

July 21, 2017

ASSEMBLY BILL NO. 320
(First Reprint)

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 320 (First Reprint) with my recommendations for reconsideration.

Personal care assistant services are non-emergency, on-going health-related tasks performed by qualified staff for Medicaid recipients in home and community-based settings. This bill would mandate not only that the rates paid by managed care organizations for personal care assistant services match the fee-for-service rate paid for the same services, but would also impose a cost of living adjustment every five years.

While I understand the sponsors' concern with ensuring adequate funding for home and community-based services that help keep individuals out of more institutionalized settings, adjusting the managed care rates will have a significant impact on the budget and there is no appropriation for these expanded costs in the Fiscal Year 2018 Appropriations Act. With no identified funding, these increased costs cannot be implemented without straining the budget of the Department of Human Services or placing the State in the unenviable position of making an appropriation outside of the budget process to the detriment of its taxpayers.

In addition, the cost of living adjustments will have a significant impact on future budgets. Changes to reimbursement rates for any services, including personal care assistant services, must be done on an annual basis taking into account the funds made available through that fiscal year's Appropriations Act. It has been our policy for eight years that

we do not approve supplemental spending bills unless a specific funding source is identified. We will not change that policy now.

Finally, according to the sponsors of this bill, one of the goals of this bill is to allow providers to increase the pay for workers who provide these services to Medicaid beneficiaries. I fully support higher pay for these workers. However, as drafted, this bill provides no assurances that such goal will be met. Therefore, in addition to removing the cost of living adjustment and delaying the effective date of this bill until the beginning of the next fiscal year when the Legislature and the Governor can determine how to pay for this increased cost in the context of annual budget negotiations, I am recommending that the providers receiving the increased reimbursement rates for personal care assistant services deliver an annual report that shows that the additional funds went to increasing the salaries for staff who provide the services. These increases cannot and should not go to administrative costs or additional profits for the MCO's since the sponsor and supporters contend that is not the intent of the bill. The report should also contain specific, detailed data on the salary increases funded by this new law.

Accordingly, I herewith return Assembly Bill No. 320 (First Reprint) and recommend it be amended as follows:

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| <u>Page 2, Section 1, Line 12:</u> | Delete ", except that this amount shall be" and insert ". Any and all rate increases realized pursuant to this section shall be used solely to increase wages for workers who directly provide personal care services." |
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| <u>Page 2, Section 1, Lines 13-19:</u> | Delete in their entirety |
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Page 2, Line 20:

Insert "2. Every provider that receives reimbursement for personal care services pursuant to a Medicaid managed care contract shall annually provide a report to the Division of Medical Assistance and Health Services in the Department of Human Services regarding the use of funds received as reimbursement for personal care services, including assurances that the increased funds received pursuant to section 1 of P.L. , c. (C.)(pending before the Legislature as this bill) are being used exclusively for salary increases for workers who directly provide personal care services and detailed data on the salary increases resulting from section 1 of P.L. , c. (C.)(pending before the Legislature as this bill); including the prior salary, current salary, and other changes to the salary of the workers who directly provide personal care services."

Page 2, Section 2, Line 21:

Delete "2." and insert "3."

Page 2, Section 2, Line 21:

Delete "immediately" and insert "July 1, 2018"

Respectfully,

[seal]

/s/ Chris Christie

Governor

Attest:

/s/ James J. DiGiulio

Chief Counsel to the Governor