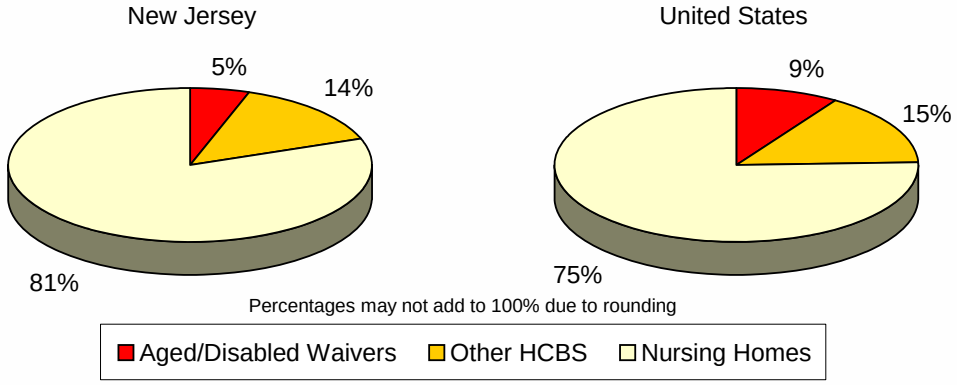
State Long-Term Care Reform in

NEW JERSEY

Medicaid Long-Term Care Spending for Older People and Adults with Physical Disabilities in New Jersey and the U.S., 2006



Compared to the U.S. average, New Jersey allocates a greater percentage (81 percent) of its Medicaid long-term care (LTC) spending for older people and adults with physical disabilities to nursing homes, even though most people prefer to remain in their own homes and communities. In FY 2006, New Jersey spent 5 percent on waiver services and 14 percent on other home and community-based services (HCBS) including personal care.

Type of Service	Medicaid Participants[1]			Expenditures (millions)		
	1999	2004	Change	2001	2006	Change
HCBS*	24,581	25,639	+1,058	$269	$428	+$160
Nursing Homes	51,747	48,404	-3,343	$1,646**	$1,777	+$131

Although New Jersey has yet to achieve an overall balanced LTC system for older people and adults with physical disabilities, recent Medicaid trends indicate that progress has occurred. Many more Medicaid participants received nursing home services than received HCBS in 2004. However, the number of people in nursing homes declined from 1999 to 2004, while the number of people receiving HCBS increased. From FY 2001 to FY 2006, Medicaid spending increased for both nursing homes and HCBS.

[1] This analysis separates Medicaid participation and spending data for older people and adults with physical disabilities from the population with mental retardation/development disabilities (MR/DD) and other LTC populations. Participants and expenditures for HCBS include all 1915(c) waivers for older people and adults with physical disabilities, and the personal care services option, if the state offers it. All participants and expenditures for nursing homes are included, regardless of the participants' type of disability or reason for admission. Excluded are participants and expenditures for intermediate care facilities for mental retardation (ICF/MR), HCBS waivers for other populations such as MR/DD, home health, and individuals receiving LTC services through managed care programs. Participant numbers include all persons receiving services during the year, not the average number on a given day; the number of nursing home participants is greater than the number of nursing home beds in each state. The average number of Medicaid nursing home residents on any given day for each state appears in the *Tables* tab at the end of the full report *A Balancing Act: State Long-Term Care Reform (#2008-10).*

* Adult day health is a Medicaid state plan service and is not included in HCBS expenditures.

** Expenditures for nursing homes were used from FY 2000—instead of FY 2001—because of state reporting irregularities.

Major Initiative

The impetus for LTC reform in New Jersey began with a single-point-of-entry system initiated in 1995, Easy Access Single Entry or NJEASE. In 1998, New Jersey become one of the first states with a permanent, statewide nursing facility transition program when it launched the Community Choice Initiative, which moved almost 5,000 persons from nursing homes to community settings from 1998 to 2004. In 2004 and 2005, gubernatorial executive orders helped move the state toward a global budgeting process, a financing mechanism that allows a state to consolidate LTC funding, whether for nursing homes or HCBS, in one budget. Within a set spending limit, state officials can allocate LTC funds to the most appropriate services to meet demand.

In June 2006, the New Jersey legislature enacted The Independence, Dignity and Choice in Long-Term Care Act (Assembly Bill 2823), authorizing the global budgeting process. The FY 2006 budget allocated $30 million for this purpose. Since that time, the state budget has included a line item dedicated to global budgeting. The legislation also directed the Department of Health and Senior Services to begin pilot projects in two counties that would include a "fast-track" eligibility determination by which a person deemed eligible for Medicaid-funded services receives services for up to 90 days while the formal paperwork is completed.[2] As a result of this process, consumers in the pilot counties now are clinically assessed, financially screened, and approved within five to seven days. The pilot projects are also testing a revised clinical assessment instrument and a computerized tracking system for Medicaid LTC expenditures. The latter is being piloted in seven counties in 2007.

Assembly Bill 2823 mandated statewide expansion by March 2008 of the reforms, if the pilots are determined to be cost effective. The state was also planning to redesign and expand its Aging and Disability Resource Connection initiative with a $400,000 grant in November 2006, which would build on a 2003 grant to launch the initiative.

"Independence, Dignity and Choice in Long-Term Care Act"

This act created a global budgeting process—a financing mechanism that consolidates nursing home and HCBS funding into one budget line item—and authorized two pilot programs to expedite Medicaid eligibility determination.

Other Developments

Systems Transformation. The Department of Health and Senior Services received a $2.3 million federal Systems Transformation grant in 2006 to develop a "consumer-driven human services delivery system with a 'no wrong door' pathway to services, a Money Follows the Person funding structure," and an information technology infrastructure.

Money Follow for Person. In 2007, the state was awarded a five-year, $30.3 million Money Follows the Person Demonstration grant. Goals of the grant include piloting a support coordination model for consumer direction, expanding transition services to aid in finding housing and services, and improving access to services for individuals from all cultural and disability groups.

[2] This "presumptive eligibility" helps prevent a person from being forced to enter a nursing home because the usual process may take months during which home care agencies cannot assume the financial risk that many nursing homes can accept.