, Grants-in-Aid Medicare Part D				Budget Page: D-206	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$508,800	\$582,088	\$663,044	\$719,561	\$56,517	8.5%

The Medicare Part D appropriation represents “clawback” payments, which the State is required to make to the federal government. The clawback payments are calculated by the federal government according to a formula, and are intended to reflect roughly 75 percent of the State Medicaid savings that result from the Part D program’s coverage of prescription drug costs for those individuals enrolled in both Medicare and Medicaid.

The recommended FY 2025 growth in this appropriation is attributed to two components:

- a \$42.9 million increase due to growth in Medicare rates and enrollment for dually eligible beneficiaries. Enrollment for dually eligible beneficiaries is anticipated to increase by 1.6 percent in FY 2025; and
- a \$13.6 million increase due to the need to replace the nonrecurrence of federal funds following the expiration of the federal Medicaid cost reimbursement rate enhancements, available during the federal COVID-19 public health emergency, at the end of calendar year 2023. The federal matching rate affects the formulaic calculation of the State clawback multiplier. When the State’s federal medical assistance percentage decreases, as is the case following the expiration of the enhanced federal matching rates, the State’s clawback percentage increases in tandem.

General Fund, Grants-in-Aid Provider Settlements and Adjustments				Budget Page: D-206	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$12,661	\$68,983	\$68,375	\$56,875	(\$11,500)	(16.8%)

This budget line reflects appropriations to a variety of unspecified, residual NJ FamilyCare programs that are not allocated to client category-specific Medicaid lines. In the past, the unspecified, residual NJ FamilyCare programs have included some retroactive payments to providers, federally mandated additional Medicaid payments to Federally Qualified Health Centers, and some Medicaid coverage costs.

Significant Changes/New Programs (\$000) (Cont'd)

The Executive recommends a reduction of the FY 2025 appropriation by \$11.5 million due to two countervailing components:

- a \$17.0 million decrease is attributable to continued NJ FamilyCare enrollment reductions following the resumption of eligibility determinations on April 1, 2023, the so-called “unwinding.” The Executive anticipates that the average monthly enrollment will decrease by 9.3 percent, from 2.1 million in FY 2024 to 1.9 million in FY 2025.
- a \$5.5 million increase due to the replacement with State funds of the temporarily enhanced federal Medicaid cost reimbursements that expired at the end of calendar year 2023.

Federal Funds General Medical Services				Budget Page: D-206	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$11,331,028	\$12,245,281	\$13,463,534	\$11,953,471	(\$1,510,063)	(11.2%)

The anticipated net decrease of \$1.51 billion in federal fund appropriations associated with Medicaid/NJ Family Care is due to several factors: the removal of FY 2024 appropriations in excess of need, the anticipated continued decline in NJ FamilyCare enrollment following the resumption of eligibility determinations on April 1, 2023; the expiration of the enhanced federal cost reimbursement percentages at the end of calendar year 2023; and the proposed creation of the State-directed payment program in FY 2025. The program is anticipated to generate an additional \$345.1 million in federal revenue in FY 2025 through the implementation of supplemental payments for each acute care hospital outpatient visit by a patient with NJ FamilyCare health insurance coverage. Including the projected \$170.0 million in State expenditures, the State-directed payment program budget would total \$515.0 million in FY 2025.

Significant Changes/New Programs (\$000) (Cont'd)

All Other Funds General Medical Services				Budget Page: D-206	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$2,039,413	\$2,398,352	\$2,612,415	\$3,028,964	\$416,549	15.9%

This budget line represents several dedicated, off-budget revenues that support the NJ FamilyCare program. The Governor’s anticipated \$416.5 million increase for All Other Funds reflects the net of \$465.4 million in various increases and a partially offsetting \$48.9 million decrease.

The entire \$48.9 million decrease reflects projected payments for the Children’s Health Insurance Program from the dedicated, off-budget Health Care Subsidy Fund, as enrollment for this NJ FamilyCare eligibility group is projected to decline by 9,642 in FY 2025 following the resumption of eligibility determinations on April 1, 2023. Administered under P.L.1997, c.263, the Health Care Subsidy Fund receives its revenues from several State taxes, among them the cigarette tax, the HMO Premiums Assessment, and the 0.53 percent Hospital Assessment.

The \$465.4 million in projected growth has the following components exceeding \$1.0 million:

- a \$303.3 million increase for the Medicaid portion of NJ FamilyCare expenditures from the dedicated off-budget Health Care Subsidy Fund, from \$889.9 million in FY 2024 to \$1.19 billion in FY 2025. This increase is predominantly the result of a reallocation of Health Care Subsidy Fund expenditures away from Charity Care and additional Health Care Subsidy Fund revenue from the State’s HMO premiums assessment, in part from a proposed increase in the assessment rate from 5 percent to 6 percent on January 1, 2025.
- \$88.0 million in additional revenue projected to be generated under the County Option Hospital Fee Program, from \$506.5 million in FY 2024 to \$594.5 million in FY 2025. Established pursuant to P.L.2022, c.61, the program allows twelve counties that meet certain criteria to enact a local hospital fee program in their jurisdiction for the purposes of (1) increasing Medicaid payments to hospitals by securing additional federal funding through the NJ FamilyCare Program; and (2) providing participating counties with new fiscal resources. The participating counties are: Atlantic, Bergen, Burlington, Camden, Cumberland, Essex, Hudson, Mercer, Middlesex, Monmouth, Ocean, and Passaic.
- \$60.0 million in additional NJ FamilyCare pharmaceutical manufacturer rebates, up from \$800.0 million in FY 2024 to \$860.0 million in FY 2025. The State and the federal government share this revenue and the Executive anticipates receiving \$16.1 million of the additional \$60.0 million in FY 2025; and
- an additional \$14.0 million in premium collection under NJ WorkAbility in FY 2025 over FY 2024 levels, to a total of \$14.1 million. The NJ WorkAbility program offers people with disabilities who are working, and whose income would otherwise make them ineligible for Medicaid, the opportunity to pay a premium and receive full Medicaid coverage. Pursuant to P.L.2021, c.344, as of February 1, 2024, the Department of Human Services has eliminated income limits under the program and established premiums for individuals with incomes above 250 percent of the federal poverty level. Monthly premiums range from \$175 to \$1,050, depending on income.

Significant Changes/New Programs (\$000) (Cont'd)

DIVISION OF AGING SERVICES

General Fund, Direct State Services				Budget Page: D-218	
Salaries and Wages					
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$5,846	\$5,852	\$8,600	\$8,967	\$367	4.3%

The Governor recommends a \$367,000 increase in salaries and wages in the Medical Services for the Aged program classification in FY 2025. In FY 2025, the department anticipates filling 10 new positions with these additional funds. It is not clear whether the \$367,000 appropriation increase would fund a full 12 months, or a lesser number, of salaries for the new positions.

Medical Services for the Aged supports medically related services to eligible seniors and individuals with disabilities including community-based clients who would normally be eligible for NJ FamilyCare coverage in an institution.

General Fund, Grants-in-Aid				Budget Page: D-219	
Pharmaceutical Assistance to the Aged – Claims					
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$817	\$1,081	\$1,101	\$666	(\$435)	(39.5%)

The Pharmaceutical Assistance to the Aged program provides prescription drug benefits to persons over 65 years of age with an income of less than \$9,000 if single or \$12,000 if married. Prescription drug benefits for eligible seniors above these limits and individuals with disabilities are funded through the Pharmaceutical Assistance to the Aged and Disabled (PAAD) program.

The Governor recommends decreasing the program appropriation by \$435,000 primarily in anticipation of the continued decline in the average monthly number of enrollees to 5,295 in FY 2025. This represents a decline of 1,839 enrollees, or 25.8 percent, compared to the FY 2024 estimate of 7,134 enrollees that formed the basis for the original FY 2024 appropriation.

Significant Changes/New Programs (\$000) (Cont'd)

General Fund, Grants-in-Aid Pharmaceutical Assistance to the Aged and Disabled – Claims				Budget Page: D-219	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$37,436	\$50,856	\$61,828	\$74,253	\$12,425	20.1%

The Pharmaceutical Assistance to the Aged and Disabled (PAAD) program provides prescription drug benefits to individuals who are over 65 years of age or disabled, subject to income limitations. On January 1, 2024, PAAD income limits increased from \$42,142 for single persons and \$49,209 for married couples to \$52,142 for single persons and \$59,209 for married couples. The projected FY 2025 enrollment increase for the program is 16,127, from 141,211 beneficiaries in FY 2024 to 157,338 beneficiaries in FY 2025.

This projected enrollment increase and the annualization of the cost of the income eligibility expansion that occurred at the midway point of FY 2024 are the primary factors motivating the recommended augmentation of the FY 2025 program appropriation.

Specifically, the Governor recommends increasing the appropriation by \$12.4 million in FY 2025. The \$61.8 million FY 2024 appropriation, however, overstates current expenditure projections due to lower than originally projected prescription costs. In all, the Office of Management and Budget intends to revert some \$6.0 million in surplus appropriations into the General Fund at the end of FY 2024. Accordingly, the proposed FY 2025 funding level of \$74.3 million reflects an \$18.5 million, or 33.1 percent, increase over anticipated FY 2024 spending.

General Fund, Grants-in-Aid Senior Gold Prescription Discount Program				Budget Page: D-219	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$1,451	\$311	\$3,508	\$3,116	(\$392)	(11.2%)

The Senior Gold Prescription Discount program provides prescription drug benefits to individuals who are over 65 years of age or disabled and whose incomes exceed the Pharmaceutical Assistance to the Aged and Disabled (PAAD) program income limitations by no more than \$10,000. The recommended FY 2025 appropriation is composed of \$266,000 in expenditures to subsidize prescription drugs for 1,591 expected beneficiaries plus \$2,850,000 for the administration of all three of the division’s pharmaceutical programs.

The Governor recommends decreasing the appropriation for the program by \$392,000, which would align the FY 2025 appropriation with current FY 2024 expenditure trends. Notably, the \$3.5 million FY 2024 appropriation overstates current expenditure projections due to lower than projected enrollment in the current fiscal year. In all, the Office of Management and Budget intends to revert some \$443,000 in surplus appropriations into the General Fund at the end of FY 2024. Accordingly, the proposed FY 2025 funding level of \$3.1 million reflects a \$51,000 decrease over anticipated FY 2024 spending.

Significant Changes/New Programs (\$000) (Cont'd)

General Fund, Grants-in-Aid Caregiver Volunteers of Central Jersey, Freehold				Budget Page: D-219	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$25	\$25	\$25	\$0	(\$25)	(100.0%)

The Executive proposes eliminating the appropriation for the Caregiver Volunteers of Central Jersey, an interfaith nonprofit agency providing free supportive services to the frail elderly and the home-bound living in northern Ocean and southern Monmouth counties. The Governor recommended the appropriation last year.

General Fund, Grants-in-Aid Community Based Senior Programs				Budget Page: D-219	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$27,319	\$28,604	\$41,545	\$42,663	\$1,118	2.7%

This recommended General Fund appropriation, combined with an unchanged FY 2025 proposed appropriation of \$15.8 million from the Casino Revenue Fund, would provide \$58.5 million for community-based senior programs in FY 2025. The appropriation is recommended to increase by \$1.1 million due to two components.

First, \$1.0 million of the increase is attributed to new funding for Area Agencies on Aging, which will support the introduction of a screening program for seniors to determine eligibility for various long-term care programs. An Area Agency on Aging is designated in each of New Jersey's 21 counties to serve as the primary entity responsible for developing comprehensive, coordinated systems of community-based services for older adults.

The residual \$100,000 increase would support higher wages for employees of community-based service providers as the State's minimum wage increased to \$15.13 per hour as of January 1, 2024 and will rise by the rate of inflation on January 1, 2025.

General Fund, Grants-in-Aid Jewish Federation of New Jersey – Meals on Wheels Program				Budget Page: D-219	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$0	\$0	\$1,000	\$0	(\$1,000)	(100.0%)

The Executive recommends eliminating the \$1.0 million appropriation the Legislature added to the FY 2024 Appropriations Act for the Jewish Federation of New Jersey's Meals on Wheels Program. The proposed elimination is in harmony with the Administration's general policy of eliminating or reducing in FY 2025 most appropriations the Legislature added for FY 2024.

Significant Changes/New Programs (\$000) (Cont'd)

**DIVISION OF DEVELOPMENTAL DISABILITIES –
DEVELOPMENTAL CENTERS**

General Fund, Direct State Services Salaries and Wages				Budget Page: D-227	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$24,063	\$23,512	\$44,658	\$44,179	(\$479)	(1.1%)

The recommended net decrease of \$479,000 in the Salaries and Wages appropriation across the State’s five developmental centers is attributable the countervailing effects of two components.

First, the Executive anticipates a \$5.6 million decrease in the FY 2025 appropriation due to the continued overfunding in this account. This decrease is offset by a \$5.1 million increase resulting from the shift of FY 2025 appropriations from federal to State funds following the expiration of the enhanced Medicaid matching rate pursuant to the federal Families First Coronavirus Response Act at the end of calendar year 2023.

The \$44.7 million FY 2024 appropriation overstates current expenditure projections. In all, the Office of Management and Budget intends to revert \$11.0 million in surplus developmental center appropriations into the General Fund at the end of FY 2024. Accordingly, the proposed FY 2025 funding level of \$44.2 million reflects a \$10.6 million, or 31.4 percent, increase over anticipated FY 2024 spending.

The division administers five residential developmental centers for individuals with developmental disabilities. According to budget data, the long-term initiative to place individuals in the community, rather than in developmental centers, would continue. In FY 2025, some 948 individuals are expected to reside in the five developmental centers, a decline of 63 individuals from the FY 2024 revised data. The annual cost per person is to remain stable compared to FY 2024. Additionally, the Executive anticipates funding 1,873 positions with State funds in FY 2025, an increase of 31 from FY 2024.

Significant Changes/New Programs (\$000) (Cont'd)

Federal Funds Residential Care and Habilitation Services				Budget Page: D-228	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$176,304	\$177,032	\$188,541	\$199,501	\$10,960	5.8%

Federal Funds Administration and Support Services				Budget Page: D-228	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$34,137	\$34,628	\$41,179	\$43,575	\$2,396	5.8%

The Governor recommends a combined increase of \$13.4 million in federal funding for the State’s developmental centers, reflecting the anticipated receipt of increased federal Medicaid matching funds for FY 2025 State expenditures. Because the FY 2024 adjusted appropriation does not include the allocations the developmental centers received in FY 2024 from the enhanced federal cost reimbursement rates, this FY 2025 increase would occur irrespective of the expiration of the enhanced federal cost reimbursement rates in FY 2024. According to the Office of Management and Budget, the increase is due to a higher State-established rate, paid to the State’s developmental centers, of which the federal government reimburses the State for 50 percent. Several factors affect these rates, including staff wages, facility size, geographic areas, resident acuity levels, quality of care, and efficiency.

Significant Changes/New Programs (\$000) (Cont'd)

**DIVISION OF DEVELOPMENTAL DISABILITIES –
COMMUNITY PROGRAMS**

General Fund and Casino Revenue Fund, Grants-in-Aid Community Care Program (CCP)						
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.		Change FY 2024 – FY 2025	
A) CCP – Individual Supports (General Fund)						Budget Page: D-231
\$384,420	\$342,414	\$405,503 S \$11,797	\$440,292		\$22,992	5.5%
B) CCP – Individual Supports (Casino Revenue Fund)						Budget Page: D-231
\$435,695	\$472,715	\$498,002	\$567,770		\$69,768	14.0%
C) CCP – Individual and Family Support Services (General Fund)						Budget Page: D-231
\$30,933	\$31,707	\$42,426	\$43,668		\$1,242	2.9%
D) CCP – Employment and Day Services (General Fund)						Budget Page: D-231
\$84,497	\$131,314	\$182,756	\$188,010		\$5,254	2.9%
TOTAL COMMUNITY CARE PROGRAM (CCP)						
\$935,545	\$978,150	\$1,140,484	\$1,239,740		\$99,256	8.7%

General Fund, Grants-in-Aid Supports Program						
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.		Change FY 2024 – FY 2025	
A) Supports Program – Individual and Family Support Services						Budget Page: D-231
\$40,182	\$87,970	\$68,777	\$109,267		\$40,490	58.9%
B) Supports Program – Employment and Day Services						Budget Page: D-231
\$91,958	\$42,663	\$110,626	\$113,673		\$3,047	2.8%
TOTAL SUPPORTS PROGRAM						
\$132,140	\$130,633	\$179,403	\$222,940		\$43,537	24.3%

TOTAL COMMUNITY CARE AND SUPPORTS PROGRAM						
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.		Change FY 2024 – FY 2025	
\$1,067,685	\$1,108,783	\$1,319,887	\$1,462,680		\$142,793	10.8%
Less Expected FY 2024 Lapse						
		(\$25,000)				
TOTAL COMMUNITY CARE PROGRAM AND SUPPORTS PROGRAM LESS EXPECTED FY 2024 LAPSE						
\$1,067,685	\$1,108,783	\$1,294,887	\$1,462,680		\$167,793	13.0%

Significant Changes/New Programs (\$000) (Cont'd)

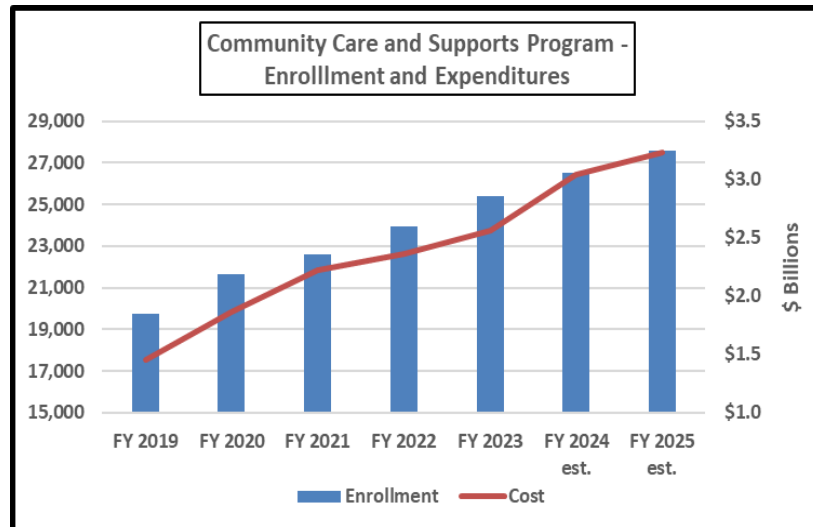
The Division of Developmental Disabilities administers two Medicaid waiver programs, the Community Care Program (CCP) and the Supports Program. Through enrollment in one of these programs, individuals can receive home- and community-based services based on their assessed needs and individualized budget. The CCP delivers services primarily to clients who live in State-licensed residential facilities, while the Supports Program delivers services primarily to clients who live in unlicensed settings, such as with family members or in their own homes. While these programs share basic eligibility rules, the CCP has additional eligibility criteria, such as the individual must require a level of care needed at an Intermediate Care Facility for Individuals with Intellectual Disabilities.

The annual appropriations acts grant the Division of Developmental Disabilities substantial discretion to allocate CCP and Supports Program appropriations to individual budget lines, as needed, without additional legislative approval. Accordingly, certain recommended changes in FY 2025 appropriations are budgeted in one budget line, even though, they are intended to pay for projected expenditures in several budget lines.

The combined State funds appropriation for the CCP and Supports Program in FY 2025 is recommended to increase by \$142.8 million. However, the Office of Management and Budget intends to revert \$25.0 million in surplus appropriations into the General Fund at the end of FY 2024. Accordingly, the proposed FY 2025 State funding level reflects a \$167.8 million, or 13.0 percent, increase over FY 2024.

The proposed \$142.8 million increase in State appropriations is the aggregate effect of numerous increases, with the following factors each contributing at least \$5.0 million to the net impact:

- 1) a \$96.6 million increase due to growth in program costs and utilization driven by the division’s longstanding priority to place and support clients within the community, as demonstrated in the chart showing enrollment and program expenditures from all sources. Notably, the department estimates that CCP enrollment will increase by 247 individuals to 12,796 clients in FY 2025, with the average annual cost per individual increasing by \$6,538. Moreover, the Supports Program is projected to grow by 838 individuals to 14,805 clients in FY 2025, with the average annual cost per individual increasing by \$1,845.



Significant Changes/New Programs (\$000) (Cont'd)

- 2) a \$20.9 million increase attributed to higher compensation expenditures, partially in response to the annual increases in the State minimum wage. These funds will support direct support professional wages and their supervisors.
- 3) a \$20.4 million increase attributed to a shift from federal to State funds following the expiration of the enhanced federal match for State Medicaid expenditures at the end of calendar year 2023; the enhanced match was available during the federal public health emergency declared in response to the COVID-19 pandemic, pursuant to the federal Families First Coronavirus Response Act;
- 4) a \$5.3 million increase to expand mandatory training hours for direct support professionals. The new training requirements are anticipated to include: additional health and safety areas, effective communication, cultural competency, trauma-informed care, professionalism, and individual rights.

As a general description of the service categories provided via the Support Program and Community Care Program lines: Individual Supports are services that assist clients with self-care and habilitation-related tasks; Individual and Family Support Services are delivered to individuals who require support to engage in the community; and Employment and Day Services are provided to enrollees to promote independent living skills and employment.

General Fund, Grants-in-Aid Contracted Services				Budget Page: D-231	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$48,000	\$56,270	\$95,016	\$97,200	\$2,184	2.3%

Contracted Services appropriations pay for third-party services provided to Division of Developmental Disabilities clients residing mostly in out-of-State settings and those receiving services in-State outside of the Medicaid system. An example of the latter are emergency placements in group homes of clients not yet determined Medicaid-eligible.

The Executive recommends increasing the FY 2025 appropriation by \$2.2 million in order to annualize the cost of a mid-year FY 2024 group home rate enhancement for emergency capacity beds. According to the Office of Management and Budget, the higher rates support the State’s eight existing homes with emergency capacity beds and enhance staffing, provide training, and implement a zero rejection policy in which no new client is declined services due to a lack of capacity.

Significant Changes/New Programs (\$000) (Cont'd)

General Fund, Direct State Services Salaries and Wages				Budget Page: D-230	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$8,852	\$8,001	\$15,381	\$7,381	(\$8,000)	(52.0%)

The Governor’s FY 2025 Budget shifts \$8.0 million in Salaries and Wages appropriations for Division of Developmental Disabilities – Community Programs from the State General Fund to federal funds.

General Fund, Direct State Services Special Purpose: New Jersey Donated Dental Program				Budget Page: D-231	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$170	\$170	\$170	\$85	(\$85)	(50.0%)

The recommended decrease is aligned with the Administration’s general policy of reducing many grant appropriations to specific organizations by 50 percent. This account funds a grant to the Dental Lifeline Network to support the State’s Donated Dental Program. Under the program, dentists provide free dental care to patients who have no other means to afford or receive dental care, and who are: permanently disabled; over 65 years old; or need medically necessary dental care. The FY 2024 appropriation implemented a Governor’s recommendation.

Significant Changes/New Programs (\$000) (Cont'd)

Federal Funds Purchased Residential Care				Budget Page: D-231	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$933,409	\$980,511	\$1,049,165	\$1,106,846	\$57,681	5.5%

Federal Funds Social Supervision and Consultation				Budget Page: D-231	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$162,644	\$223,259	\$240,084	\$264,074	\$23,990	10.0%

Federal Funds Adult Activities				Budget Page: D-231	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$149,464	\$158,491	\$176,985	\$190,984	\$13,999	7.9%

Of the cumulative \$95.7 million increase in federal appropriations to these three program classifications in the Division of Developmental Disabilities, the Supports Program accounts for \$30.7 million and the Community Care Program for \$64.9 million. The increase in anticipated federal Medicaid matching funds is largely attributable to anticipated growth in program costs and utilization.

All Other Funds Purchased Residential Care				Budget Page: D-232	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$4,675	\$6,234	\$6,000	\$5,000	(\$1,000)	(16.7%)

This account represents client contributions towards the cost of community-based residential services provided by the Division of Developmental Disabilities. Although the division has shifted from a system in which clients pay the division for services to a system in which clients pay their rent directly to the landlord, some clients continue to pay the division.

The current program is known as the Supportive Housing Connection, a voucher-based rental assistance program administered by the department and the New Jersey Housing and Mortgage Finance Agency for individuals with developmental disabilities who live in community-based residential programs. Clients contribute 30 percent of their gross income toward their rent,

Significant Changes/New Programs (\$000) (Cont'd)

directly paid to the residential facility-operating landlord. The remainder of eligible rental costs is paid by the Supportive Housing Connection directly to the landlord. Evaluation Data indicate that the number of vouchers is projected at 8,515 in FY 2024 and 8,719 in FY 2025. The Governor's FY 2025 Budget appropriates \$39.0 million in State funds for the voucher program under the Client Housing line.

Significant Changes/New Programs (\$000) (Cont'd)

DIVISION OF FAMILY DEVELOPMENT

General Fund, Grants-in-Aid Work First New Jersey Child Care				Budget Page: D-239	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$177,438	\$186,739	\$286,930	\$457,305	\$170,375	59.4%

The recommended net growth in the General Fund appropriation for Work First New Jersey Child Care subsidy payments for eligible families is attributable to various countervailing components. These payments are anticipated to total \$766.3 million in FY 2025, which would be charged in varying amounts to the State General Fund, federal, and all other funds.

Three proposed increases to the program’s General Fund appropriation total \$229.0 million:

- \$139.2 million to accommodate organic growth in enrollment and the cost of services related to child care - The average monthly enrollment in FY 2025 is anticipated to be 66,044 children, which is 2,997 more than the FY 2024 level;
- \$86.2 million more to replace federal COVID-19 pandemic assistance that enhanced subsidized child care rates to support families and providers – Family Differential Payments provide up to \$300 for full-time care, or \$150 for part-time care, per eligible child, per month above the baseline reimbursement rate through June 30, 2024; and
- \$3.6 million due to higher child care provider employee compensation expenditures because of the State minimum wage increases on January 1 of 2024 and 2025.

Two proposed decreases to the program’s General Fund appropriation total \$58.6 million:

- \$53.5 million due to the proposed resumption of family copayments in July 2024 and the discontinuation of enrollment-based payments for providers in favor of attendance-based payments in January 2025 - Both policies were implemented in response to the COVID-19 pandemic to support families and stabilize the child care industry, using mostly federal COVID-19 pandemic assistance; and
- \$5.1 million is shifted to the dedicated, off-budget Workforce Partnership Development Fund, increasing the allocation from \$35.0 million in FY 2024 to \$40.1 million in FY 2025 - Receiving worker and employer payroll tax contributions, the fund provides qualified displaced, disadvantaged, and employed workers with training services most likely to provide opportunities for career advancement.

Significant Changes/New Programs (\$000) (Cont'd)

General Fund, Direct State Services Special Purpose: Electronic Benefit Transfer/Distribution System				Budget Page: D-238	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$1,771	\$1,441	\$2,014	\$5,529	\$3,515	174.5%

This account funds the Families First Electronic Benefits Transfer (EBT) Card System, used by the Supplemental Nutrition Assistance Program and Work First New Jersey, to distribute food and cash assistance benefits to eligible recipients via cards that function like debit cards. The recommended growth of \$3.5 million in the program appropriation reflects the FY 2025 implementation of two separate initiatives.

First, \$1.9 million is attributed to the administrative costs of the Summer EBT program, a new federal food security benefit program in 2024. Eligible children will receive a Families First EBT Card at the end of the 2023/2024 school year in order to purchase food at participating retailers over the summer recess. The United States Department of Agriculture will fund benefits equal to \$120 per eligible child for the summer. Over 500,000 children in New Jersey are estimated to participate at a total benefit cost of nearly \$65 million to the United States Department of Agriculture.

The remaining increase in this account, or \$1.7 million, will fund an EBT Chip Fraud Prevention Program under which Supplement Nutrition Assistance Program and Work First New Jersey recipients will receive EBT cards embedded with microchip technology.

General Fund, Grants-in-Aid Monmouth Day Care Center				Budget Page: D-239	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$0	\$0	\$25	\$0	(\$25)	(100.0%)

At the recommendation of the Governor, the FY 2024 Appropriations Act encompassed a \$25,000 appropriation for the Monmouth Day Care Center, a non-profit child care center located in Red Bank. As of April 26, 2024, none of the FY 2024 appropriation is obligated. For FY 2025, the Executive recommends not renewing the grant.

Significant Changes/New Programs (\$000) (Cont'd)

General Fund, Grants-in-Aid LGBTQ+ Shelter Planning and Training Grant				Budget Page: D-239	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$300	\$300	\$300	\$0	(\$300)	(100.0%)

At the recommendation of the Governor, the FY 2024 Appropriations Act contained a \$300,000 appropriation that supports an anti-discrimination training program to educate social service providers on the unique needs of the LGBTQ+ community, and to address any potential barriers that may deter LGBTQ+ individuals from seeking homelessness prevention services. As of April 26, 2024, 100 percent of the appropriation is obligated. For FY 2025, the Executive recommends not renewing the grant.

General Fund, Grants-in-Aid Hackensack Meridian Health – Fresh Match Program Expansion				Budget Page: D-239	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$0	\$0	\$3,000	\$1,500	(\$1,500)	(50.0%)

The Executive recommends reducing the appropriation for the expansion of Hackensack Meridian Health’s Fresh Match Program by \$1.5 million. The proposed reduction aligns with the Administration’s general policy of eliminating or reducing in FY 2025 most appropriations the Legislature added for FY 2024.

General Fund, Grants-in-Aid City Green, Clifton – Good Food Bucks SNAP Incentive Program				Budget Page: D-239	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$0	\$0	\$500	\$0	(\$500)	(100.0%)

The Executive recommends eliminating this appropriation in application of the Administration’s general policy of eliminating or reducing in FY 2025 most appropriations the Legislature added for FY 2024.

Significant Changes/New Programs (\$000) (Cont'd)

General Fund, Grants-in-Aid Substance Use Disorder Initiatives				Budget Page: D-239	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$8,689	\$5,033	\$18,113	\$15,113	(\$3,000)	(16.6%)

This account funds services Work First New Jersey beneficiaries who have a substance use disorder. Services include assessment, treatment at a licensed substance abuse treatment facility, and child care and transportation while the beneficiary is receiving treatment. The Office of Management and Budget intends to return \$3.0 million in surplus appropriations to the General Fund at the end of FY 2024. Accordingly, the proposed FY 2025 reduction aligns with FY 2024 spending needs.

Property Tax Relief Fund, State Aid County Administration Funding (PTRF)				Budget Page: D-239	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$44,416	\$44,416	\$44,416	\$46,916	\$2,500	5.6%

This account reimburses partner counties for the costs of administering various Division of Family Development programs, most significantly the Work First New Jersey program and the Supplemental Nutrition Assistance Program. The proposed FY 2025 increase of \$2.5 million is attributed to the provision of overtime wages for county staff to support the efficient processing of Supplemental Nutrition Assistance Program applications.

Property Tax Relief Fund, State Aid Social Services for the Homeless (PTRF)				Budget Page: D-239	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$14,216	\$14,211	\$14,216	\$16,220	\$2,004	14.1%

The FY 2025 Governor’s Budget recommends appropriating \$4.1 million in FY 2025 to increase the per diem reimbursement rate for hotels and motels that provide emergency housing under the General Assistance Program from \$62 in FY 2024 to \$72 in FY 2025. Of the \$4.1 million, about \$2.0 million is allocated to this budget line for Social Services for the Homeless.

The Social Services for the Homeless (PTRF) account provides funding to counties to support families and individuals who are experiencing homelessness or are at imminent risk of becoming homeless, but who are not eligible for Work First New Jersey benefits. The short-term safety net program offers food, emergency shelter, homelessness prevention, and case management.

Significant Changes/New Programs (\$000) (Cont'd)

General Fund, State Aid Supplemental Nutrition Assistance Program – Minimum Benefit					Budget Page: D-239	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.		Change FY 2024 – FY 2025	
\$0	\$7,884	\$24,125	\$30,250		\$6,125	25.4%

The FY 2025 Governor’s Budget proposes an additional \$6.1 million to support the \$95 minimum Supplemental Nutrition Assistance Program household benefit in FY 2025. In addition, the Executive recommends carrying forward \$2.0 million from the FY 2024 appropriation that is anticipated not to be needed in the current fiscal year for total FY 2025 funding of \$32.3 million.

However, the \$24.1 million FY 2024 appropriation understates available funds, as it does not account for \$10.1 million of the FY 2023 program appropriation that the Executive carried into FY 2024, for a total budget authority of \$34.2 million. Accordingly, the proposed FY 2025 funding level of \$32.3 million reflects a \$1.9 million decrease over anticipated FY 2024 spending. As of April 26, 2024, some \$13.0 million, or 38.0 percent of available FY 2024 resources is uncommitted.

Pursuant to P.L.2023, c.13, all households eligible for the Supplemental Nutrition Assistance Program receive a minimum monthly benefit of \$95 as of March 2023. If a household’s approved monthly federal benefit is less than \$95, the State will fund the increment to guarantee a \$95 payment. In an FY 2024 OLS Discussion Point response, the department indicated that about 39,000 households received an average supplemental benefit of \$56 in the program’s initial month of implementation.

General Fund, State Aid General Assistance Program						
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.		Change FY 2024 – FY 2025	
A) General Assistance Emergency Assistance Program					Budget Page: D-239	
\$35,452	\$38,435	\$35,959 S \$13,531	\$43,919		(\$5,571)	(11.3%)
B) Payments for Cost of General Assistance					Budget Page: D-239	
\$34,917	\$29,872	\$31,342	\$42,900		\$11,558	36.9%
TOTAL GENERAL ASSISTANCE PROGRAM						
\$70,369	\$68,307	\$80,832	\$86,819		\$5,987	7.4%

Significant Changes/New Programs (\$000) (Cont'd)

The General Assistance portion of the Work First New Jersey program supports extremely low-income individuals without dependent children and is completely State-funded. The Emergency Assistance segment provides emergency cash, rental, and other assistance to individuals who are at imminent risk of homelessness. There is a general 12-month limit for the receipt of emergency assistance benefits, with certain exceptions. The nonemergency cash assistance segment of the program, in turn, provides cash assistance subject to a general 60-month limit for the receipt of benefits, with certain exceptions.

The recommended increase of \$6.0 million for FY 2025 has two growth components:

- \$3.9 million attributed to the year-over-year growth in the number of beneficiaries and the average benefit amounts; and
- \$2.1 million attributed to a proposed per diem reimbursement rate increase for hotels and motels that provide emergency housing, from \$62 in FY 2024 to \$72 in FY 2025.

General Fund, State Aid State Supplemental Security Income Administrative Fee				Budget Page: D-239	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$26,305	\$28,132	\$30,462	\$27,618	(\$2,844)	(9.3%)

This account pays fees to the federal Social Security Administration for costs associated with administering the State’s Supplemental Security Income program. States have the option of contracting with the Social Security Administration to include state supplemental payments with the federal Supplemental Security Income payments. The Executive recommends a \$2.8 million decrease in this appropriation due to an anticipated decline of 2,536 in the average number of monthly payment recipients in FY 2025.

Federal Funds Income Maintenance Management				Budget Page: D-240	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$1,338,157	\$1,999,655	\$1,258,636	\$1,229,814	(\$28,822)	(2.3%)

The \$28.8 million decrease in federal appropriations for the Division of Family Development reflects an anticipated decline in the federal Temporary Assistance for Needy Families block grant, which provides cash assistance and other services to families with low incomes. The Executive estimates a \$489.2 million grant in FY 2024, which would decrease to an estimated \$460.3 million in FY 2025.

Significant Changes/New Programs (\$000) (Cont'd)

Generally, the State has broad flexibility on the use of Temporary Assistance for Needy Families funds, as long as the purpose serves the goals of the federal program. The Executive allocates \$25.6 million of the anticipated decrease to the Earned Income Tax Credit Program. The State bills these costs to the federal Temporary Assistance for Needy Families block grant in cases that, except for the Earned Income Tax Credit Program, the household would be eligible for Temporary Assistance for Needy Families cash assistance benefits. The New Jersey Earned Income Tax Credit Program functions as a negative income tax for low-income working households, at a rate of 40 percent of the federal earned income tax credit.

All Other Funds Income Maintenance Management				Budget Page: D-240	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$48,959	\$49,270	\$55,358	\$60,708	\$5,350	9.7%

The proposed FY 2025 growth is largely attributed to a recommended increase of \$5.1 million in the amount allocated from the dedicated, off-budget Workforce Development Partnership Fund for the Child Care Subsidy Program, from \$35.0 million in FY 2024 to \$40.1 million in FY 2025.

The Workforce Development Partnership Fund is a dedicated, off-budget fund which provides qualified displaced, disadvantaged, and employed workers with training services most likely to provide opportunities for career advancement. The fund receives worker and employer payroll tax contributions and has a projected FY 2025 year-end balance of \$188.4 million.

Significant Changes/New Programs (\$000) (Cont'd)

DIVISION OF MANAGEMENT AND BUDGET

General Fund, Direct State Services Salaries and Wages				Budget Page: D-245	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$29,995	\$30,022	\$36,362	\$39,141	\$2,779	7.6%

General Fund, Direct State Services Services Other Than Personal				Budget Page: D-245	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$6,476	\$6,728	\$6,665	\$11,684	\$5,019	75.3%

The FY 2025 Governor’s Budget recommends appropriating an additional \$7.9 million to support the operations of the department’s central administrative functions.

First, according to the Office of Management and Budget, some \$6.2 million of combined Salaries and Wages (\$2.8 million) and Services Other Than Personal (\$3.4 million) appropriations is to increase the administrative capacities of the Central Office to improve the implementation of several laws that require stronger oversight of community providers and their employees, and to provide enhanced legal, procurement, and grants management for various programs. The \$2.8 million increase for Salaries and Wages would predominantly be used for 23 new positions to support those responsibilities.

Second, \$1.6 million of the \$5.0 million increase for Services Other Than Personal is attributed to improvements for the New Jersey Incident Reporting and Management System (NJ-IRMS), first launched in 2018. The system is the computerized database, which collects information on all reported incidents of abuse, neglect, or exploitation occurring in facilities, agencies, and programs licensed, regulated, or receiving funding from Department of Human Services.

General Fund, Direct State Services Special Purpose: Human Services Police Dispatch				Budget Page: D-245	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$0	\$0	\$0	\$730	\$730	---

The Human Services Police has historically used the dispatch system by the Division of State Police to prioritize and record incident calls, identify the status and location of responders in the field, and dispatch responder personnel. After the Division of State Police upgraded its dispatch system, however, the Human Services Police’s system has become incompatible. The new \$730,000 appropriation for Human Services Police Dispatch would newly fund a stand-alone dispatch operation.

Significant Changes/New Programs (\$000) (Cont'd)

The Human Services Police protects State facilities operated by the Department of Human Services and the Department of Health, including the State’s developmental centers and psychiatric hospitals. In addition, its officers provide escort and intervention services to Department of Children and Families child welfare.

General Fund, Direct State Services					Budget Page: D-245	
Special Purpose: Language Access and Translation Services (P.L.2023, c.263)						
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025		
\$0	\$0	\$0	\$1,000	\$1,000	---	

The Governor recommends a new \$1.0 million appropriation in FY 2025 to implement P.L.2023, c.263. The Office of the New Americans will use the funding to create and implement the department’s Language Access Plan, which is intended to serve as a model for the development of such plans by other State agencies. The office may also have access to the \$500,000 appropriation effected in FY 2023 for Language Access Funding for State Agencies in the Interdepartmental Accounts section of the budget, which remains unexpended but is subject to carryforward authority. The Office of New Americans plans to fill one new position in FY 2025, at an annual salary of \$90,000, in support of the initiative.

P.L.2023, c.263 requires State entities that provide direct services to the public to translate vital documents and information in at least the seven most common non-English languages spoken by individuals with limited-English proficiency in this State. State entities must also provide certain real-time assistance to individuals in their primary language.

General Fund, Direct State Services					Budget Page: D-246	
Special Purpose: Transfer to State Police for Fingerprinting/Background Checks of Job Applicants						
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025		
\$4,239	\$4,239	\$4,239	\$6,484	\$2,245	53.0%	

This appropriation reimburses the Division of State Police for the costs of conducting State and criminal background checks for potential new hires of the Departments of Human Services and Children and Families as well as direct care community providers contracted by the two departments. The Department of Human Services, through an authorized state vendor, uses an electronic fingerprinting system. Once scanned, the fingerprints are electronically transmitted to the Division of State Police for processing of State and federal criminal background checks.

The proposed \$2.2 million increase reflects the anticipated growth in the number of fingerprinting and background check applications in FY 2025 due to two factors: the intended

Significant Changes/New Programs (\$000) (Cont'd)

filling of vacant funded positions in the Departments of Human Services and Children and Families as well as the department’s reinstatement of certain onboarding requirements for new hires of the two departments and direct care community providers contracted by the departments.

In April 2020, in response to staffing shortages during the COVID-19 public health emergency, the department modified this policy and allowed providers to request temporary clearance for new hires if a pre-employment fingerprinting appointment could not be scheduled. Effective April 15, 2024, new hires must complete onboarding requirements prior to employment.

General Fund, Direct State Services Special Purpose: Office of New Americans				Budget Page: D-246	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$8,348	\$8,585	\$500 S \$8,200	\$500	(\$8,200)	(94.3%)

Established in FY 2021 in accordance with Executive Order No. 74 of 2019, the Office of New Americans supports immigrants and refugees in New Jersey through outreach, education, and legal services. The \$8.2 million FY 2024 supplemental appropriation reflects a language appropriation for legal services for individuals facing detention or deportation based on their immigration status. The language appropriation is recommended to continue in FY 2025.

General Fund, Direct State Services Special Purpose: Office of Health Care Affordability And Transparency				Budget Page: D-246	
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025	
\$439	\$750	\$750	\$0	(\$750)	(100.0%)

The Executive proposes to shift the duties, funding, and staff of the Office of Healthcare Affordability and Transparency from the Department of Human Services to the Department of Health in FY 2025.

Significant Changes/New Programs (\$000) (Cont'd)

General Fund, Grants-in-Aid					Budget Page: D-246	
Kids in Need of Defense (KIND) – Legal Services for Unaccompanied Minors						
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025		
\$0	\$0	\$3,000	\$0	(\$3,000)	(100.0%)	

The FY 2025 Governor’s Budget eliminates \$3.0 million in funding added to the FY 2024 Appropriations Act by the Legislature to support legal services for unaccompanied minors provided by Kids in Need of Defense (KIND). The proposed elimination aligns with the Administration’s general policy of eliminating or reducing in FY 2025 most appropriations the Legislature added for FY 2024.

The FY 2025 Governor’s Budget, however, recommends renewing the unchanged \$4.5 million appropriation for Legal Services in the department, which budget language directs to KIND and other unspecified subgrantees, for the purpose of providing legal representation and case management to unaccompanied children living in New Jersey.

All Other Funds					Budget Page: D-247	
Administration and Support Services						
FY 2022 Expended	FY 2023 Expended	FY 2024 Adj. Approp.	FY 2025 Recomm.	Change FY 2024 – FY 2025		
\$26,723	\$28,115	\$31,015	\$36,015	\$5,000	16.1%	

This budget line aggregates several dedicated, off-budget revenues that support the operations of the several functions of the department’s Central Office. The \$5.0 million increase is attributable to one revenue source, DHS Information Technology, which is to increase from \$20.0 million in FY 2024 to \$25.0 million in FY 2025. The department uses the DHS Information Technology account as a central account to pay for departmental information technology purchases, which are then billed to the different divisions within the department.

Significant Language Changes

DIVISION OF MENTAL HEALTH AND ADDICTION SERVICES

Decreases Number of Funded New Adult Psychiatric Residency Positions

Revision

FY 2024 Handbook: p. B-111
 FY 2025 Budget: p. D-199

The amount appropriated for Mental Health Professional Capacity Expansion Initiatives is allocated as follows: ~~\$4,000,000~~ \$2,852,000 for the cost to add ~~10~~ seven new medical residency positions; \$920,000 to add four new child and adolescent psychiatry fellowship positions; \$720,000 to support the new residency positions supported herein; and \$100,000 for outreach to medical students to promote new residency positions in the State, with a focus on outreach to underrepresented in medicine students.

Explanation

Consistent with the Administration’s general policy of lowering the recommended appropriations for many discretionary grant programs by 20 percent, the FY 2025 Governor’s Budget recommends reducing the appropriation for Mental Health Professional Capacity Expansion Initiatives by \$1.1 million from \$5.7 million in FY 2024 to \$4.6 million in FY 2025. The revised language would allocate the entire decrease to new adult psychiatric residency positions, which would decline from 10 to seven in FY 2025. The allocations for the remaining initiatives, which include four new adolescent and child psychiatry fellowship positions, support for existing residency positions, and outreach efforts, are unchanged from FY 2024.

Decreases Allocation for New Bridge Medical Center from Community Based Substance Use Disorder Treatment and Prevention – State Share Account

Revision

FY 2024 Handbook: p. B-112
 FY 2025 Budget: p. D-200

Notwithstanding the provisions of any law or regulation to the contrary, of the amount hereinabove appropriated for Community Based Substance Use Disorder Treatment and Prevention - State Share account, an amount not to exceed ~~\$3,000,000~~ \$1,500,000, subject to the approval of the Director of the Division of Budget and Accounting, shall be allocated to the New Bridge Medical Center for the provision of addiction services.

EXPLANATION: FY 2024 language not recommended for FY 2025 denoted by strikethrough. Recommended FY 2025 language that did not appear in FY 2024 denoted by underlining.

Significant Language Changes (Cont'd)

Explanation

This revised language provision would decrease the allocation to New Bridge Medical Center from the recommended \$41.4 million FY 2025 appropriation for the Community-Based Substance Use Disorder Treatment and Prevention – State Share account by \$1.5 million, from \$3.0 million in FY 2024 to \$1.5 million in FY 2025.

New Bridge Medical Center is a county-owned hospital in Paramus. This allocation supports the expansion of the facility’s emergency department capacity, largely for additional beds that are dedicated to behavioral health and substance use disorder patients. Funds have been used for additional staff and additional facility space.

Increases Allocation for New Beginnings Behavioral Health from Community Based Substance Use Disorder Treatment and Prevention – State Share Account

Revision

**FY 2024 Handbook: p. B-112
FY 2025 Budget: p. D-200**

Notwithstanding the provisions of any law or regulation to the contrary, of the amount hereinabove appropriated for Community Based Substance Use Disorder Treatment and Prevention - State Share, an amount not to exceed ~~\$350,000~~ \$400,000, subject to the approval of the Director of the Division of Budget and Accounting, shall be allocated to New Beginnings to provide support for addiction, housing, and rehabilitation services in South Jersey.

Explanation

This revised language provision would increase the allocation to New Beginnings Behavioral Health from the recommended \$41.4 million FY 2025 appropriation for the Community-Based Substance Use Disorder Treatment and Prevention – State Share account by \$50,000, from \$350,000 in FY 2024 to \$400,000 in FY 2025.

New Beginnings Behavioral Health is a non-profit health care organization primarily located in Camden that provides support services to homeless individuals, recovery initiatives for individuals with substance use disorders, and re-entry programs for individuals exiting the prison system. The organization also operates, Camp Cedar Knolls, a 150-bed long-term drug and alcohol treatment center in Millville.

EXPLANATION: FY 2024 language not recommended for FY 2025 denoted by strikethrough.
Recommended FY 2025 language that did not appear in FY 2024 denoted by underlining.

Significant Language Changes (Cont'd)

Appropriation to Addiction Services Providers for Capital Construction Projects	
Deletion	FY 2024 Handbook: p. B-113 FY 2025 Budget: N/A

~~Notwithstanding the provisions of any law or regulation to the contrary, monies in the "Alcohol Treatment Programs Fund" established pursuant to section 2 of P.L.2001, c.48 (C.26:2B-9.2), not to exceed \$12,500,000, are appropriated, as determined by the Assistant Commissioner or designee of the Department of Human Services, subject to the approval of the Director of the Division of Budget and Accounting, for grants to providers of addiction services for capital construction projects selected and approved by the Assistant Commissioner of the Division of Mental Health and Addiction Services provided that: (1) such grants are made only after the Division of Property Management and Construction (DPMC) has reviewed and approved the proposed capital projects for validity of estimated costs and scope of the project; (2) the capital projects selected by the Assistant Commissioner of the Division of Mental Health and Addiction Services shall be based upon the need to retain existing capacity, complete the construction of previously funded projects which are currently under contract and necessary for the delivery of addiction services, or to relocate existing facilities to new sites; (3) the capital projects may consist of new construction and/or renovation to maintain and increase capacity at existing sites or at new sites; (4) the grant agreement entered into between the Assistant Commissioner of the Division of Mental Health and Addiction Services and the Grantee, or the governmental entity, as the case may be, described below, shall follow all applicable grant procedures which shall include, in addition to all other provisions, requirements for oversight by DPMC; (5) receipt of grant monies pursuant to this appropriation shall not obligate or require the Division of Mental Health and Addiction Services to provide any additional funding to the provider of addiction services to operate their existing facilities or the facility being funded through the construction grant; and (6) instead of the grant being made to the eligible provider for the approved capital project, the grant may be made to a governmental entity to undertake the approved capital project on behalf of the provider of addiction services.~~

Explanation

This language has become functionally obsolete. It first appeared in modified form in the FY 2009 Appropriations Act to provide a one-time appropriation of up to \$12.5 million in from the dedicated Alcohol Treatment Program Fund for grants to providers of addiction treatment services for capital construction projects.

EXPLANATION: FY 2024 language not recommended for FY 2025 denoted by strikethrough. Recommended FY 2025 language that did not appear in FY 2024 denoted by underlining.

Significant Language Changes (Cont'd)

Unlimited Supplemental Appropriation Authority for Support of Patients in County Psychiatric Hospitals Account		
Addition	FY 2024 Handbook:	N/A
	FY 2025 Budget:	p. D-202

In addition to the amount hereinabove appropriated for the Support of Patients in County Psychiatric Hospitals (PTRF), such additional amounts as determined by the Commissioner of Human Services are appropriated for the same purpose, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The Executive requests unlimited supplemental appropriation authority without additional legislative approval for payments in support of patients in county psychiatric hospitals. According to the Office of Management and Budget, this contingency language would provide needed flexibility because the department does not establish billable per diem rates for the upcoming calendar year until after the annual Appropriations Act is approved. For that reason, the Executive expects the need for a \$2.9 million supplemental appropriation for this purpose in FY 2024.

The Division of Mental Health and Addiction Services pays 85 percent of the costs for maintenance of county patients and 100 percent of the costs for maintenance of State patients in county psychiatric hospitals. The average daily population of 413 State-billable patients in FY 2025 is unchanged. Currently, four counties (Bergen, Essex, Hudson, and Union) operate county psychiatric hospitals, which primarily serve individuals who are involuntarily committed to inpatient psychiatric treatment.

EXPLANATION: FY 2024 language not recommended for FY 2025 denoted by strikethrough. Recommended FY 2025 language that did not appear in FY 2024 denoted by underlining.

Significant Language Changes (Cont'd)

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

Eliminates Enhanced Medicaid Reimbursement Rate for Certain Out-of-State Pediatric Hospitals	
Deletion	FY 2024 Handbook: p. B-124 FY 2025 Budget: N/A

~~Notwithstanding the provisions of any law or regulation to the contrary, payments from appropriations hereinabove in the General Medical Services program classification for general acute care hospitals are subject to the following condition: subject to the approval of any required State plan amendment, fee for service and managed care payments to out of state pediatric hospitals whose number of discharges were within the first quartile of New Jersey Medicaid pediatric patient days in calendar year 2021 and that would otherwise be reimbursed at the established Diagnosis Related Groups payment rate described in N.J.A.C.10:52-14 shall be reimbursed at 100 percent of the established Medicaid claim specific reimbursement methodology in the state in which the hospital is licensed, not to exceed a 50 percent increase above the established New Jersey fee for service payment amount.~~

Explanation

The Legislature added \$4.5 million to the FY 2024 Appropriations Act for NJ FamilyCare pediatric rate increases for certain out-of-State pediatric hospitals that the associated language specified. The underlying objective was to encourage Nemours Children Health in Delaware to continue to provide NJ FamilyCare coverage through Horizon NJ Health and Amerigroup Community Care (now Wellpoint), considering that the pediatric hospital provided care to more than 10,000 special-needs children through those managed care plans. Nemours Children Health’s decision to cease to provide that coverage effective August 1, 2023, however, has rendered the language and appropriation obsolete.

The language increased the Medicaid fee-for-service and managed care payments to out-of-state pediatric hospitals that served a large percentage of the State’s pediatric patients. Specifically, the language set forth that the Medicaid reimbursement rate for a service provided by a qualifying out-of-State pediatric hospital is 100 percent of the prevailing Medicaid rate for that service in the state where the hospital is licensed, with the increased rate limited to 150 percent of the New Jersey fee-for-service rate for the service.

EXPLANATION: FY 2024 language not recommended for FY 2025 denoted by strikethrough. Recommended FY 2025 language that did not appear in FY 2024 denoted by underlining.

Significant Language Changes (Cont'd)

Fee-for-Service Nursing Home Rate Adjustments	
Revision	FY 2024 Handbook: p. B-125 FY 2025 Budget: p. D-213 and D-214

Notwithstanding the provisions of N.J.A.C.8:85-1.1 et seq. or any other law or regulation to the contrary, and subject to any required federal approval, the amounts hereinabove appropriated within the General Medical Services program classification are subject to the following conditions: (1) Class I (private), Class II (county), and Class III (special care) nursing facilities being paid on a fee-for-service basis shall be reimbursed at a per diem rate no less than the rate received on June 30, ~~2023~~ 2024, minus the first provider tax add-on and any performance add-on amounts, subject to the condition that Class III (special care) facilities shall be reimbursed the greater of this rate or \$450 per diem, and that Class III (special care) nursing facilities licensed pursuant to a Certificate of Need to operate a traumatic brain injury unit as of July 1, 2023, shall be reimbursed the greater of this rate or ~~\$740.01~~ at a base per diem reimbursement rate that is \$400 above the special care nursing facility's base per diem reimbursement rate as of June 30, 2022; (2) nursing facilities that are being paid by a Managed Care Organization (MCO) for custodial care through a provider contract that includes a negotiated rate shall receive that negotiated rate; (3) any Class I and Class III nursing facility that is being paid by an MCO for custodial care through a provider contract but has not yet negotiated a rate shall receive the equivalent fee-for-service per diem reimbursement rate as it received on June 30, ~~2023~~ 2024, minus the first provider tax add-on and any performance add-on amounts, and any Class II nursing facility that is being paid by an MCO for custodial care through a provider contract but has not yet negotiated a rate shall receive the equivalent fee-for-service per diem reimbursement rate as it received on June 30, ~~2023~~ 2024, minus any performance add-on amounts, had it been a Class I nursing facility; (4) monies designated pursuant to subsection c. of section 6 of P.L.2003, c.105 (C.26:2H-97) for distribution to nursing facilities, less the portion of those funds to be paid as pass-through payments in accordance with paragraph (1) of subsection d. of section 6 of P.L.2003, c.105 (C.26:2H-97) and less the actual amounts expended during fiscal year ~~2023~~ 2024 on performance add-ons and expenditures to establish a minimum per diem of \$188.35, shall be combined with amounts hereinabove appropriated for the General Medical Services program classification for the purpose of calculating NJ FamilyCare reimbursements for nursing facilities; (5) for the purposes of this paragraph, a nursing facility's per diem reimbursement rate or negotiated rate shall not include, if the nursing facility is eligible for reimbursement, the difference between the full calculated provider tax add-on and the quality-of-care portion of the provider tax add-on, which difference shall be payable as an allowable cost pursuant to subsection d. of section 6 of P.L.2003, c.105 (C.26:2H-97); (6) the add-ons used for fiscal year ~~2023~~ 2024 shall be applied from July 1, ~~2023~~ 2024, through September 30, ~~2023~~ 2024, and the first add-on as calculated in section 4 above shall be applied to both MCO and fee-for-service per diem reimbursement rates effective October 1, ~~2023~~ 2024; (7) each Class I, Class II, and Class III nursing facility that has, no later than the deadline established by the Commissioner of Human Services, submitted to the Department of Human Services (DHS) the DHS Fiscal Year ~~2024~~ 2025 CoreQ Long-Stay Survey Sample Size Calculation Grid with affirmative answers, as defined by the Department, ~~to validated Hospital Utilization Tracking system use~~, CoreQ vendor intent, and completion of the CoreQ Long-Stay Survey sample size calculation and, if

EXPLANATION: FY 2024 language not recommended for FY 2025 denoted by strikethrough.
Recommended FY 2025 language that did not appear in FY 2024 denoted by underlining.

Significant Language Changes (Cont'd)

eligible for CoreQ, no later than the deadline established by the Commissioner of Human Services, submitted demographics to the CoreQ vendor to initiate the CoreQ survey process, and, during calendar year ~~2022~~ 2023, has not been included on the Centers for Medicare and Medicaid Services (CMS) Special Focus Facility Lists A, B, E or F, ranked as a one-star facility by the CMS Five-Star Quality Rating System, or cited by the Department of Health for two or more Level G or higher licensing violations (a) shall receive a performance add-on of ~~\$1.80~~ \$3.00 for each of the following CMS nursing home long stay quality measures where the nursing facility has not failed to report data for any of the reporting periods ~~Q3-2021~~, ~~Q4 2021~~ 2022, ~~Q1 2022~~ 2023, ~~Q2 2023~~ and ~~Q2-2022~~ Q3 2023, and the simple average of the quarters, as calculated by the Department with available data, is at or below the lower of the New Jersey or national average, as calculated by CMS, for the percentage of ~~longstay~~ long-stay residents who are: ~~physically restrained, receiving antipsychotic medication, experiencing one or more falls with major injury,~~ losing too much weight and high risk residents with a pressure ulcer, (b) shall receive a performance add-on of ~~\$1.80~~ \$3.00 for the following CMS nursing home long stay quality ~~measures~~ measure where the nursing facility has not failed to report data for any of the reporting periods ~~Q2-2021~~, ~~Q3 2021~~ 2022, ~~Q4 2021~~ 2022, ~~Q1 2023~~ and ~~Q1-2022~~ Q2 2023, and the simple average of the quarters, as calculated by the Department with available data, is at or below the lower of the New Jersey or national average, as calculated by CMS, for the number of hospitalizations per 1,000 long-stay resident days, (c) shall receive a performance add-on of ~~\$1.80 if the percentage of long-stay residents who are assessed and/or given, appropriately, the influenza vaccination is at or above the higher of the New Jersey or national average for the CMS reporting influenza season ending Q2-2022,~~ and (d) shall receive a performance add-on of ~~\$1.80~~ \$3.00 if the nursing facility has been deemed eligible to participate in the CoreQ survey process as determined by the Department and received a composite score of ~~75~~ 85 percent or greater, as calculated by the DHS vendor, on the CoreQ Resident and Family Experience Survey for the fiscal year ~~2024 survey period;~~ 2025 survey period, (d) shall receive a performance add-on of \$4.50 for the following CMS staff measure where the nursing facility has not failed to report data for any of the reporting periods Q4 2022, Q1 2023, Q2 2023 and Q3 2023 and the simple average of the quarters, as calculated by the Department with the available data, is at or below 30 percent, as calculated by CMS, for the percentage of total nursing staff that are no longer employed at the facility, (e) shall receive a performance add-on of \$4.50 for the following CMS staff measure where the nursing facility has not failed to report data for any of the reporting periods Q4 2022, Q1 2023, Q2 2023 and Q3 2023 and the simple average of the quarters, as calculated by the Department with the available data, is at or above the New Jersey average and below 4.1 hours per resident day, as calculated by CMS, for the total nurse staffing hours per resident day, (f) shall receive a performance add-on of \$6.75 for the following CMS staff measure where the nursing facility has not failed to report data for any of the reporting periods Q4 2022, Q1 2023, Q2 2023 and Q3 2023 and the simple average of the quarters, as calculated by the Department with the available data, is at or above 4.1 hours per resident day, as calculated by CMS, for the total nurse staffing hours per resident day, and (g) shall receive a performance add-on of \$1.25 for the following CMS staff measures where the nursing facility has not failed to reported any data for any of the reporting periods Q4 2021, Q1 2022, Q2 2022, Q3 2022, Q4 2022, Q1 2023, Q2 2023 and Q3 2023 and the simple average of Q4 2022, Q1 2023, Q2 2023 and Q3 2023, as calculated by the Department using available data, is equal to or greater than 100.5% of the simple average of Q4 2021, Q1 2022, Q2 2022, and Q3 2022, as calculated by the

EXPLANATION: FY 2024 language not recommended for FY 2025 denoted by strikethrough.
Recommended FY 2025 language that did not appear in FY 2024 denoted by underlining.

Significant Language Changes (Cont'd)

Department using available data, and is at or above 3.6 hours per resident day and below 4.1 hours per resident day, as calculated by CMS, for total nurse staffing hours per resident day, and (8) each nursing facility shall receive a per diem adjustment that shall be calculated based upon an additional ~~\$60,000,000 in State and \$60,000,000 in federal appropriations~~ \$7,200,000 in State and \$7,200,000 in federal appropriations, except that if the Department promulgates regulations implementing a new rate setting methodology in the current fiscal year, nursing facilities shall be reimbursed in accordance with that rate setting methodology, plus the performance add-ons defined above, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This language provision sets forth the requirements for NJ FamilyCare reimbursement of nursing facility services when paid on a fee-for-service basis, rather than through managed care. The FY 2025 Governor's Budget proposes to modify the parameters and increase the add-on amounts of performance-based incentive payments issued to applicable nursing facilities, discussed more in detail below. According to the Office of Management and Budget, the restructuring of the performance add-on payments is intended to be budget-neutral. Additionally, the revisions provide the Department of Human Services with the authority to supersede all parts of the budget language, except the provisions regarding the performance-based incentive payments, via the promulgation of regulations that implement a new rate-setting methodology. Finally, the language revision recommends an additional \$14.4 million in FY 2025 funding, \$7.2 million in State funds and \$7.2 million of federal funds, to adjust each nursing home's base per diem rate above the rate received on June 30, 2024 due to higher direct care employee compensation following the State minimum wage for such employees rising from \$17.13 per hour to \$18.13 per hour on January 1, 2024 with another cost-of-living adjustment anticipated starting on January 1, 2025.

Generally, daily per-capita nursing home reimbursement rates differ from facility to facility. In FY 2024, each nursing home's daily per-capita rate has three elements: 1) a base rate that is equal to the rate received on June 30, 2023; 2) a provider tax add-on that is either \$0 or \$13.67 per capita per day; and 3) a performance add-on under the so-called Quality Incentive Payment Program that currently equals \$1.80 for each of seven quality metrics that the nursing home meets or exceeds.

For FY 2025, the Executive recommends decreasing the number of the existing quality metrics from seven to four, and increasing the performance add-on payment for each remaining metric met from \$1.80 to \$3.00. Generally, these four performance metrics focus on health outcomes of long-stay residents and patient satisfaction of short-stay residents.

The Executive additionally proposes four new add-on payments for nursing homes, ranging from \$1.25 per diem to \$6.75 per diem. Nursing facilities that meet certain criteria regarding nursing staff retention and increased direct care hours, according

EXPLANATION: FY 2024 language not recommended for FY 2025 denoted by strikethrough.
Recommended FY 2025 language that did not appear in FY 2024 denoted by underlining.

Significant Language Changes (Cont'd)

to the data points indicated in the newly proposed language, will be eligible for these add-on payments, as follows:

- 1) \$4.50 per diem if the percentage of nursing staff that are no longer employed at the facility is at or below 30 percent;*
- 2) \$4.50 per diem if the total nurse staffing hours per resident is at or above the New Jersey average and below 4.1 hours per resident day;*
- 3) \$6.75 per diem if the total nurse staffing hours per resident is above 4.1 hours per resident day; and*
- 4) \$1.25 per diem if the total nurse staffing hours per resident is equal to or greater than 100.5 percent of the State simple average and is at or above 3.6 hours per resident day and below 4.1 hours per resident day.*

In FY 2025, if a nursing home were to satisfy all applicable performance metrics, at the highest per diem amount, its performance add-on would increase from \$12.60 in FY 2024 to \$23.25 in FY 2025.

Finally, the Executive also recommends revisions to the base rate for a special care nursing facility that operates a traumatic brain injury unit as of July 1, 2023 in order to conform the language to P.L.2023, c.181. This law requires the base per diem rate for such a facility to be \$400 above the facility's FY 2022 base per diem reimbursement rate. Only two facilities are eligible under these provisions, Complete Care at Willow Creek and Hartwyck at Oak Tree, and both began receiving the increased per diem rates of \$743.61 and \$963.10, respectively, in January 2024. Under the FY 2024 budget language, the minimum base rate for such a facility was \$740.01. The FY 2025 Governor's Budget includes \$1.2 million in new State funds for implementation of the provisions of this law, which also provides an enhanced NJ FamilyCare reimbursement rate for nursing facilities that voluntarily delicense beds in order to create single occupancy rooms.

EXPLANATION: FY 2024 language not recommended for FY 2025 denoted by strikethrough.
Recommended FY 2025 language that did not appear in FY 2024 denoted by underlining.

Significant Language Changes (Cont'd)

Fee-for-Service Long-Term Care Behavioral Health Nursing Facilities Rate Adjustments

Revision

FY 2024 Handbook: p. B-126

FY 2025 Budget: p. D-215

Notwithstanding the provisions of N.J.A.C.8:85-1.1 et seq. or any other law or regulation to the contrary, and subject to any required federal approval, the amounts hereinabove appropriated within the General Medical Services program classification are subject to the following conditions: (1) Long-Term Care Behavioral Health nursing facilities approved pursuant to the Department of Health's expedited certificate of need being paid on a fee-for-service basis for custodial care shall be reimbursed at a per diem rate equal to 85 percent of the simple average of all Class III (special care) Long-Term Care Specialized Behavior Modification nursing facility rates minus any performance add-on amounts; (2) for the purposes of this paragraph, a nursing facility's per diem reimbursement rate or negotiated rate shall not include, if the nursing facility is eligible for reimbursement, the difference between the full calculated provider tax add-on and the quality-of-care portion of the provider tax add-on, which difference shall be payable as an allowable cost pursuant to subsection d. of section 6 of P.L.2003, c.105 (C.26:2H-97); and (3) the add-ons used for fiscal year ~~2023~~ 2024 shall be applied from July 1, ~~2023~~ 2024, through September 30, ~~2023~~ 2024 and the first add-on as calculated in herein shall be applied to both MCO and fee-for-service per diem reimbursement rates effective October 1, ~~2023~~ 2024; except that if the Department promulgates regulations implementing a new rate setting methodology in the current fiscal year, nursing facilities shall be reimbursed in accordance with that rate setting methodology, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This language provision sets forth the requirements for NJ FamilyCare fee-for-service reimbursement for long-term care behavioral health nursing facilities. The revisions do not change the FY 2024 methodology for reimbursement; rather they would provide the Department of Human Services with the authority to supersede all parts of this language provision through the promulgation of regulations that implement a new rate-setting methodology. There are currently two behavioral health nursing facilities in the State that participate in NJ FamilyCare and both received a base reimbursement rate of \$451.38 in FY 2024.

EXPLANATION: FY 2024 language not recommended for FY 2025 denoted by strikethrough. Recommended FY 2025 language that did not appear in FY 2024 denoted by underlining.

Significant Language Changes (Cont'd)

Unlimited Supplemental Appropriation Authority to Implement Enhanced Reimbursement Rate to Nursing Facilities for Single-Occupancy Rooms		
Addition	FY 2024 Handbook:	N/A
	FY 2025 Budget:	p. D-215

Notwithstanding the provisions of any law or regulation to the contrary, such sums as shall be necessary, as determined by the Commissioner of Human Services, to implement the provisions of P.L.2023, c.181 requiring an enhanced per diem reimbursement rate for nursing facilities providing services to a NJ FamilyCare beneficiary residing in a single occupancy room are appropriated, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The FY 2025 Governor’s Budget includes new language that grants the department unlimited supplemental appropriation authority to implement P.L.2023, c.181, which provides an enhanced NJ FamilyCare reimbursement rate for nursing facilities that voluntarily delicense beds in order to create single-occupancy rooms. Under the law, each newly established single occupancy room receives a reimbursement rate equal to 150 percent of the nursing facility’s base per diem reimbursement rate.

The FY 2025 Governor’s Budget includes \$1.2 million in new State funds to support this law, which also provides for the two special care nursing facilities in the State with a traumatic brain injury unit to receive an increased per diem rate.

Authorizes Department to Fund Network Adequacy Monitoring Activities with Collected Revenue from Certain Network Adequacy Penalties		
Addition	FY 2024 Handbook:	N/A
	FY 2025 Budget:	p. D-215

Notwithstanding the provisions of any law or regulation to the contrary, an amount up to the total collected in liquidated damages from Managed Care Organizations pursuant to P.L.2021, c.276 for failure to meet network adequacy standards may be transferred to administration accounts to fund costs incurred in monitoring network adequacy, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The FY 2025 Governor’s Budget includes new language that authorizes the department to allocate any of the funds collected from penalties under P.L.2021, c.276 to support the agency’s network adequacy monitoring efforts under NJ FamilyCare. The law codified and established certain network adequacy standards for pediatric primary and specialty care in the Medicaid program, and mandates the department to enforce appropriate sanctions for non-compliance, including financial penalties that accrue during the period of non-compliance.

EXPLANATION: FY 2024 language not recommended for FY 2025 denoted by strikethrough. Recommended FY 2025 language that did not appear in FY 2024 denoted by underlining.

Significant Language Changes (Cont'd)

Establishment of State-Directed Payment Program for Acute Care Outpatient Hospital Visits	
Addition	FY 2024 Handbook: N/A FY 2025 Budget: p. D-215
<p><u>Notwithstanding the provisions of any law or regulation to the contrary, and subject to any required federal approval, the amounts hereinabove appropriated within the General Medical Services program classification are subject to the following conditions: (1) the Division of Medical Assistance and Health Services shall establish a managed care state directed payment program pursuant to 42 CFR 438.6(c) and that provides a supplemental payment for each acute care hospital outpatient visit; (2) an outpatient visit is defined as all services billed on a single UB-92 claim form related to a singular diagnosis or treatment of services; (3) public hospitals shall receive a Medicaid outpatient add-on equal to the difference between the statewide average commercial rate (ACR) and the average managed care payment per hospital outpatient visit, where (a) the average managed care payment per hospital outpatient visit shall be calculated by dividing the total amount of managed care hospital outpatient payments by the number of visits, calculated on managed care encounter payments for which NJ FamilyCare was the primary payer for calendar year 2022, with payment dates between January 1, 2022, and June 30, 2023, with a run-date of not later than September 15, 2023, (b) the ACR shall be calculated using the 2022 Audited Acute Care Hospital (ACH) Cost Reports submitted to the Department of Health as follows: (1) the ACR numerator equals a hospital's gross revenue from patient care for payers as reported on Form E6, Line 1, Column A, Column B, Column F, and Column I minus prior year allowances and adjustments as reported on Form E6, Line 2, Column A, Column B, Column F, and Column I minus current year allowances as reported on Form E6, Line 3, Column A, Column B, Column F and Column I, (2) the ACR denominator equals the sum of the hospital's visits as reported on Form B6, Column L, Line 1, Line 2, Line 6 and Line 9, and (3) the ACR equals the sum of the ACR numerators divided by the sum of the ACR denominators for all hospitals submitting an ACH cost report; (4)(a) the remaining non-public, acute care hospitals shall be ranked by their Relative Medicaid Percentage (RMP) from highest to lowest, which shall be calculated using the 2022 ACH Cost Reports submitted to the Department of Health and shall be calculated as follows: (1) the RMP numerator equals a hospital's gross revenue from patient care as reported on Forms E5 and E6, Line 1, Column D and Column H, (2) the RMP denominator equals a hospital's gross revenue from patient care as reported on Form E4, Line 1, Column E, (3) the RMP equals the RMP numerator divided by the RMP denominator for each hospital submitting an ACH cost report, (4) for instances where hospitals that have a single Medicare identification number submit a separate ACH Cost Report for each individually licensed hospital, the ACH Cost Report data for those hospitals shall be consolidated to the single Medicaid identification number, and (4)(b) the top fifteen hospitals ranked with the highest RMPs shall receive an outpatient add-on equal to \$200 per visit, hospitals with an RMP ranking of sixteen through thirty shall receive an outpatient add on equal to \$150 per visit, hospitals with an RMP ranking of thirty-one through forty-five shall receive an outpatient add on equal to \$100 per visit, and hospitals ranked forty-six and lower shall receive an outpatient add on equal to \$50 per visit; (5) each of the hospitals located in the ten municipalities in the State containing a hospital that have the lowest median annual household income according to Table S1901 from the 2022 American Community Survey</u></p>	

EXPLANATION: FY 2024 language not recommended for FY 2025 denoted by strikethrough. Recommended FY 2025 language that did not appear in FY 2024 denoted by underlining.

Significant Language Changes (Cont'd)

(ACS) 5-Yr Estimate Released December 7, 2023, shall be ranked from the hospital with the highest hospital-specific reimbursed Medicaid and NJ FamilyCare managed care outpatient hospital services to the hospital with the lowest hospital-specific reimbursed Medicaid and NJ FamilyCare managed care outpatient hospital services, as calculated on managed care encounter payments for which NJ FamilyCare was the primary payer for calendar year 2022, with payment dates between January 1, 2022, and June 30, 2023, with a run-date of not later than September 15, 2023, and the hospital in each of the ten municipalities, if any, with the highest reimbursed Medicaid and NJ FamilyCare managed care outpatient hospital services shall receive a twenty-five percent increase to their designated tier's add-on payment; and (6) hospitals shall receive interim monthly Medicaid managed care outpatient hospital payments on or about the fifteenth of each month based on calendar year 2022 outpatient visits as calculated in (5) above, which shall be reconciled to actual fiscal year utilization in the subsequent fiscal year's April payment.

Explanation

The FY 2025 Governor's Budget proposes the establishment of a new Medicaid state-directed payment program pursuant to 42 C.F.R. s.438.6(c). Under this proposed program, which will require federal approval, the State would direct NJ FamilyCare's managed care plans to provide hospitals with a supplemental payment for each acute care hospital outpatient visit. Hospital outpatient payments for public hospitals would be increased to the average statewide rate paid by commercial insurers, while non-public, acute care hospitals would receive specific tiers of add-on payments ranging from \$50 to \$200 per visit based on their ranked "Relative Medicaid Percentage," which is the portion of gross inpatient and outpatient revenue that the hospitals receive from Medicaid. In addition, within each of the 10 municipalities in the State with the lowest median annual household incomes, the hospital with the highest reimbursed NJ FamilyCare managed care outpatient services will receive a 25 percent increase to its supplemental payments.

According to the FY 2025 Budget-in-Brief, the objective of the Medicaid state-directed payment mechanism is to increase funding to the hospitals by maximizing federal matching funds without the need for additional State appropriations. Accordingly, to compensate for the negative impact of the new program on the State's finances, the Executive recommends reductions to the Charity Care program in the Department of Health and the number of State-funded positions for University Hospital for purposes of calculating the fringe benefits support provided to the hospital. In general, state-directed payment expenditures would receive a blended 67 percent federal cost reimbursement rate, which is higher than the current 50 percent federal cost reimbursement rate received by Charity Care expenditures via the federal Medicaid Disproportionate Share Hospital program – the State, however, currently does not use federal cost reimbursements earned on Charity Care expenditures to support the Charity Care program.

The FY 2025 Governor's Budget includes \$515.0 million in appropriations for the recommended federal revenue maximization initiative, about \$345.0 million (or 67 percent) in federal funds appropriations and \$170.0 million (or 33 percent) in State General Fund appropriations.

EXPLANATION: FY 2024 language not recommended for FY 2025 denoted by strikethrough.
Recommended FY 2025 language that did not appear in FY 2024 denoted by underlining.

Significant Language Changes (Cont'd)

DIVISION OF AGING SERVICES

Effect on Community Based Senior Programs Account of Decreased Revenue Projection for Casino Simulcasting Fund	
Revision	FY 2024 Handbook: p. B-132 and E-4 FY 2025 Budget: p. D-223 and F-7

Notwithstanding the provisions of any law or regulation to the contrary, of the amount hereinabove appropriated for the Community Based Senior Programs (CRF) account, ~~\$270,000~~ \$140,000 shall be charged to the Casino Simulcasting Fund.

47. There is appropriated ~~\$270,000~~ \$140,000 from the Casino Simulcasting Fund for transfer to the Casino Revenue Fund.

Explanation

The language revisions decrease the FY 2025 appropriation from the Casino Simulcasting Fund to the Community Based Senior Programs account, supported by the Casino Revenue Fund, by \$130,000. This change aligns the budget language with projected FY 2025 Casino Simulcasting Fund revenue. Pursuant to law, revenue deposits into the fund are to be appropriated exclusively for services to benefit eligible senior citizens. The Community Based Senior Programs account in the Casino Revenue Fund, as well as the identically named account in the General Fund, support a variety of programs for the aged. The proposed FY 2025 appropriation for the two accounts combined is \$58.5 million, some \$1.1 million more than in FY 2024.

EXPLANATION: FY 2024 language not recommended for FY 2025 denoted by strikethrough. Recommended FY 2025 language that did not appear in FY 2024 denoted by underlining.

Significant Language Changes (Cont'd)

DIVISION OF DISABILITY SERVICES

Allocates \$500,000 for Case Management Services, Data Collection, and Reporting Requirements from New Jersey Association for Centers for Independent Living Account	
Addition	FY 2024 Handbook: N/A FY 2025 Budget: p. D-225

Notwithstanding the provisions of any law or regulation to the contrary, of the amount hereinabove appropriated for New Jersey Association of Centers for Independent Living, an amount not to exceed \$500,000 shall be allocated to the Centers in amounts to be determined by the Director of the Division of Disability Services for purpose of providing case management services to individuals and supporting the costs of data collection and reporting required by the Division of Disability Services.

Explanation

The FY 2025 Governor’s Budget continues the \$3.0 million appropriation for the New Jersey Association of Centers for Independent Living. This new language, however, would set aside \$500,000 thereof for case management services, as well as data collection and reporting requirements by the Division of Disability Services. Centers for Independent Living are non-profit organizations that work with people with disabilities to advance their independence via information and referral, peer counseling, skills training, advocacy and a variety of other services based on individual needs.

EXPLANATION: FY 2024 language not recommended for FY 2025 denoted by strikethrough. Recommended FY 2025 language that did not appear in FY 2024 denoted by underlining.

Significant Language Changes (Cont'd)

DIVISION OF DEVELOPMENTAL DISABILITIES – COMMUNITY PROGRAMS

Estimates Cost Recoveries for Community-Based Residential Programs

Revision	FY 2024 Handbook: p. B-134 FY 2025 Budget: p. D-232
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Cost recoveries from consumers with developmental disabilities collected during the current fiscal year, not to exceed ~~\$4,675,000~~ \$5,000,000, are appropriated for the continued operation of the Division of Developmental Disabilities community-based residential programs, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This language change reflects differing estimates of client contributions toward the cost of services for community-based residential programs. The prior amount of \$4.7 million was included in the FY 2024 Appropriations Act as the revenue estimate for FY 2024. The Governor’s FY 2025 Budget has revised the estimated FY 2024 receipts to \$6.0 million and anticipates receipts to total \$5.0 million in FY 2025.

Although the division has shifted from a system in which clients pay the division for services to a system in which clients pay their rent directly to the landlord, some clients continue to pay the division.

FY 2024 Coronavirus State Fiscal Recovery Fund Appropriations

Deletion	FY 2024 Handbook: p. D-18 FY 2025 Budget: N/A
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~~Notwithstanding the provisions of any law or regulation to the contrary, moneys are appropriated from the federal “Coronavirus State Fiscal Recovery Fund” (SFRF) established pursuant to the federal “American Rescue Plan Act of 2021.” Pub.L. 117-2, in the following amounts for the following purposes without the additional approval by the Joint Budget Oversight Committee:~~

Program*	Appropriation
Caregiver Hub Site and Community Grants	\$7,000,000

* Only the Department of Human Services appropriation is displayed.

EXPLANATION: FY 2024 language not recommended for FY 2025 denoted by strikethrough. Recommended FY 2025 language that did not appear in FY 2024 denoted by underlining.

Significant Language Changes (Cont'd)

Explanation

The FY 2024 Appropriations Act included budget language allocating funds from the State's flexible \$6.24 billion federal Coronavirus State Fiscal Recovery Fund grant, which the State received under the American Rescue Plan Act of 2021; since these funds were appropriated in FY 2024, this language provision is functionally obsolete.

The FY 2024 language includes a \$7.0 million appropriation to the Department of Human Services for a Caregiver Hub Site and Community Grants. The hub will provide information on services to caregivers who provide unpaid care to chronically ill or disabled family members. Services shared on the hub will include respite care, which provides caregivers a temporary rest from caregiving, while their family members can continue to receive care in a safe environment. Family caregiving supports the department's long-term goals to keep individuals with high needs out of institutionalized settings and in the community.

All Coronavirus State Fiscal Recovery Fund grant funds must be obligated by December 31, 2024 and expended by December 31, 2026.

EXPLANATION: FY 2024 language not recommended for FY 2025 denoted by strikethrough.
Recommended FY 2025 language that did not appear in FY 2024 denoted by underlining.

Significant Language Changes (Cont'd)

DIVISION OF FAMILY DEVELOPMENT

Increases Appropriation from Workforce Development Partnership Fund for Child Care Subsidy Program

Revision

FY 2024 Handbook: p. B-140
 FY 2025 Budget: p. D-240 to D-241

Notwithstanding the provisions of any law or regulation to the contrary, in addition to the amounts hereinabove appropriated for Work First New Jersey Child Care, an amount not to exceed ~~\$35,000,000~~ \$40,100,000 is appropriated from the Workforce Development Partnership Fund established pursuant to section 9 of P.L.1992, c.43 (C.34:15D-9), subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The Governor recommends shifting an additional \$5.1 million of the recommended General Fund appropriation for the Child Care Subsidy Program to the dedicated, off-budget Workforce Development Partnership Fund, for a total shift of \$40.1 million. The Child Care Subsidy Program assists lower-income families with paying for a portion of child care costs when they are working, participating in training programs, or enrolled in school.

The Workforce Development Partnership Fund is a dedicated, off-budget fund which provides qualified displaced, disadvantaged, and employed workers with training services most likely to provide opportunities for career advancement. The fund receives worker and employer payroll tax contributions and has a projected FY 2025 year-end balance of \$188.4 million.

Increases Per Diem Rate for Hotels and Motels under General Assistance Program

Revision

FY 2024 Handbook: p. B-142
 FY 2025 Budget: p. D-242

Notwithstanding the provisions of any law or regulation to the contrary, the amounts hereinabove appropriated for Payments for Cost of General Assistance and General Assistance Emergency Assistance Program are subject to the following condition: the per diem reimbursement rate for hotels and motels shall be ~~\$12~~ \$10 greater than the rates in effect during fiscal year ~~2022~~ 2024.

Explanation

EXPLANATION: FY 2024 language not recommended for FY 2025 denoted by strikethrough. Recommended FY 2025 language that did not appear in FY 2024 denoted by underlining.

Significant Language Changes (Cont'd)

The FY 2025 Governor's Budget recommends appropriating \$4.1 million in FY 2025 to increase the per diem reimbursement rate for hotels and motels that provide emergency housing under the General Assistance Program from \$62 in FY 2024 to \$72 in FY 2025. Of the \$4.1 million, about \$2.1 million is allocated to the General Assistance Emergency Assistance Program budget line and \$2.0 million to the Social Services for the Homeless (PTRF) budget line.

The General Assistance portion of the Work First New Jersey program supports extremely low-income individuals without dependent children and is completely State-funded. The nonemergency cash assistance segment of the program provides cash assistance, whereas the Emergency Assistance segment provides emergency cash, rental, and other assistance to individuals who are at imminent risk of homelessness. There is a general 12-month time limit for the receipt of emergency assistance benefits, with certain exceptions.

The Social Services for the Homeless (PTRF) account, in turn, provides funding to counties to support families and individuals who are experiencing homelessness or are at imminent risk of becoming homeless, but who are not eligible for Work First New Jersey benefits. The short-term safety net program offers food, emergency shelter, homelessness prevention, and case management.

EXPLANATION: FY 2024 language not recommended for FY 2025 denoted by strikethrough.
Recommended FY 2025 language that did not appear in FY 2024 denoted by underlining.

Background Paper: Falling NJ FamilyCare Enrollment During the “Unwinding” of the COVID-19 Public Health Emergency

Budget Pages D-202 through D-215

During the COVID-19 Public Health Emergency, federal law provided enhanced funding to states that elected to maintain continuous health coverage for individuals enrolled in Medicaid and the Children’s Health Insurance Program (CHIP). After three years of this continuous coverage policy, the federal government has required New Jersey and other states to resume regular processes of identifying and disenrolling ineligible members. This paper examines NJ FamilyCare’s enrollment trends after this continuous coverage policy ended in 2023 and highlights variation in enrollment decreases by eligibility group and geography.

KEY POINTS:

- Changes in NJ FamilyCare enrollment significantly affect total State spending on the program, which the Governor’s FY 2025 Budget projects to be over \$7.4 billion in FY 2025.
- NJ FamilyCare enrollment grew by 600,000 members (36 percent) after implementing federal continuous coverage provisions during the COVID-19 Public Health Emergency, increasing from 1.68 million to 2.28 million members between March 2020 and March 2023.
- After eligibility renewals resumed in April 2023, NJ FamilyCare’s enrollment has steadily decreased. Since March 2023, the month before renewals resumed, enrollment has declined by about 264,000 members (nearly 12 percent) to 2.02 million members in March 2024. The largest enrollment decreases have occurred among “ACA expansion” adults and within Cape May, Sussex, Camden, and Warren Counties.
- The Governor’s FY 2025 Budget anticipates further declines in NJ FamilyCare enrollment, projecting an average monthly enrollment of 1.91 million members in FY 2025.
- Among all members due to complete renewals from June 2023-January 2024, 26 percent have been disenrolled to date for procedural reasons such as non-response to mailings.
- As of April 2024, New Jersey’s overall disenrollment rate was at the national median among all states, while the State’s procedural termination rate was above the national median (19th out of 44 states with comparable data) according to a KFF analysis.

Background Paper: Falling NJ FamilyCare Enrollment During the “Unwinding” of the COVID-19 Public Health Emergency (Cont’d)

NJ FamilyCare Enrollment Trends Significantly Affect State Spending

The Division of Medical Assistance and Health Services within the Department of Human Services administers the NJ FamilyCare program, which is New Jersey’s combined branding of two federal health insurance programs covering low-income individuals: Medicaid and CHIP.

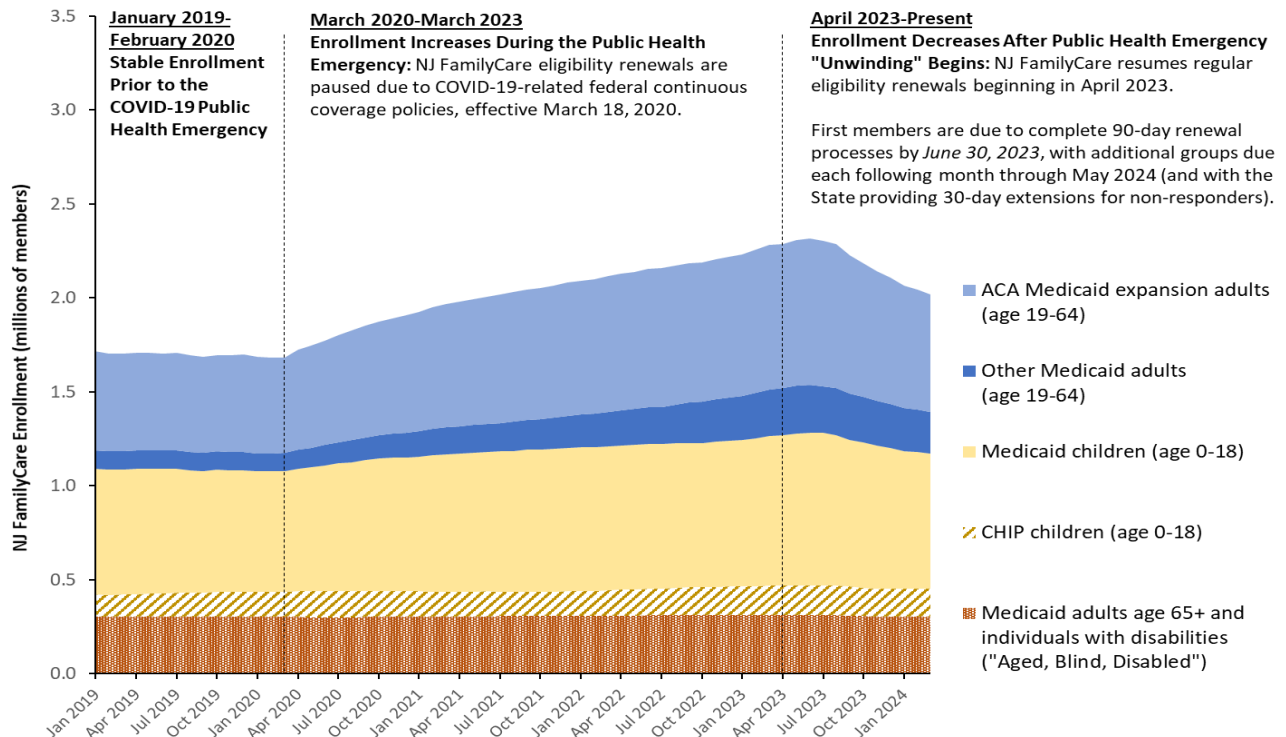
The federal government and the State jointly fund NJ FamilyCare, with the State’s share ranging from 10 percent (for “ACA Medicaid expansion” parents and childless adults covered under the federal Patient Protection and Affordable Care Act, or ACA) to 50 percent (for most other eligibility groups). The Governor’s FY 2025 Budget projects program expenditures, net of \$1.2 billion in offsetting resources, totaling \$19.4 billion (\$12.0 billion federal, \$7.4 billion State, \$14.1 million member cost-sharing), for an average annual per capita cost of \$10,138 (all funds).¹

Changes in enrollment significantly affect NJ FamilyCare expenditures, especially since 95 percent of members are currently enrolled in managed care plans that receive a fixed per-member, per-month payment from the State to cover most health care benefits.

After Increasing During the Public Health Emergency, NJ FamilyCare Enrollment Has Steadily Decreased During FY 2024 Due to Resumed Eligibility Renewals

NJ FamilyCare enrollment trends have involved three major phases since 2019, as shown below:

NJ FamilyCare: Medicaid and CHIP Enrollment by Eligibility Category, January 2019-March 2024



Source: NJ Department of Human Services. [NJ FamilyCare Data Dashboards](#). Accessed April 2024.

Background Paper: Falling NJ FamilyCare Enrollment During the “Unwinding” of the COVID-19 Public Health Emergency (Cont’d)

- 1. Stable Enrollment Before the COVID-19 Public Health Emergency:** Prior to the COVID-19 pandemic, NJ FamilyCare’s most significant enrollment growth had occurred in 2014, when the State expanded Medicaid eligibility to childless adults and certain parents under the ACA. After the ACA expansion, NJ FamilyCare enrollment remained relatively stable across most eligibility groups, with slight annual declines during 2017-2019 associated with economic growth and increased employment.
- 2. Enrollment Increases Due to Continuous Coverage During the Public Health Emergency:** After the COVID-19 pandemic emerged in early 2020, the federal Families First Coronavirus Response Act (FFCRA) provided enhanced Medicaid and CHIP matching funds to states that elected to maintain continuous coverage for all individuals enrolled in Medicaid and CHIP on or after March 18, 2020. In return for maintaining continuous coverage, states received a 6.2 percentage point increase in their federal Medicaid matching rates for eligible expenditures, as well as a 4.34 percentage point increase in federal CHIP matching rates. After New Jersey elected to implement these provisions, NJ FamilyCare enrollment increased by nearly 600,000 members, or 36 percent, from March 2020 (1.68 million enrolled) to March 2023 (2.28 million enrolled), when continuous coverage ended. Enrollment eventually peaked at 2.32 million in June 2023, just before the first wave of disenrollments from resumed eligibility renewals.
- 3. Enrollment Decreases as Eligibility Renewals Resume (Public Health Emergency “Unwinding”):** The FFCRA originally required states to maintain Medicaid and CHIP continuous coverage through the end of the federally declared COVID-19 Public Health Emergency as a condition of receiving enhanced federal matching funds. However, in December 2022, the federal Consolidated Appropriations Act of 2023 delinked this continuous coverage from the Public Health Emergency, requiring states to resume regular processes of reviewing and renewing members’ eligibility (and disenrolling ineligible members) no later than April 2023.

When restarting eligibility renewals — a process informally known as the Public Health Emergency “unwinding” — the federal Centers for Medicare & Medicaid Services allowed states up to 12 months to resume regular renewals for all enrollees and two additional months to complete renewal processes, with all renewals required to be completed by May 2024. The Consolidated Appropriations Act of 2023 also phased out the FFCRA’s enhanced federal Medicaid and CHIP matching funds between April 2023 and December 2023.

ACA Expansion Adults Show the Largest Enrollment Decreases Since Renewals Resumed

New Jersey restarted eligibility renewals in April 2023, with roughly one-twelfth of NJ FamilyCare members originally due to complete their 90-day renewal processes by June 30, 2023 and similar numbers due to complete renewals each month thereafter through May 31, 2024.

Background Paper: Falling NJ FamilyCare Enrollment During the “Unwinding” of the COVID-19 Public Health Emergency (Cont’d)

In June 2023, the Department of Human Services decided to provide 30-day eligibility extensions to all members who had not responded to renewal mailings before their original renewal deadlines and who were consequently due to have their coverage terminated. According to the department, this policy was intended to provide additional time to contact and assist these non-responding members. Ultimately, the department provided these 30-day extensions to all non-responding members during the entire “unwinding” period, effectively delaying the first group’s renewal deadline to July 31, 2023 and the final group’s deadline to June 30, 2024.

From March 2023 (the last month of continuous coverage) through March 2024, NJ FamilyCare enrollment has decreased by about 264,000 members (almost 12 percent) to 2.02 million, which is still roughly 334,000 more members than those enrolled at the onset of the pandemic in March 2020. The table below summarizes these trends by major eligibility category.

NJ FamilyCare Enrollment Trends: March 2023 to March 2024

Eligibility Category	Enrollment as of March 2023	Enrollment as of March 2024	March 2023-March 2024 change (n)	March 2023-March 2024 change (%)
<i>Adults without disabilities (age 19-64)</i>				
ACA Medicaid expansion adults	768,658	624,219	-144,439	-18.8%
Other Medicaid adults	246,906	219,618	-27,288	-11.1%
<i>Children without disabilities (age 0-18)</i>				
Medicaid children	798,486	721,746	-76,740	-9.6%
CHIP children	155,380	150,117	-5,263	-3.4%
<i>Medicaid adults age 65+ and individuals with disabilities ("Aged, Blind, Disabled")</i>	312,370	301,611	-10,759	-3.4%
TOTAL	2,281,800	2,017,311	-264,489	-11.6%

Source: NJ Department of Human Services. [NJ FamilyCare Data Dashboards](#). Accessed April 2024.

Enrollment has decreased in all major eligibility categories since renewals resumed, with ACA expansion adults decreasing the most (nearly 19 percent) followed by Medicaid adults (11 percent) and Medicaid children (about 10 percent). These decreases reflect the net impact of:

- *Renewals of existing members*, either by automatic renewals, which use administrative data, or by members receiving and responding to renewal mailings, if automatic renewals are not possible;
- *Disenrollments due to ineligibility*, such as those due to members with incomes exceeding program eligibility thresholds or members moving outside of New Jersey;
- *Terminations due to procedural reasons*, such as members not responding to renewal mailings or providing insufficient information in their responses;
- *Reinstatements* of previously disenrolled members due to: new information received during 90-day reconsideration periods; fair hearings; or reattempted automatic renewals, in certain special cases;
- *Continued enrollments of individuals whose renewals were still pending final decisions*; and
- *New enrollments* of individuals meeting program eligibility criteria, including previously disenrolled individuals who reenroll outside of 90-day reconsideration periods due to changing circumstances or a belated realization that coverage had been terminated.

Background Paper: Falling NJ FamilyCare Enrollment During the “Unwinding” of the COVID-19 Public Health Emergency (Cont’d)

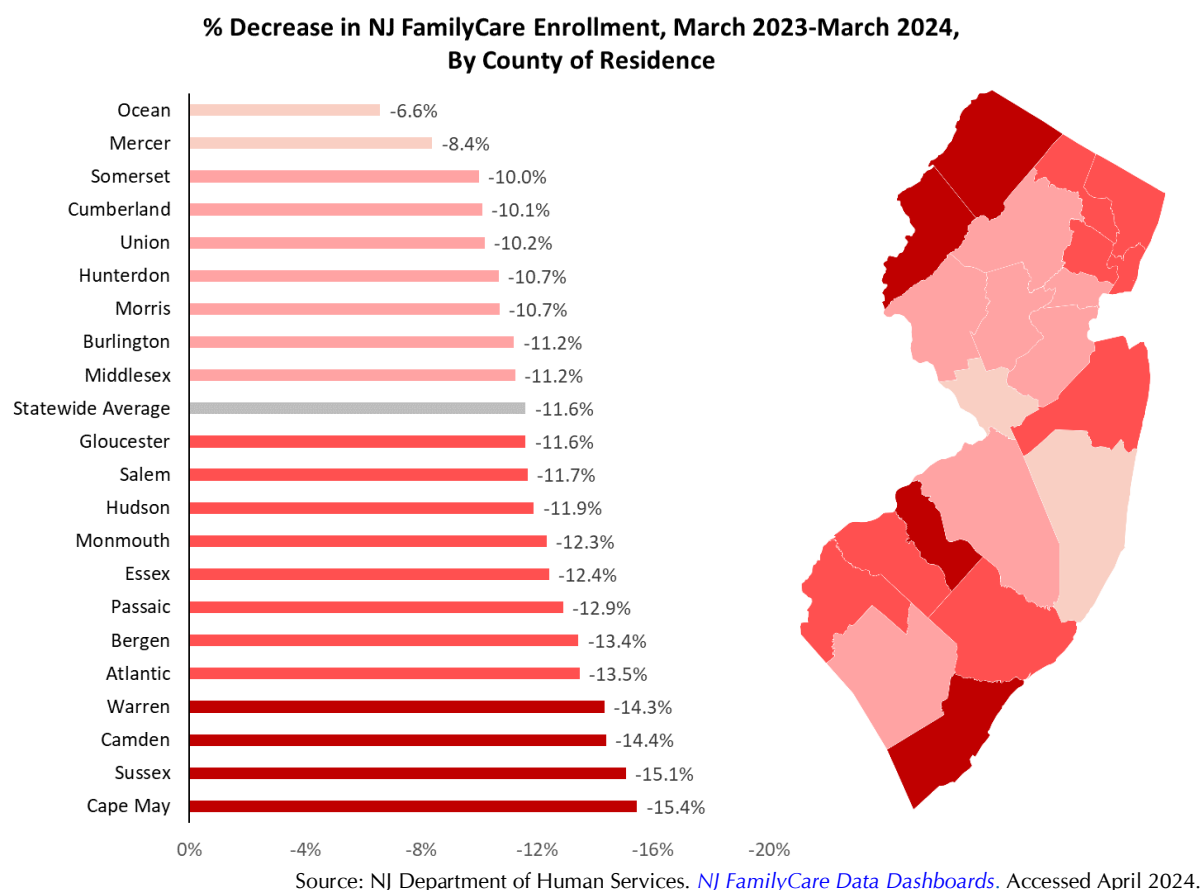
These enrollment decreases mirror the distribution of earlier increases during the Public Health Emergency’s continuous coverage period. Between March 2020 and March 2023, ACA expansion adults had the largest rate of enrollment growth, while Medicaid children and other non-disabled adults also had larger enrollment growth than CHIP children and members in NJ FamilyCare’s Aged, Blind, Disabled (ABD) programs.

Overall, the FY 2025 Governor’s Budget anticipates further declines in NJ FamilyCare enrollment, projecting average monthly enrollment of 1.91 million members in FY 2025 — compared to a revised estimate of 2.11 million members enrolled during FY 2024, on average across all months.

NJ FamilyCare’s Enrollment Decreases Show Substantial County Variation

Since renewals resumed, certain counties have experienced greater decreases in NJ FamilyCare enrollment than others. For instance, Cape May, Sussex, Camden, and Warren Counties saw their enrollment decrease by more than 14 percent between March 2023 and March 2024.

The charts below show this county-level variation across New Jersey:



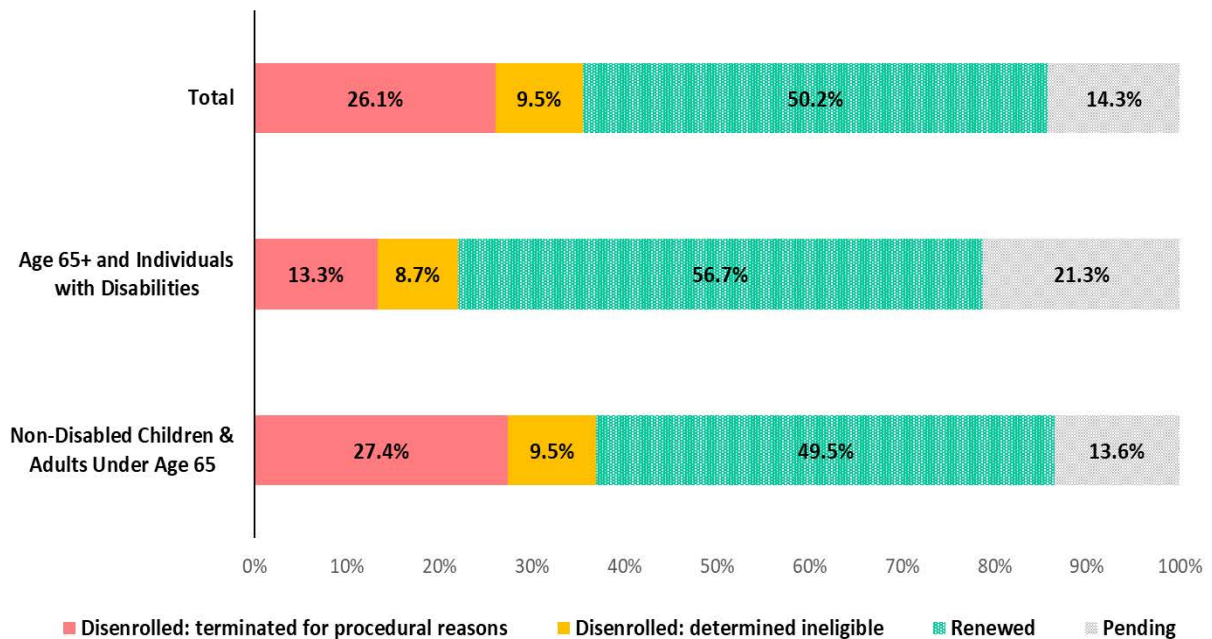
Background Paper: Falling NJ FamilyCare Enrollment During the “Unwinding” of the COVID-19 Public Health Emergency (Cont’d)

Procedural Terminations Have Driven Most Disenrollments Since Renewals Resumed

NJ FamilyCare members can be disenrolled due to either *ineligibility* or *procedural terminations*, as noted above. The following chart shows cumulative rates of disenrollments and other renewal outcomes for members who were enrolled when the Public Health Emergency “unwinding” began (April 2023) and who were originally due to complete renewals between June 2023-January 2024, based on [renewal data from the department](#).ⁱⁱ

Of these 1.31 million members, 26 percent were disenrolled due to procedural terminations — over two and a half times the rate of disenrollments due to ineligibility (9.5 percent). Non-disabled children and adults under age 65 had procedural termination rates that were twice as high as members in the Aged, Blind, Disabled programs.

Public Health Emergency “Unwinding”: Cumulative Outcomes for NJ FamilyCare Members Due to Complete Renewals Between June 2023 and January 2024 — Status as of February 29, 2024



Source: NJ Department of Human Services. [Stay Covered NJ: Renewal Data Reports](#). Accessed April 2024.

According to an analysis by the nonpartisan health policy organization KFF, New Jersey’s overall Medicaid and CHIP disenrollment rate during the “unwinding” period was at the national median as of April 2024, with the State having the 26th highest rate among all 50 states and the District of Columbia. The same analysis found that, for all members due to complete renewals so far, New Jersey’s cumulative procedural termination rate was above the national median, representing the 19th highest rate out of 44 states with data available for comparisons.ⁱⁱⁱ

Background Paper: Falling NJ FamilyCare Enrollment During the “Unwinding” of the COVID-19 Public Health Emergency (Cont’d)

As the National Association of Medicaid Directors has observed, Medicaid and CHIP procedural terminations during the Public Health Emergency “unwinding” may have multiple causes in any given state, such as:

- Members not receiving renewal materials due to outdated contact information or state errors;
- Members not understanding how to complete complex renewal materials or processes; or
- Members not responding to renewal materials if they know they are no longer eligible due to higher household incomes, particularly if they already have other sources of health coverage.

Significant numbers of disenrolled NJ FamilyCare members may qualify for other sources of health coverage. For example, the department’s [Medicaid Monthly Renewal Report for February 2024](#) identified about 35,000 individuals who had been enrolled in NJ FamilyCare at the beginning of the “unwinding” period and who had subsequently enrolled in a qualified health plan through Get Covered New Jersey, the State’s health insurance marketplace, as of February 29, 2024.

ⁱ These NJ FamilyCare expenditures represent only amounts for administration and general medical and long-term care services budgeted in the division. The FY 2024 Appropriations Act also included \$6.7 billion in additional State and federal funds for Medicaid and CHIP expenditures within selected programs in other Department of Human Services divisions, the Department of Children and Families, the Department of Health, and other agencies.

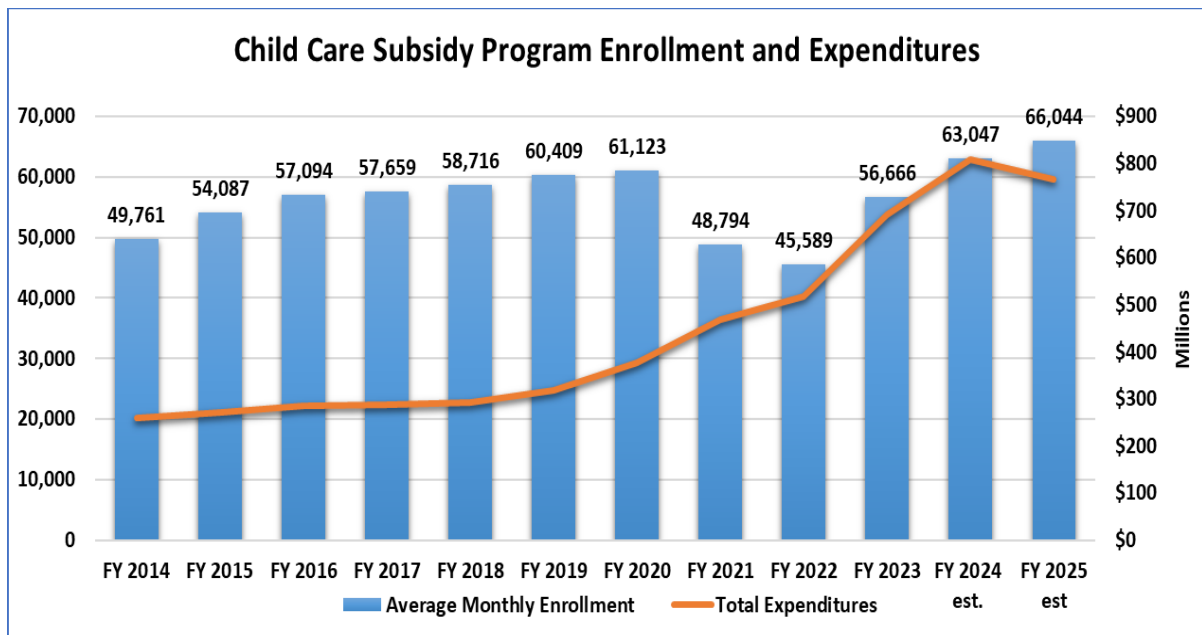
ⁱⁱ Note: these members’ cumulative outcomes are shown as of February 29, 2024 to account for the department deciding to provide, with federal approval, 30-day extensions for members who had not responded to renewal mailings by their original due dates. Similarly, members originally due to complete renewals in February 2024 are excluded from this chart, to avoid potentially understating cumulative procedural termination rates (since non-responding members originally due in February 2024 are reported as “pending” until their 30-day extensions end in March 2024).

ⁱⁱⁱ KFF. *Medicaid Enrollment and Unwinding Tracker (Updated April 19, 2024)*. Accessed at: <https://www.kff.org/report-section/medicaid-enrollment-and-unwinding-tracker-overview/>. These national comparisons are provided as additional context for NJ FamilyCare’s enrollment trends. For consistency, this background paper’s comparisons between New Jersey and other states rely on KFF’s data for New Jersey, which may differ in timeframe and specific methodology from the other New Jersey data presented in this background paper.

Background Paper: Child Care Subsidy Program Enrollment and Expenditures – The FY 2025 Turning Point

Budget Pages D-235 through D-242

The Child Care Subsidy Program has experienced rapid cost growth since FY 2019 with expenditures increasing by 154.4 percent, from \$317.9 million in FY 2019 to \$809.0 million in FY 2024. About \$1.22 billion in federal assistance provided to the State to support the child care industry when enrollment plummeted during the COVID-19 pandemic funded most of the spike in program costs. FY 2025 now marks a turning point. With the federal pandemic assistance expired, the Executive now recommends the first cost containment measures for the program, which would reduce projected FY 2025 expenditures to \$766.3 million, even as enrollment is anticipated to grow. Because of the end of the federal pandemic assistance, however, the Executive recommends increasing State appropriation for the Child Care Subsidy Program by \$170.4 million, from \$313.4 million in FY 2024 to \$483.8 million in FY 2025.



General Background on Child Care Subsidy Program

The Division of Family Development in the Department of Human Services administers the Child Care Subsidy Program, which assists lower-income families by paying a portion of their child care expenses. This program is funded through the federal Child Care Development Fund, the federal Temporary Assistance for Needy Families program, and State appropriations.

Subsidies for child care include preschool instruction, after school programs and summer youth camps for children up to the age of 13, and care for children and teens with special needs. To be eligible, an applicant must be a New Jersey resident; meet income requirements and not have assets that exceed \$1 million; and be working full-time, attending school full-time, participating in job training, or a combination of these activities. Depending on family size and income, participants may be required to contribute to the cost of care.

Background Paper: Child Care Subsidy Program Enrollment and Expenditures – The FY 2025 Turning Point (Cont'd)

Moderate Program Expenditure and Enrollment Growth from FY 2014 to FY 2019

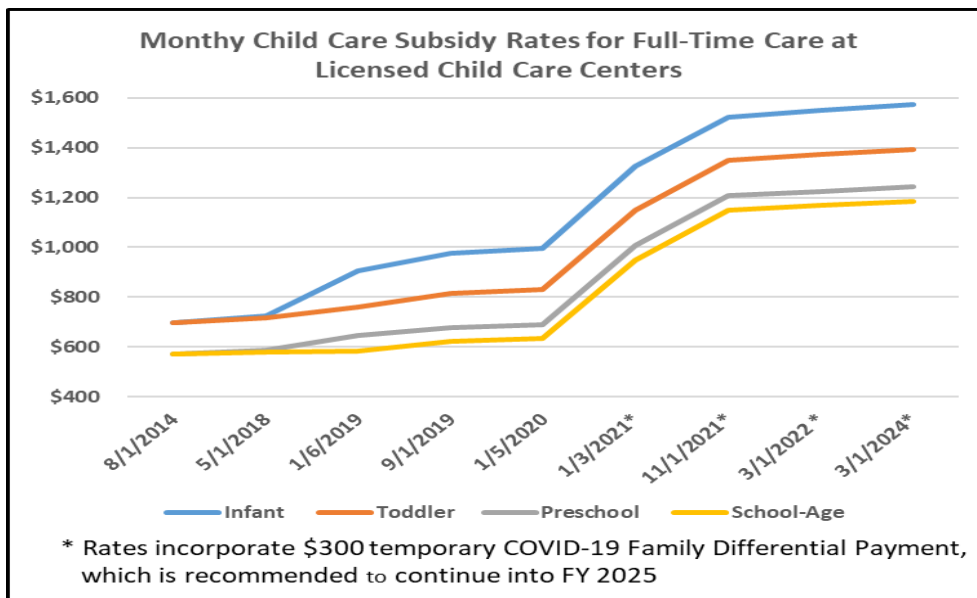
From FY 2014 to FY 2019, the Child Care Subsidy Program experienced moderate growth in enrollment and expenditures. In FY 2019, expenditures equaled \$317.9 million, or 22.4 percent, over the FY 2014 levels, with an annualized growth rate of 4.1 percent. Similarly, enrollment in FY 2019 was 21.4 percent higher than in FY 2014, having grown at an annualized rate of 4.0 percent. Because of rate increases in May 2018 and January 2019, program expenditure growth outpaced enrollment growth in FY 2019.

Erratic Enrollment and Significant Increase in Program Expenditures from FY 2019 to FY 2024

Between FY 2019 and FY 2024, the program’s total expenditures are projected to rise by 154.4 percent, from \$317.9 million in FY 2019 to \$809.0 million in FY 2024, primarily due to rate increases and temporary child care industry support from the federal government during the COVID-19 pandemic when enrollment plummeted.

Pre-COVID Rate Increases: The Division of Family Development periodically increases provider rates under the Child Care Subsidy Program. After an increase in August of 2014, subsidy rates were not augmented again until May 2018. In total, between May 2018 and January 2020, rates were increased on four separate occasions (May 2018, January 2019, September 2019, and January 2020). Depending on the age of the child, rates rose by a low of 10.6 percent (school-aged children) to a high of 43.0 percent (infants) over that period.

Pandemic Rate Increases: Rates then soared during the COVID-19 pandemic after the federal government provided substantial financial assistance to the State to stabilize the child care industry. Notably, from January 2020 to March 2024, rates increased, depending on the age of the child, by about \$530 to \$555 per month per child, or between 55.7 percent and 84.0 percent.



Background Paper: Child Care Subsidy Program Enrollment and Expenditures – The FY 2025 Turning Point (Cont'd)

Federal COVID-19 Assistance for Child Care Centers: Since March 2020, in response to the COVID-19 pandemic, the Division of Family Development has received approximately \$1.22 billion in additional federal funding to support the child care industry via the Child Care Subsidy Program.

The federal support was provided as child care centers experienced many challenges during the pandemic, with plummeting enrollment a main concern regarding financial viability. Specifically, from FY 2020 to FY 2022, the effects of the COVID-19 pandemic caused enrollment in the Child Care Subsidy Program to decline by over 15,000 (25.4 percent). Despite a significant recovery in FY 2023, program enrollment is projected to exceed pre-pandemic levels for the first time only in FY 2024.

With a portion of the extraordinary federal funding the department has administered three policies aimed at supporting families and providers participating in the Child Care Subsidy Program: the provision of enrollment-based, rather than attendance-based, payments to child care providers; a \$300 monthly supplemental payment to providers for full-time care slots and a \$150 monthly supplemental payment to providers for part-time care slots (the so-called family differential payment); and a co-payment waiver for families.

As federal pandemic assistance was expended, certain costs for these policies were shifted to State funds beginning in FY 2024.

The FY 2025 Turning Point: Enrollment Grows as Federal Assistance Recedes

Even though Child Care Subsidy Program enrollment is projected to grow by almost 4.8 percent in FY 2025, the Executive anticipates program expenditures will decrease by 5.3 percent from \$809.0 million in FY 2024 to \$766.3 million in FY 2025. The expenditure decrease reflects the recommended expiration of two temporary pandemic support policies: the suspension of family copayments as of July 2024 and the discontinuation of enrollment-based payments for providers, as opposed to attendance-based payments, as of January 2025.

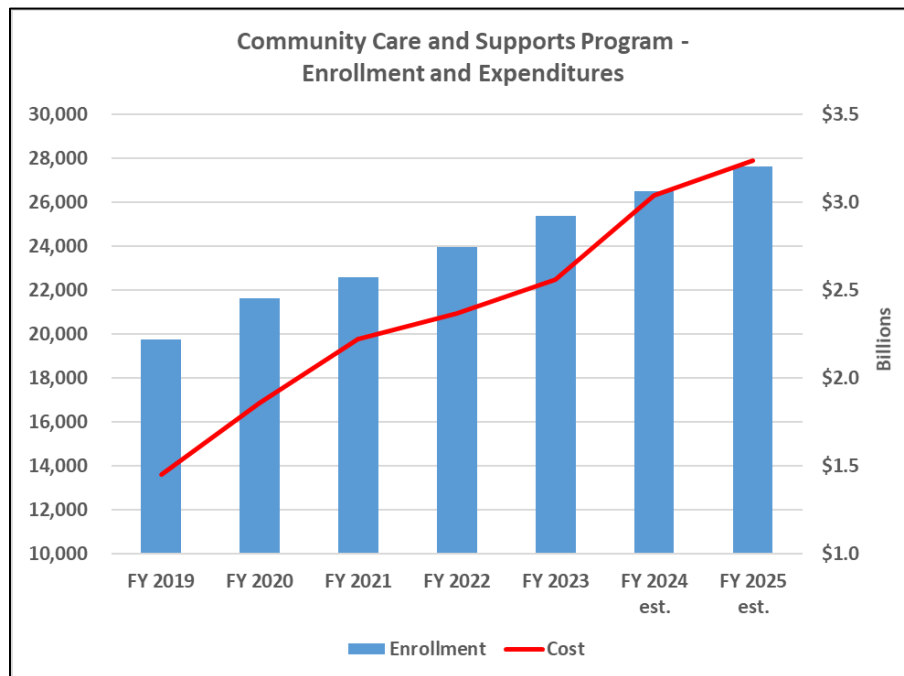
The only pandemic policy noted above that is recommended to continue for the duration of FY 2025 is the \$300 monthly supplemental payment to providers for full-time care slots and a \$150 monthly supplemental payment to providers for part-time care slots (the so-called family differential payment).

The end of the federal pandemic support explains the significant recommended increase in the State appropriation for the Child Care Subsidy Program, while total program expenditures from all sources are anticipated to decrease. Specifically, the Executive recommends a net increase of \$170.4 million in the FY 2025 State appropriation for the Child Care Subsidy Program, from \$313.4 million in FY 2024 to \$483.8 million in FY 2025. Included in that net increase is the shift of \$86.2 million in program expenditures from federal COVID assistance to the State General Fund.

Background Paper: The Division of Developmental Disabilities Community Care Program and Supports Program Enrollment and Expenditures

Budget Pages D-228 to D-232

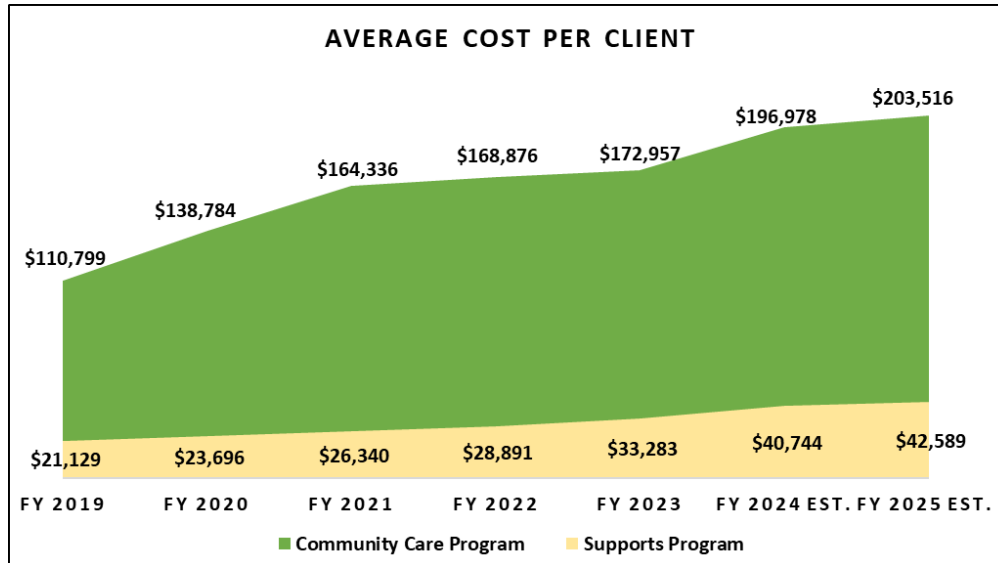
The Division of Developmental Disabilities administers two Medicaid waiver programs, the Community Care Program (CCP) and the Supports Program, that provide home- and community-based services to clients based on their assessed needs and individualized budget. The CCP primarily serves clients who live in State-licensed residential settings and, therefore, has a higher average annual cost per enrollee, projected at \$203,516 in FY 2025. The Supports Program primarily serves clients living in unlicensed settings, such as with family members or in their own homes, and has a projected average annual cost per enrollee of \$42,589 in FY 2025. While these programs share basic eligibility rules, the CCP has additional eligibility criteria requiring clients to have a level of care needed at an Intermediate Care Facility for Individuals with Intellectual Disabilities.



From FY 2019 through FY 2025, combined enrollment in these two programs is projected to have grown by 40 percent. This growth was prompted by the United States Supreme Court decision in Olmstead v. L.C., 527 U.S. 581 (1999), which required that residents with disabilities live in the least restrictive appropriate environment. Accordingly, the Division of Developmental Disabilities prioritized the transition of residents in developmental centers into the community and limited the number of new admissions to the State’s residential developmental centers for individuals with developmental disabilities. Instead, the division provided services to clients in the community setting whenever feasible.

Background Paper: The Division of Developmental Disabilities Community Care Program and Supports Program (Cont'd)

State and federal expenditures over the same period, however, are projected to grow at a faster pace than enrollment. The Executive estimates expenditures from all sources to be \$3.23 billion in FY 2025, some 123 percent above expenditures in FY 2019. While the rise in enrollment has contributed to the overall expenditure growth, the larger contributor has been increasing year-over-year cost per client, which indicates service costs growth. Significantly, the Executive’s FY 2025 estimates for cost per client exceed the FY 2019 equivalents by 83.7 percent in the CCP and 101.6 percent in the Supports Program.



Generally, the following factors have been drivers of growth in service costs since FY 2019:

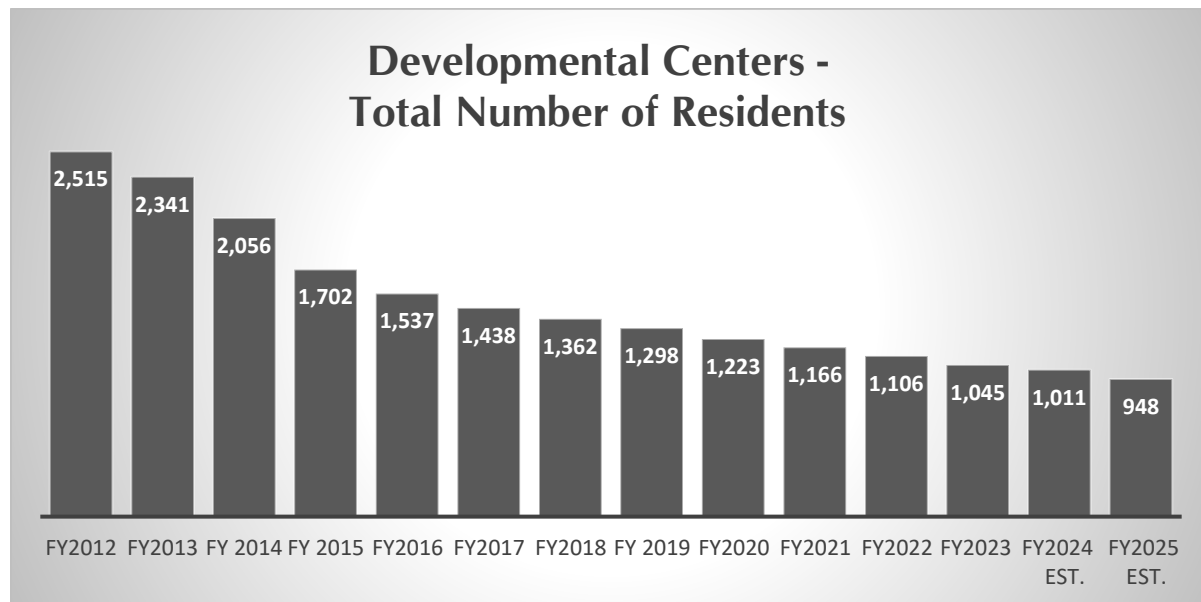
- Increases to the base provider rates to align the rates with actual service costs and to adjust the rates for inflation;
- P.L.2019, c.32, which provides for annual increases to the State minimum wage, causing provider salary and wage costs to grow so as to maintain salaries in excess of the minimum wage and to avoid salary compaction; and
- Policy responses to the COVID-19 pandemic, such a temporary \$3 per hour COVID-19 pandemic wage increase for direct support professionals, which was effective May 1, 2020 through March 31, 2021, and a temporary 20-percent increase in the residential daily rate from March 2021 to December 2021 to compensate providers for the additional daytime staffing hours required during the public health emergency.

The Governor’s FY 2025 Budget recommends increasing State appropriations for the CCP and Supports Program by \$142.8 million (10.8 percent), attributed as follows: \$96.6 million for growth in program enrollment and service cost; \$20.9 million for higher compensation expenditures in response to annual statutory minimum wage increases for the direct support professional workforce, \$20.4 million for a shift in the funding source for program expenditures from federal funds to State funds following the expiration of the enhanced federal match for State Medicaid expenditures in January 2023; and \$5.3 million to increase mandatory training hours for direct support professionals. The recommended FY 2025 State appropriation for the CCP and Support Program is \$1.46 billion.

Background Paper: Developmental Center Population and Community Placement Trends

Budget Pages D-226 through D-228

The Division of Developmental Disabilities administers five residential developmental centers for individuals with developmental disabilities, which are certified by the federal government as Intermediate Care Facilities for Individuals with Intellectual and Developmental Disabilities and are supported by a combination of federal funds and State appropriations. The centers are: Green Brook Regional Center, located in Somerset County; Vineland Developmental Center, located in Cumberland County; Woodbine Developmental Center, located in Cape May County; New Lisbon Developmental Center, located in Burlington County; and Hunterdon Developmental Center, located in Hunterdon County. The centers provide a range of vocational, habilitative, health, psychological and social services for their residents.



Prompted by the United States Supreme Court decision in Olmstead v. L.C., 527 U.S. 581 (1999), which required that residents with disabilities live in the least restrictive appropriate environment, the Division of Developmental Disabilities prioritized the transition of residents in developmental centers into the community and limited the number of new admissions to the centers. Instead, the division provided services to clients in the community setting whenever feasible. Moreover, since November 2007, the division’s policy has limited developmental center admissions to: 1) court-ordered placements; 2) temporary, emergency placements; 3) interstate compact transfers; and 4) placements in which there are no adequate resources presently available in the community, which placements are to be transferred once the necessary community supports are identified.

Accordingly, developmental centers have experienced a long-term trend of declining population. In FY 2025, the department estimates that the average daily population of all five developmental centers will be 948 residents. This is 1,567 residents fewer, or 62.3 percent, compared to the FY 2012 total of 2,515. The shrinking population also impelled the closure of two centers: the

Background Paper: Development Center Census Trends (Cont'd)

North Jersey Developmental Center, located in Passaic County, in FY 2014 and the Woodbridge Developmental Center, located in Middlesex County, in FY 2015.

Developmental Center		FY 2012	FY 2025 est.	Change	
Green Brook	Average Daily Population	101	58	-43	-42.6%
	Annual Per Capita Cost	\$178,019	\$691,310	\$513,291	288.3%
Vineland	Average Daily Population	309	137	-172	-55.7%
	Annual Per Capita Cost	\$203,306	\$580,350	\$377,044	185.5%
Woodbine	Average Daily Population	456	191	-265	-58.1%
	Annual Per Capita Cost	\$172,351	\$511,000	\$338,649	196.5%
New Lisbon	Average Daily Population	409	228	-181	-44.3%
	Annual Per Capita Cost	\$215,564	\$455,155	\$239,591	111.1%
Hunterdon	Average Daily Population	526	334	-192	-36.5%
	Annual Per Capita Cost	\$164,289	\$419,385	\$255,096	155.3%

The long-term trend of declining developmental center population has also caused significant growth in the per-capita costs of operating each center, as shown in the table. The increasing per-capita costs have attracted the attention of the State Auditor. Notably, the State Auditor suggested in a report published in March 2024 that consolidating the existing Green Brook Regional Center and Hunterdon Developmental Center could result in a more efficient use of State funds, noting the rising year-over-year cost per client across all centers. Of the five active developmental centers, Green Brook Regional Center is projected to have the lowest average daily population (58 residents) in FY 2025 as well as the highest per-capita cost at \$691,310 per year. In FY 2012, the per-capita cost at Green Brook Regional Center was \$178,019, or roughly one-quarter of the projected FY 2025 equivalent.

In its audit response, however, the Department of Human Services demurred, contending that the Green Brook Regional Center was a small facility with 100 beds that served a special function of caring for a geriatric and medically-compromised population.

Concomitant with the declining enrollment trend of 62.3 percent since FY 2012, staff levels at the centers have also fallen at a similar rate, with the number of funded positions in FY 2025 being 3,231. That is 4,562 fewer staff than the FY 2012 count of 7,793 funded positions, or a reduction of 58.5 percent. FY 2025 staffing level for the development centers, however, marks the first year since FY 2012 that the estimated number of funded positions is recommended to increase over the prior fiscal year, notably by 31 positions or 1.0 percent higher than the previous year’s funded positions.

Conversely, the number of developmental center residents who have been transitioned to the community, first noted in the FY 2014 Governor’s Budget and projected at 273 residents for that fiscal year, has declined following a February 2013 settlement in which the State agreed to discharge approximately 600 individuals residing in developmental centers to community placements between FY 2013 and FY 2017. This settlement was in response to two lawsuits filed by Disability Rights New Jersey that contended that the State had failed to comply with the Olmstead v. L.C. decision. In FY 2025, the department anticipates transitioning six residents from the State’s developmental centers to community placements.

NEW JERSEY LEGISLATURE

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Individuals wishing information and committee schedules on the FY 2025 budget are encouraged to contact:

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