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MEDICAID COMMUNICATION NO. 25-04

DATE: March 28, 2025

TO: NJ FamilyCare Eligibility Determining Agencies

SUBJECT: Decrease in the Penalty Divisor – Effective April 1, 2025

The penalty divisor is the average daily cost of nursing home services which is adjusted annually through an independent survey of all nursing facilities in New Jersey. The penalty divisor is used to determine the penalty period for an individual applying for Long Term Services and Supports when that individual transfers resources/assets for less than the fair market value. Effective April 1, 2025, the penalty divisor has **decreased** from \$440.10 to **\$402.74**. The number of days in a penalty period is calculated using the value of the transferred resource/asset divided by the amount of the penalty divisor and then rounded down. The penalty clock begins on the date that an individual is determined to be otherwise eligible, but for the penalty.

For all cases received on or after April 1, 2025, the new daily penalty divisor of \$402.74 must be used in the calculation.

For those cases pending on April 1, 2025, where the previous penalty divisor of \$440.10 was used to calculate the penalty period, it shall now be recalculated using the new daily divisor amount of \$402.74. However, eligibility may not be established prior to April 1, 2025, when applying the new daily figure for these pending cases.

In the past, the Division's Office of Eligibility Policy has issued a calculating tool to assist the eligibility determining agencies with calculating the month and/or days of a penalty period, this tool will be forthcoming electronically. The Worker Portal will be updated with this new amount as well.

If you have any questions regarding this Medicaid Communication, please refer them to the Division's Office of Eligibility field staff for your agency at 609-588-2556.

GW:bp

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