

**CHAPTER 85**

**LONG-TERM CARE SERVICES**

**Authority**

N.J.S.A. 30:4D-6(a)(4)(a), 6b(14), 6.7, 6.8, 7, 7(a), 7(b), 7(c) and 12;  
42 U.S.C. §1396a(a)(13)(A) and 42 U.S.C. §1396r; and  
Executive Reorganization Plan 001-1996.

**Source and Effective Date**

R.2005 d.389, effective October 18, 2005.  
See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

**Chapter Expiration Date**

In accordance with N.J.S.A. 52:14B-5.1c, Chapter 85, Long-Term Care Services, expires on April 16, 2011. See: 42 N.J.R. 1793(a).

**Chapter Historical Note**

Chapter 63, Skilled Nursing Home Services Manual, was adopted as R.1971 d.163, effective September 22, 1971. See: 3 N.J.R. 206(b).

Chapter 63, Skilled Nursing Home Services Manual, was repealed and Chapter 63, Long-Term Care Services Manual, was adopted as new rules by R.1979 d.126, effective March 29, 1979. See: 10 N.J.R. 190(b), 11 N.J.R. 248(b).

Pursuant to Executive Order No. 66(1978), Subchapter 1, General Provisions, was readopted as R.1984 d.123, effective March 21, 1984. See: 16 N.J.R. 204(a), 16 N.J.R. 896(a).

Pursuant to Executive Order No. 66(1978), Subchapter 3, Cost Study, Rate Review Guidelines and Reporting System for Long-Term Care Facilities, was readopted as R.1984 d.573, effective November 29, 1984. See: 16 N.J.R. 2484(a), 16 N.J.R. 3437(a).

Pursuant to Executive Order No. 66(1978), Chapter 63, Long-Term Care Services Manual, was readopted as R.1989 d.622, effective November 29, 1989. See: 21 N.J.R. 2752(a), 21 N.J.R. 3918(a).

Pursuant to Executive Order No. 66(1978), Chapter 63, Long-Term Care Services Manual, was readopted as R.1994 d.624, effective November 23, 1994. As a part of R.1994 d.624, Chapter 63 was renamed Long-Term Care Services; former Subchapters 1, 2, 2A and 4, and Appendix I were repealed; Subchapter 1, General Provisions, Subchapter 2, Nursing Facilities Services, and Appendices A through Q were adopted as new rules; and Subchapter 5, Audits, was recodified as Subchapter 4, effective January 3, 1995. See: 26 N.J.R. 3614(a), 27 N.J.R. 156(a).

Pursuant to Executive Order No. 66(1978), Chapter 63, Long-Term Care Services, was readopted as R.1999 d.364, effective September 24, 1999. See: 31 N.J.R. 1759(a), 31 N.J.R. 3116(a).

In accordance with N.J.S.A. 52:14B-5.1d, Chapter 63 Long-Term Care Services, was extended by gubernatorial order to March 23, 2006. See: 37 N.J.R. 1185(a).

Chapter 63, Long-Term Care Services, was readopted by R.2005 d.389, effective October 18, 2005. Chapter 63 was recodified as Chapter 85, Long-Term Care Services in Title 8, by R.2005 d.389, effective October 18, 2005. See: Source and Effective Date. See, also, section annotations.

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## SUBCHAPTER 1. GENERAL PROVISIONS

**8:85-1.1 Scope**

This chapter addresses the provision of quality, cost-prudent health care services available to New Jersey Medicaid eligible children and adults in a nursing facility (NF) and addresses the provision of and reimbursement for services required to meet the individual's medical, nursing, rehabilitative and psychosocial needs to attain and maintain the highest practicable mental and physical functional status. The following subchapters specifically address nursing facility services. However, the Fiscal Agent Billing Supplement continues to apply to all government psychiatric hospitals, inpatient psychiatric services and programs in long term care facilities. These other types of facilities are addressed for regulatory and administrative matters in the appropriate chapters elsewhere in Title 10 of the New Jersey Administrative Code.

Recodified from N.J.A.C. 10:63-1.1 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).  
 Rewrote the section.

**Case Notes**

Radioactive application of regulation valid. In re: Medicaid Long Term Care Services Bulletin 84-2, 212 N.J.Super. 48, 513 A.2d 967 (App.Div.1986), certification denied 526 A.2d 125, 107 N.J. 31.

Contrary to the Division's contention, the applicant's mental retardation did not disqualify him from participation in the Assisted Living Waiver Program, N.J.A.C. 10:49-22.1 et seq.; the applicant was in need of nursing facility services because the assistance required by him as described by his physician met the requirements of the term "dependent" as expressed in N.J.A.C. 8:85-2.1, and even if not, the applicant's mental retardation, when combined with any appreciable medical, emotional or psychosocial condition, or Assisted Daily Living dependency, would have made him eligible under the regulation. S.B. v. DMAHS, OAL Dkt. No. HMA 6558-06, 2007 N.J. AGEN LEXIS 264, Initial Decision (April 23, 2007).

Denial of request for reclassification from low to medium salary region assignment not inequitable. Rosewood Manor, Inc. v. Division of Medical Assistance and Health Services, 93 N.J.A.R.2d (DMA) 20.

**8:85-1.2 Definitions**

The following words and terms, when used in this chapter, shall have the following meanings unless the context clearly indicates otherwise.

"Advance directive" means a written instruction relating to the provision of health care when the individual is incapacitated, such as a living will or durable power of attorney for health care.

"AIDS" means acquired immunodeficiency syndrome, a disease that meets the criteria for the diagnosis specified by the CDC, in the "1993 Revised Classification System for HIV Infection and Expanded Surveillance Case Definition for AIDS Among Adolescents and Adults," as published by the CDC in the Morbidity and Mortality Weekly Report 1992, Volume 41, No. RR-17, incorporated herein by reference, as amended and supplemented, and available for download at <http://www.cdc.gov/mmwr/preview/mmwrhtml/00018871.htm> (hereinafter referred to as the "1993 Revised Classification System"), and the "Guidelines for National Human Immunodeficiency Virus Case Surveillance, Including Monitoring for Human Immunodeficiency Virus Infection and Acquired Immunodeficiency Syndrome," as published by CDC in the Morbidity and Mortality Weekly Report 1999, volume 48, No. RR-13; 1 through 28, incorporated herein by reference, as amended and supplemented, and available for download at <http://www.cdc.gov/mmwr/PDF/rr/rr4813.pdf> (PDF format) and at <http://www.cdc.gov/mmwr/preview/mmwrhtml/rr4813a1.htm> (main document in HTML format) and [www.cdc.gov/mmwr/preview/mmwrhtml/rr4813a2.htm](http://www.cdc.gov/mmwr/preview/mmwrhtml/rr4813a2.htm) (appendix in HTML format) (hereinafter collectively referred to as the "1999 Guidelines").

1. Both of these publications are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402; telephone (202) 512-1800.

"AIDS-defining illness" means the 26 clinical conditions that affect people with advanced HIV disease listed in Categories B and C of the 1993 Revised Classification System, including, but not limited to, pneumocystis carinii pneumonia or PCP, toxoplasmosis, cytomegalovirus or CMV, oral-esophageal candidiasis, wasting, bacterial pneumonia, lymphoma, cryptococcal meningitis, mycobacterium avium complex or MAC, and Kaposi's sarcoma.

"Air fluidized therapy bed" means a device employing the circulation of filtered air through ceramic spherules (small, round ceramic objects).

"Bed" or "licensed bed" means "bed" or "licensed bed" as those terms are defined at N.J.A.C. 8:39-1.2.

"Beneficiary" means a qualified applicant receiving benefits under the Medical Assistance and Health Services Act, N.J.S.A. 30:4D-1 et seq.

"Care management" means a process by which professional staff designated by the Department monitor the provision of NF care to:

1. Assure that services are rendered as recommended by the HSDP and in accordance with the NF's evaluation of the individual's health service needs;
2. Assure the delivery of timely and appropriate provider responses to changes in care needs;

3. Provide, direct or secure needed consultations with Medicaid professional or NF staff so that services are delivered in a coordinated, effective, and cost-prudent manner; and

4. Facilitate discharge planning and promote appropriate placement to alternate care settings.

“Case mix” means a system of staffing and reimbursement for nursing services based on variation in patient acuity and

care needs that influences the type and amount of service needed.

“CD4+ T cell” means a type of white blood cell that plays a major role in the functioning of the immune system and which carries the surface protein CD4.

“CDC” means the Centers for Disease Control and Prevention of the United States Department of Health and Human Services.

“Clinical audits” means a method of utilization control under the enforcement authority of Section 1902(a)(30)(A) of the Social Security Act, in accordance with 42 CFR 456.1(b)(1), to monitor the utilization of and payment for nursing facility care and services reimbursable under the Medicaid State Plan.

“CMS” means the Centers for Medicare and Medicaid Services, formerly known as the Health Care Financing Administration or HCFA, a Federal agency within the United States Department of Health and Human Services.

“Comprehensive assessment” means a process conducted by each member of the interdisciplinary team which, for each resident, identifies problems; determines care needs; and in conjunction with the resident and his or her significant other or legal representative, results in an interdisciplinary plan of care.

“Consultant pharmacist” means a pharmacist licensed by the New Jersey State Board of Pharmacy who meets the qualifications in N.J.A.C. 10:51-3.3.

“Conventional nursing facility”—see nursing facility.

“County welfare agency (CWA)” means that agency of county government with the responsibility to determine income eligibility for public assistance programs including Aid to Families with Dependent Children, the Food Stamp program, and Medicaid. The CWA may be identified as the Board of Social Services, the Welfare Board, the Division of Welfare, or the Division of Social Services.

“Department of Health and Senior Services” (Department or DHSS) means the New Jersey State Department of Health and Senior Services.

“Department of Human Services” (DHS) means the New Jersey State Department of Human Services.

“Division of Developmental Disabilities” (DDD) means the New Jersey State Department of Human Services, Division of Developmental Disabilities.

“Division of Medical Assistance and Health Services” (DMAHS) means the New Jersey State Department of Human Services, Division of Medical Assistance and Health Services.

“Division of Mental Health Services” (DMHS) means the New Jersey State Department of Human Services, Division of Mental Health Services.

“Health Services Delivery Plan (HSDP)” means a plan of care prepared by professional staff designated by the Department during the Pre-Admission Screening (PAS) assessment process which reflects the individual’s current or potential health problems and required care needs.

“HIV” means Human Immunodeficiency Virus, the causative agent of AIDS.

“HIV infection” means a retrovirus infection caused by HIV that destroys CD4+ T cells or interferes with their normal function by triggering other events that weaken an individual’s immune function.

“HIV-related medical co-morbidities” means the presence of one or more disorders or diseases in addition to a primary diagnosis of HIV and/or AIDS including, but not limited to, diabetes, cancer, hypertension, hyperlipidemia, asthma, chronic obstructive pulmonary disease, or hepatitis B or C.

“HIV-related psychosocial co-morbidities” means the presence of one or more disorders or diseases in addition to a primary diagnosis of HIV and/or AIDS including, but not limited to, substance abuse, mental illness, or dementia.

“Interdisciplinary care plan” means the care plan developed by the interdisciplinary team which includes measurable objectives and time tables to meet the resident’s medical, nursing, dietary and psychosocial needs that are identified through the comprehensive assessment process.

“Interdisciplinary team” means a team consisting of a physician and a registered professional nurse and may also include other health professions relative to the provision of needed services. The interdisciplinary team performs comprehensive assessments and develops the interdisciplinary care plan.

“Long-Term Care Field Office” or “LTCFO” means the regional office of the Office of Community Choice Options of the Division of Aging and Community Services of the Senior Services Branch of the Department.

“Low airloss therapy bed” means a bed frame that is equipped with air sacs which are grouped into zones corresponding to various body areas. The air sacs are inflated by a constant flow of air, some of which is directed through the air sacs to the patient surface.

“Material fact” means any reported costs, statistics, data or supporting documentation submitted to the Medicaid program for the purpose of receiving any benefit, regardless of whether any benefit is ultimately received.

“Medicaid occupancy level” means the average number of Medicaid recipients and recipients of public assistance under P.L.1947, c. 156, as amended (C44.8-107 et seq.) residing in

a NF divided by the total number of licensed beds in the facility during the billing month.

“Medical director” means a physician licensed under New Jersey State law who is responsible for the direction and coordination of medical care in a nursing facility.

“Medical staff” means one or more licensed physicians who act as the attending physician(s) to Medicaid recipients in a nursing facility.

“Mental illness” or “MI” means mental illness as that term is defined at 42 CFR §483.102, incorporated herein by reference, as amended and supplemented.

“Mental retardation” or “MR” means mental retardation as that term is defined at 42 CFR §483.102, incorporated herein by reference, as amended and supplemented.

“Minimum Data Set” or “MDS” means the MDS version 2.0, incorporated herein by reference, as amended and supplemented a core set of screening, clinical and functional status elements, including common definitions and coding categories that forms the foundation of the comprehensive assessment required to be completed by a NF-registered professional nurse on all residents in Medicare- and/or Medicaid-certified long-term care facilities on or after June 22, 1998. The MDS identifies an individual NF resident’s nursing and care needs.

“New nursing facility” means a facility which satisfies the following criteria:

1. Does not replace a pre-existing facility which was licensed in accordance with N.J.A.C. 8:39;
2. Does not assume the per diem rate of a pre-existing facility; and
3. Does not have a specific pre-existing patient base.

“Nursing facility (NF)” means an institution (or distinct part of an institution) certified by the New Jersey State Department of Health and Senior Services for participation in Title XIX Medicaid and primarily engaged in providing health-related care and services on a 24-hour basis to Medicaid beneficiaries (children and adults) who, due to medical disorders, developmental disabilities and/or related cognitive impairments, exhibit the need for medical, nursing, rehabilitative, and psychosocial management above the level of room and board. However, the nursing facility is not primarily for care and treatment of mental diseases which require continuous 24-hour supervision by qualified mental health professionals or the provision of parenting needs related to growth and development.

“Occupational therapist” means a person who is registered by the American Occupational Therapy Association, 1383 Piccard Drive, P.O. Box 1725, Rockville, MD 20849-1725, or is a graduate of a program in occupational therapy approved by the Council of Medical Education of the American Medi-

cal Association, 515 N. State St., Chicago, IL 60610, and engaged in the supplemental clinical experience required before registration by the American Occupational Therapy Association.

“Ombudsman” means the Office of the Ombudsman for the Institutionalized Elderly.

“Physical therapist” means a person who is a graduate of a program of physical therapy approved by both the Council on Medical Education of the American Medical Association, 515 N. State St., Chicago, IL 60610, and the American Physical Therapy Association, 1111 N. Fairfax St., Alexandria, VA 22314 or its equivalent; and if practicing in the State of New Jersey, is licensed by the State of New Jersey, or if treatment and/or services are provided in a state other than New Jersey, meets the requirements of that state, including licensure, if applicable, and also meets all applicable Federal requirements.

“Physician’s services” means those services provided within the scope of medical practice as defined by the laws of New Jersey and those services which are performed by or under the direct personal supervision of the physician.

1. “Physician” means a doctor of medicine or osteopathy licensed to practice medicine and surgery by the New Jersey State Board of Medical Examiners.
2. “Direct personal supervision” means services which are rendered in the physician’s presence.

“Pre-admission screening (PAS)” means that process by which all Medicaid eligible beneficiaries seeking admission to a Medicaid certified NF and individuals who may become Medicaid eligible within six months following admission to a Medicaid certified NF receive a comprehensive needs assessment by professional staff designated by the Department to determine their long-term care needs and the most appropriate setting for those needs to be met, pursuant to N.J.S.A. 30:4D-17.10. (P.L. 1988, c.97).

“Pre-admission screening and resident review” or “PASRR” means that process by which an individual with MI or MR is screened prior to admission to a NF and when there is a significant change in the individual’s condition to determine the individual’s appropriateness for NF services, and whether the individual requires specialized services for MI provided by the DMHS and/or MR provided by the DDD, and therefore is ineligible for NF services.

“Prior authorization” means approval granted by the Department through the appropriate Long-Term Care Field Office (LTCFO) for payment for NF services rendered to a Medicaid beneficiary, in accordance with this chapter.

“Professional staff designated by the Department” means a registered nurse or professional social worker who performs health needs assessments and counseling on alternative options and care management as required by this chapter. Professional social workers employed by the State or a political

subdivision thereof are not required to be licensed or certified.

“Rehabilitative and/or restorative nursing care” means nursing care provided by a registered professional nurse, or under the direction of a registered professional nurse, qualified by experience in rehabilitative or restorative nursing care.

“Rehabilitative services” means physical therapy, occupational therapy, speech-language pathology services, and the use of such supplies and equipment as are necessary in the provision of such services.

“Replacement nursing facility” means a facility which satisfies the following criteria:

1. Replaces a pre-existing facility which was licensed in accordance with N.J.A.C. 8:39;
2. Can assume the per diem rate of the pre-existing facility; and
3. Has a specific pre-existing patient base.

“Resident” means a Medicaid eligible or potentially eligible beneficiary residing in an NF.

“Respiratory care practitioner” means an individual credentialed by the State Board of Respiratory Care, to practice respiratory care under the direction or supervision of a physician pursuant to State of New Jersey P.L.1971, c. 60; P.L.1974, c. 46; and P.L.1978, c. 73, amended August 1991.

“Skilled nursing facility (SNF)” means a free-standing institution or an identifiable part of an institution which meets all the State and Federal requirements for participation in the Medicare Program as a skilled nursing facility.

“Social services” means those services provided to meet the emotional and social needs of the Medicaid beneficiary and significant other or guardian at the time of admission, during treatment and care in the facility, and at the time of discharge.

“Special care nursing facility (SCNF)” means a NF or separate and distinct unit within a Medicaid certified conventional NF which has been approved by the Department to provide care to New Jersey Medicaid beneficiaries who require specialized health care services beyond the scope of conventional nursing facility services as defined in N.J.A.C. 8:85-2, Nursing Facility Services.

“Specialized services for MI” mean those services offered, in accordance with 42 CFR §483.120, when an individual is experiencing an acute episode of serious MI and psychiatric hospitalization is recommended, based on a psychiatric evaluation.

1. Specialized services for MI entail implementation of a continuous, aggressive, and individualized treatment plan

by an interdisciplinary team of qualified and trained mental health personnel.

2. During a period of 24-hour supervision of an individual with MI, specific therapies and activities are prescribed, with the following objectives:

- i. To diagnose and reduce behavioral symptoms;
- ii. To improve independent functioning; and
- iii. As early as possible, to permit functioning at a level where less than specialized services are appropriate.

3. Specialized services for MI go beyond the range of services that a NF is required to provide.

“Specialized services for MR” mean those services offered, in accordance with 42 CFR §483.120, when an individual is determined to have skill deficits or other specialized training needs that necessitate the availability of trained MR personnel, 24 hours per day, to teach the individual functional skills.

1. Specialized services for MR are those services needed to address such skill deficits or specialized training needs.

2. Specialized services for MR may be provided in an intermediate care facility for the mentally retarded or ICF/MR as defined at 42 CFR §440.150 or in a community-based setting that meets ICF/MR standards.

3. Specialized services for MR go beyond the range of services that a NF is required to provide.

“Speech-language pathologist” means a person who has a certificate of clinical competence from the American Speech and Hearing Association; meets all applicable Federal regulations; has completed the equivalent educational requirements and work experience necessary for the certificate, or has completed the academic program and is acquiring supervised work experience to qualify for the certificate, and, if practicing in the State of New Jersey is licensed by the State of New Jersey; or if treatment and/or services are provided in a state other than New Jersey, meets the requirements of that state, including licensure, if applicable.

“Standardized Resident Assessment (SRA)” means an instrument developed by the State to report minimum data set requirements, including resident assessment protocols and additional State mandated data, which results in a comprehensive, standardized assessment of a NF resident’s functional capabilities and service requirements.

“Track of care” means the designation of the setting and scope of Medicaid services as determined by professional staff designated by the Department following PAS of an applicant for Medicaid clinical eligibility for NF placement or services, as follows:

1. “Track I” means long-term NF care and shall be designated for individuals with respect to whom long-term

placement is required because clinical prognosis is poor, and as to whom PAS results in a determination that short-term stays are neither realistic nor predictable and that the individual is eligible for NF level of nursing care in accordance with N.J.A.C. 8:85-2.1.

i. A Track I designation shall not preclude the possibility of future discharge. The professional staff designated by the Department will monitor those individuals with discharge potential, reassess the individual, and update the HSDP for a change in the track of care if appropriate.

2. "Track II" means short-term NF care and shall be designated for individuals as to whom PAS results in a determination that the individual requires comprehensive and coordinated NF services, in accordance with N.J.A.C. 8:85-2.1, provided in a therapeutic setting that assures family counseling and teaching in preparation for discharge to the community setting and to achieve at least one of the objectives listed at 2i through iii below; provided that individuals designated for Track II shall also be assigned to short-term NF stays, in spite of technically complex care needs and guarded prognosis, particularly in cases in which the individual is motivated towards NF alternatives and/or in which caregivers, through case management intervention, may obtain services that make return to the community a viable option.

- i. To stabilize medical conditions;
- ii. To promote rehabilitation; or
- iii. To restore maximum functioning levels.

3. "Track III" means long-term care services in the community and shall be designated for individuals as to whom PAS results in a determination of Medicaid clinical eligibility for NF care in accordance with N.J.A.C. 8:85-2.1, but who can be appropriately cared for in the community with supportive health care services. These individuals may be eligible for Medicaid State Plan services or Home and Community-Based Services Waiver Programs.

"Transfer of ownership" means, for reimbursement purposes, a change in the majority ownership that does not involve related parties, related corporations or public corporations. "Majority ownership" is defined as an individual or entity who owns more than 50 percent of the facility.

"Waiting list" means the standardized listing, maintained in chronological order by the NF, of the names of all individuals seeking admission to a Medicaid participating NF who have completed a written application.

Amended by R.2001 d.1, effective January 2, 2001.

See: 32 N.J.R. 2859(a), 33 N.J.R. 54(a).

Added "Transfer of ownership" to section.

Amended by R.2001 d.120, effective April 2, 2001.

See: 32 N.J.R. 3710(a), 33 N.J.R. 1108(a).

Added "New nursing facility" and "Replacement nursing facility".

Recodified from N.J.A.C. 10:63-1.2 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

Added definitions "Bed", "Beneficiary", "County welfare agency (CWA)", "Department of Human Services", "Division of Medical Assistance and Health Services", "Long-Term Care Field Office", "Material fact", "Mental illness", "Mental retardation", "Minimum Data Set (MDS) version 2.0 or most recent version", "Ombudsman", and "Professional staff designated by the Department"; deleted definitions "Medical evaluation team (MET)", "Medical social care specialist (MSCS)", "Minimum data set (MDS)", "Regional staff nurse (RSN)" and "Section Q"; rewrote "Case management", "Department of Health", "Division of Developmental Disabilities", "Division of Mental Health and Hospital (DMH & H)", "Health Services Delivery Plan (HSDP)", "Nursing facility (NF)", "Pre-admission screening (PAS)", "Prior authorization", "Resident", "Social services", "Special care nursing facility (SCNF)" and "Track of care".

Amended by R.2007 d.391, effective December 17, 2007.

See: 38 N.J.R. 4795(a), 39 N.J.R. 5338(a).

Added definitions "AIDS", "AIDS-defining illness", "CD4+ T cell", "CDC", "CMS", "HIV", "HIV infection", "HIV-related medical co-morbidities" and "HIV-related psychosocial co-morbidities".

#### Case Notes

County hospital which did not participate in pre-adoption rulemaking proceedings is not entitled to an agency or court hearing to explore reasons underlying regulations prescribing methodology for fixing rates paid for Medicaid patient care at long-term care facility; regulations not arbitrary or unreasonable. *Bergen Pines County Hospital v. New Jersey Dept. of Human Services*, 96 N.J. 456, 476 A.2d 784 (1984).

Adoptive parents who provided outstanding care for medically fragile child should not have been punished by having child removed from necessary community based services waiver program. *K.S. v. DMAHS*, 96 N.J.A.R.2d (DMA) 7.

Conditions of blindness and profound retardation established appropriateness of residential long-term pediatric care placement. *N.C. v. Division of Medical Assistance*, 95 N.J.A.R.2d (DMA) 34.

Presumption of reasonableness of agency's rate methodology not rebutted by sufficient evidence; burden of proof improperly shifted to agency at hearing (Director's Final Decision). *Morris View Nursing Home v. Div. of Medical Assistance and Health Services*, 8 N.J.A.R. 561 (1983), affirmed per curiam Dkt. No. A-973-83 (App.Div.1985).

Rate reimbursement system challenged by facility utilizing minimum staffing report prepared for other purposes by the Department of Health; Division of Medical Assistance and Health Services not bound by Department of Health determinations; denial of increased rate reimbursement not unreasonable agency action. *In re: Preakness Hospital*, 8 N.J.A.R. 389 (1983).

#### 8:85-1.3 Program participation

(a) A NF shall comply with the following requirements in order to be eligible to participate in the New Jersey Medicaid program. An in-State NF shall:

1. Be licensed by the Department in accordance with N.J.A.C. 8:39;

2. Be certified by the Department, and in the case of both Medicare and Medicaid, by the Centers for Medicare & Medicaid Services (CMS), which assures that the NF meets the Federal requirements for participation in Medicaid and Medicare;

3. Be approved for participation as a NF provider by the New Jersey Medicaid program. This includes the filing of a New Jersey Medicaid Provider Application PE-1 that

establishes eligibility to receive direct payment for services to recipients under the New Jersey Medicaid program (see Appendix A as posted at [www.state.nj.us/health/ltc/formspub.htm](http://www.state.nj.us/health/ltc/formspub.htm)), the signing of a Participation Agreement PE-3 which is the participation agreement between the nursing facility and DHSS which stipulates that a NF shall provide all NF services required by N.J.A.C. 8:85 (see Appendix B as posted at [www.state.nj.us/health/ltc/formspub.htm](http://www.state.nj.us/health/ltc/formspub.htm)), and submittal of the CMS-1513 that is required to be completed before the State agency or Federal agency will enter into a contract for reimbursement of medical services, Ownership and Control Interest Disclosure Statement (see Appendix C as posted at [www.state.nj.us/health/ltc/formspub.htm](http://www.state.nj.us/health/ltc/formspub.htm)). The agreement for participation in the New Jersey Medicaid program stipulates that a NF shall provide all NF services required by N.J.A.C. 8:85. Continued participation as a New Jersey Medicaid provider will be subject to recertification by the Department and compliance with all Federal and State laws, rules and regulations. Upon recertification by the Department, each NF will receive notification from the Department's Office of Provider Enrollment, informing the facility that their provider agreement is being continued.

4. File with the Department a completed Cost Study for Nursing Facility form in the form provided at Appendix D, incorporated herein by reference. After the initial cost study is filed, the provider shall file a Cost Study for Nursing Facility form annually.

5. In accordance with 42 C.F.R. 483.12(d)(1)(i)(ii), not require residents or potential residents to waive their rights to Medicare or Medicaid; and not require oral or written assurance that residents or potential residents are not eli-

gible for, or will not apply for Medicare or Medicaid benefits;

6. Accept as payment in full the Medicaid program's reimbursement for all covered services delivered during that period when, by mutual agreement between Medicaid and the facility, the beneficiary is under the provider's care, in accordance with 42 CFR § 447.15 and N.J.S.A. 30:4D-6(c); and

7. Except as provided in (a)7i below, by December 1, 1997, be certified by Medicare as a provider of skilled nursing services for no less than seven percent of the facility's total licensed long-term care beds.

i. This requirement shall not apply if a nursing facility cannot be certified as a Medicare skilled nursing facility due to its inability to meet structural requirements for a physical plant as required by the Medicare certification process.

ii. Upon receipt of the application, the Department shall determine whether the facility shall be recommended for Medicare certification in accordance with 42 CFR Part 483. If the facility cannot be certified for Medicare participation, the Department shall provide the facility with the reasons for the certification denial in writing.

Amended by R.1998 d.177, effective April 6, 1998.

See: 29 N.J.R. 4614(a), 30 N.J.R. 1284(b).

In (a), inserted "to be eligible" following "order" in the introductory paragraph, and added 7.

Recodified from N.J.A.C. 10:63-1.3 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

Rewrote the section.

**Case Notes**

55-year-old male suffering with Down's Syndrome was entitled to nursing facility care. *W.M. v. Division of Medical Assistance and Health Services*, 92 N.J.A.R.2d (DMA) 46.

Rate reimbursement system challenged by facility utilizing minimum staffing report prepared for other purposes by the Department of Health; Division of Medical Assistance and Health Services not bound by Department of Health determinations; denial of increased rate reimbursement not unreasonable agency action. In re: *Preakness Hospital*, 8 N.J.A.R. 389 (1983).

**8:85-1.4 Private pay**

(a) NFs which are approved for participation as providers of service under the New Jersey Medicaid program shall be prohibited under Section 6(a) of P.L.1985, c. 303 from soliciting or accepting payment, any type of gift, money, contribution, donation or other consideration as a condition of admission or continued stay from a Medicaid recipient or his or her family.

(b) NFs which are providers of service under the New Jersey Medicaid program shall be prohibited under Section 6(b)(c) of P.L.1985, c. 303 from requiring private pay contracts from Medicaid qualified applicants as a condition for admission or continued stay.

1. The prohibitions in (a) and (b) above are applicable regardless of the Medicaid occupancy level in a facility. A violation may be a criminal act punishable as a crime of the third degree.

2. The exception to the above is private pay contracts entered into with life-care communities that are explicitly referenced as such within their Medicaid participation agreement.

(c) An individual may enter a NF on a private pay contract basis only if Medicaid eligibility has not been established and no application to the New Jersey Medicaid program has been made. A private pay contract shall become void as soon as Medicaid eligibility is established.

Recodified from N.J.A.C. 10:63-1.4 by R.2005 d.389, effective January 17, 2006.  
See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

**8:85-1.5 Medicaid occupancy level**

(a) The NF Medicaid occupancy level shall be calculated by adding the total days for Medicaid beneficiaries residing in the NF during the month, dividing this sum by the number of days in the month to determine the average daily census, and dividing this amount by the total number of licensed long-term beds.

1. An SCNF that is an identifiable unit within a conventional NF shall calculate its occupancy level separate and apart from the occupancy level of the conventional NF beds using the same formula as cited in (a) above.

2. The NF shall submit the completed Provider Certification Statement for Long Term Care (see Appendix E, incorporated herein by reference), to report the actual calculation of the occupancy level determination of the NF. In addition to the occupancy level determination, the Certification Statement is also used to certify that the billing information is accurate, complete and in accordance with the rules of the New Jersey Health Services Program (Medicaid). The Certification Statement shall be submitted with the monthly Turn Around Document (TAD) (as set forth in Appendix Q, incorporated herein by reference) to the fiscal agent. Billing documents will be returned if the Certification Statement is not completed, signed and attached.

3. The calculation of the occupancy level shall include eligible bed reserve days in the determination of the Medicaid occupancy level.

Recodified from N.J.A.C. 10:63-1.5 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

Section was "Occupancy level"; in introductory paragraph (a), substituted "beneficiaries" for "and public assistance recipients"; in (a)1, substituted "An SCNF that" for "A Special Care Nursing Facility (SCNF) which".

**Case Notes**

Conditions of blindness and profound retardation established appropriateness of residential long-term pediatric care placement. *N.C. v. Division of Medical Assistance*, 95 N.J.A.R.2d (DMA) 34.

**8:85-1.6 Termination of a Medicaid NF provider agreement**

(a) The Department shall terminate a NF's Medicaid provider agreement if:

1. The Long-Term Care Licensing and Certification Program of the Department or the Centers for Medicare & Medicaid Services (CMS) determines that the NF is no longer certified to provide NF services. In that case:

i. The Medicaid provider agreement shall be terminated 23 days from the survey date if the Long Term Care Licensing and Certification Program of the Department or the CMS finds that deficiencies pose immediate jeopardy to residents' health and safety.

ii. If the deficiencies do not pose immediate jeopardy to the resident's health and safety, the Medicaid provider agreement shall be terminated 180 days from the survey date.

iii. The termination of provider agreement shall be rescinded if, prior to the effective date of termination, the Long Term Care Licensing and Certification Program of the Department or the CMS determines that the deficiencies have been satisfactorily corrected and the NF is certified to provide NF services; and

2. The Department determines that other good cause for such termination exists as cited at N.J.A.C. 10:49-11.1 or as a result of a pattern of aberrancies reported in a clinical audit as defined at N.J.A.C. 8:85-1.12.

Recodified from N.J.A.C. 10:63-1.6 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

Section was "Termination of a NF provider agreement"; rewrote (a).

#### Case Notes

Conditions of blindness and profound retardation established appropriateness of residential long-term pediatric care placement. N.C. v. Division of Medical Assistance, 95 N.J.A.R.2d (DMA) 34.

#### 8:85-1.7 Administrative appeal of denial, termination or non-renewal of NF certification or Medicaid Provider Agreement

(a) Any NF whose certification or Medicaid Provider Agreement is denied, terminated or not renewed shall have the opportunity to request a full evidentiary hearing before an administrative law judge, in accordance with the New Jersey Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Uniform Administrative Procedure Rules, N.J.A.C. 1:1.

1. In order to obtain a hearing, the NF shall submit, within 20 days from the date of the letter proposing termination, a written request to the Division of Long Term Care Systems, Office of Program Compliance, PO Box 367, Trenton, New Jersey 08625-0367.

2. All hearings requested pursuant to this section shall be completed either before the effective date of the denial, termination or non-renewal, or within 120 days thereafter.

3. If the Division elects to provide a hearing after the effective date of denial, termination or non-renewal, the NF will be entitled to an informal reconsideration to be completed prior to the effective date of the denial, termination or non-renewal.

4. The informal reconsideration, if requested by the NF, will include the following:

i. Written notice by the Division to the NF outlining the findings upon which the denial, termination or non-renewal is based;

ii. Notice that the NF is allowed a reasonable opportunity to refute the findings in writing; and

iii. A written affirmation or reversal of the denial, termination or non-renewal.

(b) A (S)NF whose certification or Medicare/Medicaid provider agreement is denied, terminated or not renewed by CMS, may request a hearing pursuant to 42 CFR 498.40 by submitting a written request to the Centers for Medicare & Medicaid Services, Division of Health Standards and Quality, Attn: Coordinator Hearing and Appeals, Federal Building Room 3821, 26 Federal Plaza, New York, New York 10278.

1. A final decision entered under the Medicare review procedures will be binding for purposes of Medicaid participation.

Recodified from N.J.A.C. 10:63-1.7 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

In (a)1, deleted "Division" preceding "letter" and rewrote mailing address; in introductory paragraph (b), substituted "CMS" for "HCFA" and "Centers for Medicare & Medicaid Services" for "Health Care Financing Administration".

#### 8:85-1.8 Pre-Admission Screening (PAS), admission, and authorization

(a) Pursuant to N.J.S.A. 30:4D-17.10, a Medicaid-participating NF shall not admit an individual who is financially eligible for Medicaid or who may become financially eligible for Medicaid within 180 days of admission to the NF, or, regardless of payment source, an individual with MI or MR, unless that individual has been prescreened by professional staff designated by the Department and determined appropriate for NF placement.

1. An individual who is financially and clinically eligible for Medicaid residing in a Medicaid-participating NF who is transferred to an acute care hospital shall not be subject to PAS prior to returning to the same or another NF.

2. If an individual who is financially and clinically eligible for Medicaid identified as having MI residing in a Medicaid-participating NF is admitted to a psychiatric unit for treatment for less than one year, the individual shall not be subject to PASRR prior to returning to the NF.

3. When a NF resident with MI or MR is transferred to another NF, the admitting NF shall be responsible for ensuring that a copy of the resident's current PASRR determination, MDS (see N.J.A.C. 8:39-11.2(e)), and HSDP (Appendix L, incorporated herein by reference) accompany the transferring resident.

(b) The New Jersey Medicaid program shall not pay for NF services provided to a resident paying from private funds who has applied for Medicaid benefits unless professional staff designated by the Department has determined that the resident is clinically eligible to receive NF services through PAS.

1. If a NF has admitted an individual who is financially eligible for Medicaid or who may become financially eligible for Medicaid within 180 days of admission without the professional staff designated by the Department first determining, through PAS, that the individual is clinically eligible for NF services, the effective date of the initial authorization will be the date the PAS is completed. The New Jersey Medicaid program shall not reimburse NFs admitting such individuals without PAS for any care rendered before PAS.

(c) Within two working days of a NF's admission of an individual who is financially eligible for Medicaid, the NF shall submit a completed Notification From Long-Term Care Facility of the Admission or Termination of a Medicaid Patient, also known as an LTC-2 form, provided at Appendix G, incorporated herein by reference, and available for download at [www.state.nj.us/health/lc/formspub.htm](http://www.state.nj.us/health/lc/formspub.htm) and at <http://nj.gov/health/forms/index.shtml>, to the LTCFO serving the county in which the NF is located.

1. The NF shall obtain from the appropriate CWA a statement of the individual's budgetary information on the Statement of Available Income for Medicaid Payment form, also known as form PA-3L, or form PR-1, provided at Appendix F, incorporated herein by reference.

(d) Professional staff designated by the Department shall conduct PAS by reviewing the individual's medical, nursing, and social information and any other supporting data, in order to assess the individual's care needs and determine the appropriate setting for the delivery of needed services. The professional staff designated by the Department will authorize or deny NF placement based on the results of the standardized assessment performed by professional staff designated by the Department, in accordance with (e) below, that documents the individual's clinical eligibility pursuant to N.J.A.C. 8:85-2.1 and the feasibility of alternative placement, and then, depending on the placement professional staff designated by the Department determine to authorize, if any, the staff will designate the track of care.

1. If alternative care is available, accessible, and appropriate to the needs of the individual, the request for NF placement will be denied.

i. If an appropriate alternative plan of care becomes available and accessible for a person already approved for NF care and awaiting placement, the Department will rescind authorization for NF placement and will authorize the alternative plan of care.

2. For each NF applicant with MI or MR whose standardized assessment and PAS results in a determination that the individual is clinically eligible for NF placement, the DMHS or the DDD, as appropriate, will conduct PASRR, prior to the Department's issuance of a written determination authorizing NF placement.

i. With respect to an individual with MI seeking authorization for NF placement, the individual, or the individual's legal representative, social worker, or other entity referring the individual, or with respect to an individual with MR who is already a NF resident who is experiencing a change from the condition described on the resident's MDS, the NF, shall complete part 1 on page 1 and part A of page 6 of the Psychiatric Evaluation form provided at Appendix I, incorporated herein by reference; shall have parts 2 through 9 beginning on page 1 and section B on page 6 completed by a psychiatrist, physician (doctors of medicine or

osteopathy), certified nurse practitioner, certificated pursuant to N.J.S.A. 45:11-45 et seq., and certified in the advanced practice of psychiatric nursing or mental health, or clinical nurse specialist, certificated pursuant to N.J.S.A. 45:11-45 et seq., and certified in the advanced practice of psychiatric nursing or mental health; and shall send the completed form to the DMHS, which will conduct PASRR based upon the information provided in the Psychiatric Evaluation form.

(1) Individuals having a primary diagnosis of dementia including Alzheimer's disease are not subject to PASRR by DMHS as a precondition to a determination of Medicaid clinical eligibility for NF admission.

ii. With respect to an individual with MR, the LTCFO will contact the appropriate DDD staff to conduct PASRR.

(1) Individuals with MR and a diagnosis of dementia including Alzheimer's disease are subject to PASRR by DDD as a precondition to a determination of Medicaid clinical eligibility for NF admission.

iii. In the case of an individual dually diagnosed with MI and MR, the conduct of PASRR by DMHS shall precede the conduct of PASRR by DDD.

iv. The DMHS and/or the DDD, as applicable, will each transmit its respective PASRR determination to the LTCFO and the LTCFO will transmit the PASRR determination to the individual or, if applicable, the individual's legal representative, or other referring entity.

(1) If the PASRR results in a determination that no specialized services are required, the Department will approve NF placement and will issue a NF approval letter to the individual or, if applicable, the individual's legal representative, in the form provided at Appendix M, incorporated herein by reference, and will enclose with the letter a copy of the PASRR determination.

(2) If the PASRR results in a determination that the individual requires specialized services for MI or MR, then NF placement is inappropriate and the Department will issue to the individual or, if applicable, the individual's legal representative, and the referring individual a letter denying Medicaid authorization for NF placement in the form provided at Appendix N, incorporated herein by reference, and the DMHS or the DDD will assist in finding appropriate placement and/or services for the individual.

v. If PAS results in a determination that the individual is not clinically eligible for NF placement pursuant to the requirements of N.J.A.C. 8:85-2.1, PASRR is not required.

(e) The following procedure is to be used by a referent when seeking Medicaid authorization of NF placement through PAS prior to the admission of individuals who are financially eligible for Medicaid or individuals residing in a NF paying from private funds who may become eligible for Medicaid within 180 days.

1. If the referent is a hospital, the hospital shall identify individuals who are or potentially are at risk for NF placement, including individuals with MI and/or MR who may require PASRR, by consulting the "At-Risk Criteria for Nursing Facility Placement", also known as form LTC-D1, provided at Appendix J, incorporated herein by reference, and available for download at <http://www.state.nj.us/health/forms>. The hospital shall refer such individuals to the LTCFO for a PAS and, if appropriate, to the CWA for determination of financial eligibility. The hospital should submit to the LTCFO the completed Hospital Preadmission Screening Referral form, also known as form LTC-4, provided as Appendix T, incorporated herein by reference, and available for download at <http://www.state.nj.us/health/forms> and at [www.state.nj.us/health/ltc/formspub.htm](http://www.state.nj.us/health/ltc/formspub.htm), to notify the LTCFO for PAS and, if appropriate, the CWA for determination of financial eligibility.

i. Professional staff designated by the Department will conduct PAS using a standardized assessment instrument provided at Appendix K, incorporated herein by reference, and upon the conclusion of the assessment, shall verbally advise the referent, the individual, and the individual's family member or legal representative as to whether the individual is clinically eligible for NF placement and whether PASRR is required.

(1) If the individual is clinically eligible for NF placement and does not require PASRR, then upon conclusion of PAS, the professional staff designated by the Department shall provide the referent with a copy of an executed approval letter in the form provided at Appendix M and a completed HSDP in the form provided at Appendix L, and the LTCFO shall mail the original approval letter to the individual, or, if applicable, the individual's legal representative, and shall send a copy of the approval letter to the CWA.

(2) If the individual is clinically ineligible for NF placement, the LTCFO will mail a letter denying Medicaid authorization for NF placement in the form provided at Appendix N to the individual or, if applicable, the individual's legal representative and will mail a copy of the letter to the CWA.

(3) If the individual is clinically eligible for NF placement but PASRR is required, the professional staff designated by the Department shall provide the individual or the individual's legal representative, with written notice of the necessity of PASRR in the form provided at Appendix R, incorporated herein by

reference, also known as form LTC-L6a, with respect to individuals with MI, and in the form provided at Appendix S, incorporated herein by reference, also known as LTC-L7a, with respect to individuals with MR.

(4) Upon conclusion of PASRR, if PASRR results in a determination that the individual does not require specialized services for MI or MR, then the LTCFO will mail the original approval letter in the form provided at Appendix M to the individual, or, as appropriate, to the individual's legal representative and to the referring individual, and will mail a copy of the executed approval letter and a completed HSDP in the form provided at Appendix L to the referent.

(5) Upon conclusion of PASRR, if PASRR results in a determination that the individual requires specialized services for MI or MR, then the LTCFO will mail a letter denying Medicaid authorization for NF placement in the form provided at Appendix N, incorporated herein by reference, to the individual or, as appropriate, the individual's legal representative, and the DMHS or the DDD, as appropriate, will assist in finding appropriate placement and/or services for the individual.

(6) If an individual being transferred from a hospital setting to a NF is or will be eligible for Medicare benefits, the transfer shall, to the extent possible, be made to a Medicare and Medicaid participating NF.

2. If the referent is a NF, the referent shall refer an individual no later than 180 days prior to the individual's anticipated date of Medicaid eligibility by submitting the completed Notification from Long-Term Care Facility of Admission or Termination of a Medicaid Patient form, also known as the LTC-2 form, provided at Appendix G, incorporated herein by reference, and available for download at [www.state.nj.us/health/forms](http://www.state.nj.us/health/forms) and at [www.state.nj.us/health/ltc/formspub.htm](http://www.state.nj.us/health/ltc/formspub.htm), to the LTCFO for PAS and by submitting a copy of the form to the CWA for a determination of financial eligibility.

i. Professional staff designated by the Department will conduct PAS in accordance with the procedure provided in (d) above and by completing the standardized assessment.

ii. When the CWA determines that the individual is financially eligible for Medicaid, the CWA will forward the LTC-2 form to the LTCFO indicating a change in the individual's status from private pay to financially eligible for Medicaid.

3. A person or entity shall refer an individual residing in the community who is seeking admission to a Medicaid-participating NF and who is financially eligible for Medicaid or who may become financially eligible for Medicaid within 180 days of admission to a NF, or an

individual with MI or MR, to the LTCFO for PAS and, if appropriate, to the CWA for a determination of financial eligibility by submitting to the LTCFO a completed Certification of Need for Patient Care in Facility other than Public or Private General Hospital, also known as a PA-4 form, provided at Appendix H, incorporated herein by reference, and available for download at <http://nj.gov/health/forms/index.shtml>.

i. Upon receipt by the LTCFO of a PA-4 form or a physician statement that substantiates the individual's diagnosis and describes the individual's care needs, professional staff designated by the Department will conduct PAS in accordance with the procedure provided in (d) above and by completing the standardized assessment.

(1) Upon conclusion of PAS, the professional staff designated by the Department will verbally advise the individual or, if applicable, the individual's legal representative, as to whether the individual is clinically eligible for NF services, and the LTCFO will mail either the approval letter in the form provided in Appendix M, or the denial letter in the form provided in Appendix N, to the individual or, if applicable, the individual's legal representative, and will send a copy of the letter to the CWA.

ii. For individuals residing in the community with MI, professional staff designated by the Department will verbally advise the individual or, if applicable, the individual's legal representative, at the conclusion of PAS whether the individual is clinically eligible for NF placement.

(1) If the individual is not clinically eligible for NF placement, the LTCFO will mail an executed denial letter in the form provided at Appendix N to the individual or, if applicable, the individual's legal representative.

(2) If the individual is clinically eligible for NF placement, the professional staff designated by the Department will provide the individual or, if applicable, the individual's legal representative, with an executed form LTC-L6a advising the individual or representative, of the need to have the Psychiatric Evaluation form provided at Appendix I completed by a psychiatrist, physician (doctors of medicine or osteopathy), certified nurse practitioner certificated pursuant to N.J.S.A. 45:11-45 et seq., and certified in the advanced practice of psychiatric nursing or mental health or clinical nurse specialist certificated pursuant to N.J.S.A. 45:11-45 et seq., and certified in the advanced practice of psychiatric nursing or mental health pursuant to N.J.S.A. 45:11-45 et seq. and the need to forward the form to the DMHS.

(3) If PASRR by the DMHS results in a determination that the individual requires specialized

services for MI, then NF placement is not appropriate and the LTCFO will mail an executed denial letter in the form provided at Appendix N and a copy of the PASRR determination to the individual or, if applicable, the individual's legal representative, and the DMHS will assist the individual in securing appropriate placement and/or services.

(4) If PASRR by the DMHS results in a determination that the individual does not require specialized services for MI, the LTCFO will mail the approval letter in the form provided in Appendix M and a copy of the PASRR determination to the individual or, if applicable, the individual's legal representative, and will transmit a copy of the approval letter to the CWA.

iii. For individuals residing in the community with MR, professional staff designated by the Department will verbally advise the individual or, if applicable, the individual's legal representative, at the conclusion of PAS whether the individual is clinically eligible for NF placement.

(1) If the individual is not clinically eligible for NF placement, the LTCFO will mail, an executed denial letter in the form provided at Appendix N to the individual, or if applicable, the individual's legal representative.

(2) If the individual is clinically eligible for NF placement, professional staff designated by the Department will provide the individual or the individual's legal representative, with an executed form LTC-L7a advising the individual or representative, of the need for the DDD to conduct PASRR.

(3) If PASRR by the DDD results in a determination that the individual requires specialized services for MR, then NF placement is not appropriate and the LTCFO will mail an executed denial letter in the form provided at Appendix N and a copy of the PASRR determination to the individual or, if applicable, the individual's legal representative and the DDD will assist the individual in securing appropriate placement and/or services.

(4) If PASRR by the DDD results in a determination that the individual does not require specialized services for MR, the LTCFO will mail the approval letter in the form provided in Appendix M and a copy of the PASRR determination to the individual or, if applicable, the individual's legal representative, and will transmit a copy of the approval letter to the CWA.

iv. In the case of an individual dually diagnosed with MI and MR, the conduct of PASRR by the DMHS shall precede the conduct of PASRR by the DDD.

(f) Authorization of out-of-State NF placement is subject to the following additional conditions:

1. Prior authorization shall be obtained from the Department for out-of-State NF services and shall be considered only when a required long-term care service is not available in New Jersey.

2. The out-of-State facility shall be licensed under the laws of that state as a NF or SCNF or equivalent entity, howsoever labeled by that state, and the rate of reimbursement shall not exceed that authorized by the Medicaid program of the state in which the facility is located, or the reimbursement rate authorized by the New Jersey Medicaid Program, whichever is lower.

3. Requests for prior authorization for out-of-State placement shall be accompanied by sufficient evidence that the service is medically necessary and not available in New Jersey. The Department will review the records provided to determine the need for long-term care services and to determine the appropriateness of placing the beneficiary in a NF outside of New Jersey. The request must be submitted to:

Office of Community Choice Options  
Division of Aging and Community Services  
Department of Health and Senior Services  
PO Box 807  
Trenton, NJ 08625-0807

4. Prior to submitting a request for out-of-State placement, the beneficiary shall comply with the requirements of PAS as specified in this subchapter.

(g) The procedure for Department authorization of Medicaid reimbursement for NF continued stay or alternative care is as follows:

1. The professional staff designated by the Department shall periodically assess Medicaid beneficiaries to review the NF's assessments, patient classifications, and case mix reporting, and may recommend continuation of NF stay or, if appropriate, deny continued NF stay and shall recommend discharge to an alternative to NF stay.

2. Professional staff designated by the Department shall provide care management on an ongoing basis to Medicaid beneficiaries following placement in a NF.

3. Professional staff designated by the Department shall examine resident records for proof of continued vigilance and effort by the NF to utilize alternative means of care for all residents.

i. Beneficiaries designated as Track II (short-term) shall be monitored closely by the Department to assure active participation by the NF in the discharge planning process.

(h) If a NF resident with MI or MR shows a significant change in condition as defined by the MDS, the NF shall

initiate treatment to meet immediate needs. The NF shall arrange for the conduct and completion of a comprehensive reassessment by the end of the 14th day of the documented change in condition. If the reassessment results in a finding that a significant change in the resident's condition has occurred, the NF shall revise the resident's care plan based on that reassessment within seven days of the completion of the reassessment, shall make a clinical judgment, based on the clinical data, as to whether or not PASRR by DMHS or DDD is needed, and if so, shall notify the DMHS and/or the DDD, as appropriate, of the need for PASRR.

(i) Professional staff designated by the Department, after considering and rejecting all possible means of alternative care, shall approve conventional NF placement for Medicaid beneficiaries residing in a NF approved for a SCNF rate of reimbursement who continue to require NF level of nursing care, but who no longer require SCNF level of nursing care.

(j) The NF shall notify the LTCFO, via the LTC-2 form, of the termination of NF services due to the beneficiary's:

- i. Death while either in the NF or hospitalized;
- ii. Discharge to home or other community living arrangement;
- iii. Transfer to another NF; or
- iv. Ineligibility determination.

New Rule, R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

Former N.J.A.C. 10:63-1.8, Admission, transfer and readmission; general, repealed.

#### Case Notes

Contrary to the Division's contention, the applicant's mental retardation did not disqualify him from participation in the Assisted Living Waiver Program, N.J.A.C. 10:49-22.1 et seq.; the applicant was in need of nursing facility services because the assistance required by him as described by his physician met the requirements of the term "dependent" as expressed in N.J.A.C. 8:85-2.1, and even if not, the applicant's mental retardation, when combined with any appreciable medical, emotional or psychosocial condition, or Assisted Daily Living dependency, would have made him eligible under the regulation. S.B. v. DMAHS, OAL Dkt. No. HMA 6558-06, 2007 N.J. AGEN LEXIS 264, Initial Decision (April 23, 2007).

#### 8:85-1.9 Waiting list

(a) The NF shall establish a single waiting list in chronological order. The order of names shall be predicated upon the order in which a completed written application is received. Hospitalized individuals ready for readmission to the NF are to be added to the top of the list as soon as the hospital notifies the NF of the contemplated discharge. As soon as a bed becomes available, it shall be filled from this waiting list. Provisions can be made for emergency, life-threatening situations or life-care community admissions or transfers from another nursing facility.

1. The NF shall meet the following requirements:

i. Maintain only one waiting list; this list shall reflect a roster updated on a regular basis, of all individuals who have applied for admission to the facility;

ii. Reflect in chronological order the full name and address of the individual applying by the date the written application for admission is made;

iii. Utilize the waiting list to admit individuals on a first-come, first-serve basis in the order in which they apply until the provider's Medicaid occupancy level equals the Statewide occupancy level, or the Medicaid

occupancy level set forth in the provider's Certificate of Need, whichever is higher.

iv. A file shall be maintained containing full documentation to support any valid reason why the individual whose name appears first on the waiting list is not admitted to the NF.

2. It shall be unlawful discrimination for any Medicaid participating NF whose Medicaid occupancy level is less than the Statewide occupancy level to deny admission to a Medicaid eligible individual who has been authorized for NF services by the LTCFO when a NF bed becomes available in accord with the waiting list.

i. Under the provisions of N.J.S.A. 10:5-12.2, a facility with a residential unit or a Life-Care community may give its own residents priority when a NF bed becomes available.

Recodified from N.J.A.C. 10:63-1.9 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

In introductory paragraph (a), added "or transfer from another nursing facility"; in (a)2, substituted "LTCFO" for "MDO".

#### 8:85-1.10 Involuntary transfer

(a) The Department recognizes that there may be problems in relocating infirm aged persons from a NF. The purpose of this rule is to specify the circumstances in which the involuntary transfer of a Medicaid beneficiary in a NF is authorized and to establish conditions and procedures designed to minimize the risks, trauma and discomfort which may accompany the involuntary transfer of a Medicaid beneficiary from a NF.

(b) This rule shall be interpreted consistent with the Federal requirement that care and service under the Medicaid program be provided in a manner consistent with the best interests of the resident.

(c) This rule shall apply to the involuntary transfer of a Medicaid beneficiary at the request of a NF. This rule shall not apply to the Department's utilization review process, nor to the movement of a Medicaid beneficiary to another bed within the same facility.

(d) A transfer of a Medicaid beneficiary which was not consented to or requested by the beneficiary or by the beneficiary's family or authorized representative shall be considered an involuntary transfer. A Medicaid beneficiary is a Medicaid eligible individual residing in a NF which has a Medicaid provider agreement. This includes Medicaid beneficiaries over the minimum number stipulated in the agreement or an individual who had entered the facility as non-Medicaid and is awaiting resolution of Medicaid eligibility.

(e) A Medicaid beneficiary shall only be involuntarily transferred when adequate alternative placement, acceptable

to the Department, is available. A Medicaid beneficiary may be transferred involuntarily only for the following reasons:

1. The transfer is required by medical necessity;
2. The transfer is necessary to protect the physical welfare or safety of the beneficiary or other residents;
3. The transfer is required because the resident has failed, after reasonable and appropriate notice, to reimburse the NF for a stay in the facility from his/her available income as reported on the PA-3L; or
4. The transfer is required by the New Jersey State Department of Health and Senior Services pursuant to licensure action or to the facility's suspension or termination as a Medicaid provider.

(f) In any determination as to whether a transfer is authorized by this rule, the burden of proof, by a preponderance of the evidence, shall rest with the party requesting the transfer, who shall be required to appear at a hearing if one is requested and scheduled. Where a transfer is proposed, in addition to any other relevant factors, the following factors shall be taken into account:

1. The effect of relocation trauma on the beneficiary;
2. The proximity of the proposed placement to the present facility and to the family and friends of the beneficiary; and
3. The availability of necessary medical and social services as required by Federal and State rules and regulations.

(g) The procedure for involuntary transfer shall be as follows:

1. The NF shall submit to the LTCFO a written notice with documentation of its intention and reason for the involuntary transfer of a Medicaid beneficiary from the facility;
2. If the LTCFO determines that an involuntary transfer is appropriate, the beneficiary and/or the beneficiary's authorized representative shall be given 30 days prior written notice by the NF that a transfer is proposed by the NF and that such transfer will take effect upon completion of the relocation program specified in (h) below. Additionally, the NF shall forward a copy of the written notice to the LTCFO and Ombudsman. The written notice to the beneficiary and/or authorized representative shall advise of the right to a hearing and shall include the address where to send the request for a hearing. If the beneficiary requests a hearing within 30 days of the date of the written notice, the transfer is stayed pending the decision following the hearing. In those instances where the LTCFO determines that an acute situation or emergency exists, the transfer shall take place immediately. The beneficiary and/or the beneficiary's authorized

representative shall be given 30 days after transfer to request a hearing;

3. DMAHS will comply with the hearing time requirements in State and Federal rules and regulations, unless an adjournment is requested by the appellant;

4. The hearing shall be conducted at a time and place convenient to the beneficiary. Notification shall be sent to all parties concerned;

5. All hearings shall be conducted in accordance with the Fair Hearing procedures adopted by the DMAHS.

(h) The relocation procedure shall be as follows:

1. In the event the relocation of a beneficiary is the final Department determination, the Department shall afford relocation counseling for all prospective transferees in order to reduce as much as possible the impact of transfer trauma.

2. The staff of the transferring and receiving NFs shall carry out the transfer process, although responsibility and authority for the coordination and transfer rests with the Department and will include:

i. Evaluation and review by appropriate LTCFO staff;

ii. Initial beneficiary, family or authorized representative counseling;

iii. Involvement of the beneficiary, family or authorized representative in the placement process with recognition of their choices;

iv. Beneficiary preparation and site visit for all able to do so within the capability of the transferring agent;

v. Accompaniment on the transfer day by a family member, authorized representative or attendant, unless the beneficiary otherwise requests;

vi. Follow-up counseling at the new location; and

vii. No right to an administrative hearing on a claim for failure to implement the requirements of this subsection for relocation counseling.

(i) No owner, administrator or employee of a NF shall attempt to have beneficiaries seek relocation by harassment or threats. Such action by or on behalf of the NF may be cause for the curtailment of future admission of Medicaid beneficiaries to the NF or for termination of the Medicaid Provider Agreement with the NF, depending upon the nature of the action.

(j) Any complaints regarding the handling of beneficiaries relative to their transfer shall be referred to the Department for investigation and corrective action.

Recodified from N.J.A.C. 10:63-1.10 and amended by R.2005 d.389, effective January 17, 2006.  
See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

Section was "Involuntary transfer initiated by the facility"; rewrote the section.

#### Case Notes

Smoking in bed was grounds for transfer. G.P. v. Manahawkin Convalescent Center, 93 N.J.A.R.2d (DMA) 81.

Presumption of reasonableness of agency's rate methodology not rebutted by sufficient evidence; burden of proof improperly shifted to agency at hearing (Director's Final Decision). Morris View Nursing Home v. Div. of Medical Assistance and Health Services, 8 N.J.A.R. 561 (1983), affirmed per curiam Dkt. No. A-973-83 (App.Div.1985).

#### 8:85-1.11 (Reserved)

Recodified from N.J.A.C. 10:63-1.11 and repealed by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

Section was "NF authorization process".

#### 8:85-1.12 Clinical audit

(a) Clinical audit is a method of utilization control under the enforcement authority of Section 1902(a)(30)(A) of the Social Security Act, to monitor the continued utilization of and payment for NF care and services reimbursable under the Medicaid program. Clinical audit has as its major component verification of NF services provision.

(b) Professional staff designated by the Department shall periodically conduct a post payment review of New Jersey Medicaid beneficiaries for whom NF services have been provided. The review shall principally involve assessment of the Medicaid beneficiary's care needs and evaluation of treatment outcomes, based on direct observation of the beneficiary and examination of clinical and related records. The focus of the review shall be on the following areas:

1. Comparative analysis of a beneficiary's identified care needs to NF claim reports;
2. Appropriate utilization and provision of required services; and
3. Effectiveness and quality of provided services.

(c) Enforcement action will be taken by the Department as follows:

1. As a result of the clinical audits, aberrations in the reporting and/or provision of services and failure to comply with the requirements of this chapter shall be documented and reported to the NF for corrective action.
2. A pattern of practice of significant proportion wherein the NF has provided items or services at a frequency or amount determined unnecessary, or of a quality that does not meet the standards outlined in this chapter, will result in an increase, reduction or termination of services, and ultimate restriction of the NF participation in the Medicaid Program.

Recodified from N.J.A.C. 10:63-1.12 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

Rewrote introductory paragraph (b) and (b)1; in introductory paragraph (c), substituted "Department" for "Division".

### 8:85-1.13 Clinical and related records

(a) An individual clinical record shall be maintained for each Medicaid beneficiary covering his or her medical, nursing, social and related care in accordance with accepted professional standards and licensing standards as set forth by the Standards for Licensure of Long-Term Care Facilities, N.J.A.C. 8:39. All entries on the clinical record shall be current, dated and signed by the appropriate staff member. The clinical record, HSDP approval letter and if appropriate, PASRR determination shall be readily available at the appropriate nurses' station for review by DHSS staff.

(b) The clinical record of a deceased resident shall be properly completed. It shall include:

1. Written reports of visits made by the physician during the critical stage of illness;
2. Written documentation of death pronouncement completed by the qualified health professional as specified by the NF's policies and procedures;
3. Complete nurse's notes containing all necessary and pertinent information documenting the resident's condition during the illness and apparent demise, notification of physician and next of kin;
4. Autopsy records where appropriate; and
5. A written record of the disposition of the body of the deceased individual.

(c) All clinical records of discharged residents shall be completed promptly and shall be filed and retained for the duration required by N.J.S.A. 26:8-5.

(d) If the resident is transferred to or from another health care facility, a copy of the resident's clinical record or an abstract thereof, including the most recent HSDP, MDS and, if applicable, current copy of the resident's PASRR, and/or the documentation that supports the resident's diagnosis of Alzheimer's disease or related organic dementia, shall accompany the resident.

(e) All information contained in the clinical record shall be treated as confidential and shall be disclosed only to authorized persons.

(f) If the NF does not have a full or part-time medical records librarian, an employee of the facility shall be assigned the responsibility for assuring that records are maintained, completed and preserved in accordance with accepted procedures. The designated individual shall be trained by, and must receive regular consultation from, a medical records librarian who is under written contract with the facility.

(g) Billing and financial records rules are as follows:

1. The Fiscal Agent Billing Supplement identifies the procedures required for the general use of the billing transaction forms and computer generated forms. All appropriate reports shall be retained until audited by the Department.

2. The facility shall establish and maintain appropriate and accurate records and accounts of all receipts and disbursements of Medicaid beneficiary funds, which shall be subject to review and fiscal audit by the State of New Jersey as may be required. A beneficiary shall be credited with the maximum amount of personal needs allowance funds authorized by Federal or State law for each month that such records or accounts are unavailable.

3. Any and all financial and other records relating to beneficiary's personal needs allowance accounts, income, cost reports, and billings to the Medicaid program shall be maintained and retained in accordance with professional standards and practices for the longest of the following periods of time:

- i. At least one year after the resolution of audit findings or the conclusion of recovery proceedings arising out of those audit findings (whichever is later) for the records that are audited;
- ii. One year after the conclusion of all hearings, appeals and/or other litigation with respect to audits of such records; or
- iii. Seven years.

4. The records described in (g)3 above shall be made available for audit upon the request of appropriate State and/or Federal personnel or their agents.

5. Claims for NF services that are older than 12 months will be rejected.

i. A claim for payment for services shall be received by the fiscal agent no later than one year after the "from date of service" on the claim form (TAD). An adjustment request FD999 (see Appendix Q) for a paid claim shall be honored for 180 days from the original date of payment;

ii. For purposes of this time limitation, a claim is the submission of a TAD, provided by the fiscal agent for the New Jersey Medicaid program, indicating a request for reimbursement for authorized NF services provided to an eligible beneficiary and which has been returned to the fiscal agent within the time limit specified. An adjustment form (FD999) or an LTC-2 shall not constitute a claim for payment;

iii. Other timely filing information is located in the Administrative chapter at N.J.A.C. 10:49-7.2, Timeliness of claim submission and inquiry.

Recodified from N.J.A.C. 10:63-1.13 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

Rewrote the section.

**8:85-1.14 Absence from facility due to hospital admission or therapeutic leave; bed reserve**

(a) The bed reserve policy for hospital admissions is as follows:

1. The NF shall reserve and hold the same room and the same bed of the Medicaid beneficiary transferred to a general or psychiatric hospital for a period not to exceed 10 days. The NF shall determine the individual's status or whereabouts during or after the 10-day bed reserve period.

i. If the resident is not readmitted to the same room or the same bed or the same NF during a bed reserve period, the NF requesting bed reserve reimbursement shall record on the resident's chart and make available for Department review, a justification for the action taken. Pending outcome of the Department's review, the facility may be subject to forfeiture of bed reserve reimbursement.

ii. Said reserved bed shall remain empty and shall not be occupied by another individual during the bed reserve period, unless authorized by the Department.

2. Reimbursement, not to exceed 10 days, shall be at 50 percent of the rate the NF received prior to the transfer to the hospital.

i. The beneficiary's available monthly income shall be applied against the per diem cost of care.

ii. Medicaid reimbursement for bed reserve will not be made to a NF when the NF per diem payment for a "Medicaid eligible beneficiary" is being made by a third party insurer.

3. If readmission to the NF does not occur until after the 10-day bed reserve period, the next available bed shall be given to the Medicaid beneficiary. The beneficiary's name shall be placed on the chronological listing of persons waiting admission/readmission to the NF, and the beneficiary waiting for readmission shall have priority for the next available bed in the facility.

4. The bed reserve policy applies to any person in the NF eligible to receive Medicaid benefits; for example, a Medicare/Medicaid beneficiary who, at the time of transfer to the hospital, might be eligible for long-term care services under Medicare benefits.

5. Admission procedures (see N.J.A.C. 8:85-1.8) shall be followed when the Medicaid beneficiary has been readmitted following a period of hospitalization.

(b) Requirements concerning absence due to therapeutic leave are as follows:

1. The New Jersey Medicaid program will reimburse NFs their per diem rate for reserving beds for Medicaid beneficiaries who are absent from the facility on therapeutic leave up to a maximum of 24 days annually. For this purpose, annually is defined as a calendar year

beginning on January 1 and ending on December 31. Further, no portion of unused leave days may be carried over into the next calendar year. The facility shall maintain accurate leave day records on the Medicaid beneficiary's chart, for review by the Department.

2. A therapeutic leave shall include therapeutic or rehabilitative home and community visits with relatives and friends. Home visits shall be limited to therapeutic home visits only and shall not include hospital visits.

3. The absence of a Medicaid beneficiary from the facility for the purpose of therapeutic leave shall be authorized in writing by the beneficiary's attending physician and shall be included in the beneficiary's plan of care.

4. In those instances where a beneficiary is in more than one NF within a calendar year, the receiving facility shall determine the number of therapeutic leave days that have been allowed for payment by the sending facility within the same calendar year. A record of any leave days shall be a part of the information provided on the Patient Information Transfer Form.

5. The facility shall reserve and hold the same room and bed for the Medicaid beneficiary on a therapeutic home visit. Said bed shall not be occupied by another individual during the period of time in which the Medicaid beneficiary is on such leave.

6. Where a beneficiary's condition or situation requires more than 24 therapeutic leave days annually, as determined by the beneficiary's attending physician, prior authorization for the additional days shall be obtained from the LTCFO. The request for prior authorization shall be submitted in writing to the LTCFO Field Office Manager, over the signature of the attending physician. A facility shall be reimbursed its per diem rate for reserving a bed for a Medicaid beneficiary for any additional days so authorized.

Amended by R.1997 d.231, effective June 2, 1997.

See: 29 N.J.R. 861(a), 29 N.J.R. 2561(b).

In (a)2, substituted "Effective July 1, 1996, reimbursement" for "Reimbursement", and inserted "90 percent of".

Recodified from N.J.A.C. 10:63-1.14 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

Rewrote the section.

**Case Notes**

Bookkeeper's errors and lack of knowledge was exceptional case. Leader Nursing and Rehabilitation Center v. Division of Medical Assistance and Health Services, 92 N.J.A.R.2d (DMA) 21.

Medicaid reimbursement; properly completed claims timely filed after rejection of improperly submitted claims. Leader Nursing and Rehabilitation Center v. Division of Medical Assistance and Health Services, 92 N.J.A.R.2d (DMA) 21.

2. The certified facility provides written documentation of a denial of Medicare coverage:

i. The certified facility shall indicate for all Medicare eligible beneficiaries through status reports, that the effort was made to apply for Medicare reimbursement prior to Medicaid billing. Status reports affirming denial shall be obtained from the Medicare Fiscal Intermediary. Status reports shall consist of:

(1) A copy of form Inpatient Hospital and Skilled Nursing Facility Admission and Billing SSA-1453; or

(2) A notice of denial of coverage form Notice of Medicare Claim Determination SSA-1954 or form Notice of Medicare Claim Determination SSA-1955; or

(3) The facility statement of non-coverage, signed by an administrator or officer, which shall be accepted only under the limitation of benefits.

(f) Medicare Part A coinsurance may be paid by the New Jersey Medicaid Program, but the total combined Medicare/Medicaid reimbursement may never exceed the facility's Medicaid Nursing Facility rate. If the Medicaid beneficiary has available income during the coinsurance period of Medicare eligibility, it shall be used to offset the coinsurance charges, prior to billing Medicaid. New Jersey Medicaid will pay Part B Medicare insurance premiums for all eligible Medicare-Medicaid beneficiaries. Claims for Part B services shall be billed to Medicaid only after Medicare benefits have been exhausted. Medicare timely filing requirements shall be met prior to the reimbursement of coinsurance by Medicaid.

1. Coinsurance and deductible payment shall be made as follows:

i. Medicaid will not assume responsibility for payment of coinsurance for certain services under Part B Medical Insurance when the basis of payment is fee for service (for example, physicians or podiatrists). However, coinsurance is paid for certain other Part B Provider services where the basis for payment is not fee for service (for example, durable medical equipment), but only in those instances where the Medicare allowable reimbursement is less than the Medicaid established reimbursement for those items.

ii. Medicaid will assume responsibility for deductible payments for Part B Medical Insurance services.

Amended by R.1998 d.177, effective April 6, 1998.

See: 29 N.J.R. 4614(a), 30 N.J.R. 1284(b).

In (a), made an internal reference change in the introductory paragraph, and added 1 and 2; inserted a new (d); recodified former (d) as (e), inserted a reference to denial of benefits in the introductory paragraph, and added a second sentence in 1; and recodified former (e) as (f). Recodified from N.J.A.C. 10:63-1.18 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

Substituted "beneficiary" for "recipient" throughout; rewrote (b).

### Case Notes

Medicaid reimbursement for nursing facility was in accordance with prior settlement agreement with Division of Medical Assistance and Health Services and not in accordance with subsequent nurse-staffing regulations. *Bergen Pines County Hospital v. Division of Medical Assistance*, 95 N.J.A.R.2d (DMA) 7.

Claim for Medicaid reimbursement denied; untimely filing. *Applewood Estates v. Division of Medical Assistance and Health Services*, 95 N.J.A.R.2d (DMA) 1.

## SUBCHAPTER 2. NURSING FACILITY SERVICES

### 8:85-2.1 Nursing facility services; eligibility

(a) Eligibility for nursing facility (NF) services will be determined by the professional staff designated by the Department, based on a comprehensive needs assessment that demonstrates that the beneficiary requires, at a minimum, the basic NF services described in N.J.A.C. 8:85-2.2.

1. Individuals requiring NF services may have unstable medical, emotional/behavioral and psychosocial conditions that require ongoing nursing assessment, intervention and/or referrals to other disciplines for evaluation and appropriate treatment. Typically, adult NF residents have severely impaired cognitive and related problems with memory deficits and problem solving. These deficits severely compromise personal safety and, therefore, require a structured therapeutic environment. NF residents are dependent in several activities of daily living (bathing, dressing, toilet use, transfer, locomotion, bed mobility, and eating).

i. Children requiring NF services exhibit functional limitations identified either in terms of developmental delay requiring nursing care over and above routine parenting or are limited in terms of specific age-appropriate physical and cognitive activities, functional abilities (ADL) or abnormal behavior, as demonstrated by performance at home, school or recreational activities.

(1) Children who have achieved developmental milestones within appropriate time frames and who require only well child care and/or treatment of acute, time limited illnesses or injuries shall not be eligible for NF services.

2. NF residents shall be those individuals who require services which address the medical, nursing, dietary and psychosocial needs that are essential to obtaining and maintaining the highest physical, mental, emotional and functional status of the individual. Care and treatment shall be directed toward development, restoration, maintenance, or the prevention of deterioration. Care shall be delivered in a therapeutic health care environment with the goal of improving or maintaining overall function and health status. The therapeutic environment shall ensure that the individual does not decline (within the confines of the individual's right to refuse treatment) unless the individual's

clinical condition demonstrates that deterioration was unavoidable.

(b) All Medicaid participating NFs shall provide or arrange for services in accordance with statutory and regulatory requirements under 42 CFR 483 and Department of Health and Senior Services licensing rules at N.J.A.C. 8:39. Reimbursement of NF services is discussed in N.J.A.C. 8:85-3.

(c) NF services shall be delivered within an interdisciplinary team approach. The interdisciplinary team shall consist of a physician and a registered professional nurse and may also include other health professionals as determined by the individual's health care needs. The interdisciplinary team performs comprehensive assessments and develops the interdisciplinary care plan.

Recodified from N.J.A.C. 10:63-2.1 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

In introductory paragraph (a), substituted "professional staff designated by the Department", substituted "beneficiary" for "recipient" and changed reference to "N.J.A.C. 8:85-2.2"; in (a)1, added "(bathing, dressing, toilet use, transfer, locomotion, bed mobility, and eating)"; in (b), added "and Senior Services" and changed reference to "N.J.A.C. 8:85-3".

Amended by R.2007 d.391, effective December 17, 2007.

See: 38 N.J.R. 4795(a), 39 N.J.R. 5338(a).

In the introductory paragraphs of (a) and (a)1, substituted "that" for "which"; and in the introductory paragraph of (a)1, deleted the last two sentences.

#### Case Notes

N.J.A.C. 8:85-2.1, the existing State plan, which refers to medical, emotional, and psychosocial conditions and severely impaired cognitive problems, clearly encompasses the provision of Nursing Facility care for the mentally retarded. *S.B. v. DMAHS*, OAL Dkt. No. HMA 6558-06, 2007 N.J. AGEN LEXIS 264, Initial Decision (April 23, 2007).

Contrary to the Division's contention, the applicant's mental retardation did not disqualify him from participation in the Assisted Living Waiver Program, N.J.A.C. 10:49-22.1 et seq.; the applicant was in need of nursing facility services because the assistance required by him as described by his physician met the requirements of the term "dependent" as expressed in N.J.A.C. 8:85-2.1, and even if not, the applicant's mental retardation, when combined with any appreciable medical, emotional or psychosocial condition, or Assisted Daily Living dependency, would have made him eligible under the regulation. *S.B. v. DMAHS*, OAL Dkt. No. HMA 6558-06, 2007 N.J. AGEN LEXIS 264, Initial Decision (April 23, 2007).

Physically disabled and profoundly retarded child qualified for nursing facility care but not for placement in a specialized pediatric facility. *N. C. on Behalf of her Son, W. C. v. Division of Medical Assistance and Health Services*, 94 N.J.A.R.2d (DMA) 38.

#### 8:85-2.2 Delivery of nursing services

(a) The NF shall provide 24-hour nursing services in accordance with the Department's minimum licensing standards set forth by the Standards for Licensure of Long-Term Care Facilities, N.J.A.C. 8:39, incorporated herein by reference, employing the service-specific case mix system to classify recipients with similar care requirements and resource utilization. The NF shall provide nursing services by registered professional nurses, licensed practical nurses and nurses aides based on the total number of residents multiplied

by 2.5 hours per day; plus the total number of residents receiving each of the following services, as more fully described at (f) below:

- |   |                    |
|---|--------------------|
| 1. Wound care   | 0.75 hour per day  |
| 2. Tube feeding   | 1.00 hour per day  |
| 3. Oxygen therapy   | 0.75 hour per day  |
| 4. Tracheostomy   | 1.25 hours per day |
| 5. Intravenous therapy  | 1.50 hours per day |
| 6. Respiratory services   | 1.25 hours per day |
| 7. Head trauma stimulation; and advanced neuromuscular or orthopedic care | 1.50 hours per day |

(b) The NF level of nursing care means services provided to Medicaid beneficiaries who are chronically or sub-acutely ill and require care for these entities, disease sequela or related deficits.

(c) The NF level of nursing care shall incorporate the principles of nursing process which consists of ongoing assessment of the beneficiary's health status for the purpose of planning, implementing and evaluating the individual's response to treatment.

1. In his or her capacity as coordinator of the interdisciplinary team, the registered professional nurse, who has primary responsibility for the beneficiary, shall perform, beginning on the day of admission, a comprehensive assessment of the beneficiary to provide, communicate and record within the SRA: baseline data of physiological and psychological status; definition of functional strengths and limitations; and determination of current and potential health care needs and service requirements.

i. In addition to clinical observations and hands-on examination of the Medicaid beneficiary, the licensed nurse shall review the HSDP and any available transfer records. The assessment data shall be coordinated by the registered professional nurse with oral or written communication and assessments derived from other members of the interdisciplinary team and shall be consistent with the medical plan of treatment. The initial comprehensive assessment (SRA) shall be completed no later than 14 days after admission and on an annual basis thereafter. If there is a significant change in the beneficiary's status, the NF shall complete a full comprehensive assessment involving the SRA. The registered professional nurse shall analyze the data and utilize the resident assessment protocols (RAPs) to focus problem identification, structure the review of assessment information and develop an interdisciplinary care plan which documents specific interventions unique to the individual, which define service requirements and facilitate the plan of treatment.

2. The interdisciplinary care plan shall identify and document the beneficiary's problems and causative or

contributing factors and is derived from the comprehensive assessment. The plan shall be coordinated and certified by the registered professional nurse with active participation of the Medicaid beneficiary and/or significant other. The

scope of the plan shall be determined by the actual and anticipated needs of the Medicaid beneficiary and shall include: physiological, psychological and environmental factors; beneficiary/family education; and discharge

planning. The care plan shall be a documented, accessible record of individualized care which reflects current standards of professional practice and includes:

- i. Identified problems (needs) and contributing factors;
- ii. Specific and measurable objectives (outcomes) which provide a standard for measurement of care plan effectiveness;
- iii. The plan of care shall emphasize interventions which prevent deterioration, maintain wellness and promote maximum rehabilitation; and
- iv. The initial interdisciplinary care plan shall be completed and implemented within 21 days of admission and shall be reviewed regularly and revised as often as necessary, according to all significant changes in a beneficiary's condition and to attainment of and/or revisions in objectives as indicated. Review and appropriate revision shall be done at least every three months and whenever the clinical status of the beneficiary changes significantly or requires a change in service provision.

3. Implementation of the interdisciplinary care plan and delivery of nursing care shall be documented within nursing progress (clinical) notes, which shall establish a format for recording significant observations or interaction, unusual events or responses, or a change in the Medicaid beneficiary's condition, which requires a change in the scope of service delivery. Specific reference shall be made to the beneficiary's reactions to medication and treatments, rehabilitative therapies, additional nursing services in accordance with N.J.A.C. 8:85-2.2(a), observation of clinical signs and symptoms, and current physical, psychosocial and environmental problems. Nursing entries shall be made as often as necessary, based on the Medicaid beneficiary's condition and in accordance with the standards of professional nursing practice.

4. Assessment review is the process of ongoing evaluation of health service needs and delivery. Nursing actions shall be analyzed for effectiveness of care plan implementation and achievement of objectives. The registered professional nurse, along with the Medicaid beneficiary and/or significant other, shall participate with the team in the ongoing process of evaluation, reordering priorities, setting new objectives, revision of plans for care and the redirection of service delivery.

- i. The assessment review process shall be conducted quarterly. Conclusions shall be documented on the SRA quarterly review, and the interdisciplinary care plan shall be updated to provide a comparison of the Medicaid beneficiary's previous and present health status, and to outline changes in service delivery and nursing interventions. The assessment review shall identify the effectiveness of, and the Medicaid beneficiary's response to, therapeutic interventions, and,

whenever possible, the reason for any ineffectiveness in beneficiary responses.

(d) Restorative nursing is a primary component in the NF level of nursing care. Restorative nursing addresses preventable deterioration and is directed toward assisting each beneficiary to attain the highest level of physical, mental, emotional, social and environmental functioning. Restorative nursing functions shall include:

1. Supervision, direction, assistance, training or retraining in all phases of activities of daily living to promote independence or growth, and to develop or restore function to the extent the individual is able (bathing, dressing, toileting, transfers and ambulation, continence, and feeding);
2. Discharge planning which focuses on assessment of the caregiving potential of the resident, family or significant other. The nurse shall, along with other members of the interdisciplinary team, extend the assessment beyond the needs of the resident to include assessment of the caregivers' ability to provide long-term care and their need for information on normal growth, development or aging; care needs; medication and treatment; home safety and the need for additional supports, both formal and informal, in preparation for the resident's return to the community;
3. Proper positioning of the individual in bed, wheelchair or other accommodation to prevent deformities and pressure sores;
4. Program of bowel and bladder retraining for incontinence, in accordance with the individual's potential for restoration;
5. Range of motion exercises, active and passive, as necessary;
6. Follow-up care as required for physical therapy, occupational therapy and/or speech-language pathology services;
7. Follow-up care as required for uncomplicated plaster care; assistance with adjustment to and use of prosthetic and/or orthotic devices;
8. Routine care and maintenance of ostomies (that is, cleansing and appliance change and instruction for self care);
9. Resident education relative to health care, special diet, and, if ordered by the physician, self-administration of medication;
10. Encouragement of resident participation in, and monitoring resident response to, individual or group activities and therapies for psychosocial maintenance and restoration; and
11. In a NF providing care to children, the application of the principles of growth and development in planning,

implementing and evaluating care needs; consideration of the child's physical and developmental functioning with respect to his/her need for recreational and educational stimulation and growth; and application of behavior modification techniques in the management of developmental and disability-related behavior problems.

(e) The 2.5 hours of nursing care provided shall also include, but not be limited to, the following nursing procedures, therapies and activities:

1. Safe and appropriate administration of medications;
2. Emergency care (for example, oxygen, injections, resuscitation);
3. Observation, recording, interpretation and reporting of vital signs, height and weight;
4. Intake and output recording, as clinically indicated;
5. Catheter care including intermittent or continuous bladder irrigations, intermittent catheterizations, and use of other drainage catheters;
6. Preparations for laboratory procedures and collection of laboratory specimens;
7. Telephone pacemaker or electrocardiogram checks;
8. Terminal illness management, when there is need for supportive services and intensive personal care;
9. Heat or cold treatments as ordered by the physician;
10. Risk determination for pressure sores using a standardized assessment instrument and implementation of necessary preventive measures as clinically indicated (for example, mattress overlays or cushions, positioning schedule, range of motion, nutrition support, skin care and skin checks);
11. Care of Stage I and II pressure sores, as follows:
  - i. A Stage I pressure sore is an area of redness which does not respond to local circulatory stimulation. It involves the epidermis. No break in the skin is evident;
  - ii. A Stage II pressure sore is a partial thickness, loss of skin layers with epidermis and possibly dermis involvement. A shallow ulcer or blister appears, and the site is free of necrotic tissue;
  - iii. An individual who enters the NF without pressure sores should not develop them unless the individual's condition demonstrates pressure sores were unavoidable. Treatment of superficial skin tears, wounds, excoriations and lesions shall be included in the 2.5 hours of care;
12. The long-term care of a simple stabilized tracheostomy with minimal care and supervision by licensed staff;

13. Uncomplicated administration of respiratory therapies requiring minimal staff assistance, direction, and supervision;

14. Protection of individuals through the appropriate use of universal precautions, in accordance with Centers for Disease Control guidelines published in the Morbidity and Mortality Weekly Report, volume 38, number 5-6 (Centers for Disease Control, Atlanta, GA 30333);

15. Appropriate use of restraints (physical and/or chemical), in accordance with the physician's order and N.J.A.C. 8:39 licensure standards, and clinically appropriate measures to guarantee the safety of individuals (for example, side rails);

16. Observation, supervision and recording of basic nutritional states for maintenance of current health status and prevention of deficiencies;

17. Observation, supervision and instruction concerning special dietary requirements during ongoing adjustment to treatment regimen for diagnosed medical conditions;

18. Nursing treatment, observation and/or direction of mental status impairment which necessitates nursing supervision and intervention (for example, marked confusion and/or disorientation in one, two, or three spheres (time, place and/or person), marked memory loss, severe impairments in judgment); and

19. Emotional support and counseling on an ongoing basis, and during adjustment to impaired physical and mental states, including observation for changes in affect and mood which may require special precautions and/or therapies.

(f) Nursing services requiring additional nursing hours pursuant to (a)1 through 7 above, in excess of those services included in NF level of nursing care as that term is described in (b) through (e) above, are described at (f)1 through 7 below. An individual beneficiary may require one or more additional nursing services, however, each category of additional nursing service may only be counted once for each individual beneficiary.

1. Wound care (0.75 hour per day), which includes, but is not limited to, ulcers, burns, pressure sores, open surgical sites, fistulas, tube sites and tumor erosion sites. In this category are Stage II pressure sores encompassing two or more distinct lesions on separate anatomical sites, Stage III and Stage IV pressure sores.

i. Tube site and surrounding skin related to ostomy feeding is not to be counted as an additional nursing service unless there are complicating factors such as: exudative, suppurative or ulcerative inflammation which require specific physician prescribed intervention provided by the licensed nurse beyond routine cleansing and dressing.

ii. Stage III and Stage IV are defined as follows:

(1) Stage III. The wound extends through the epidermis and dermis into the subcutaneous fat and is a full thickness wound. There may be inflammation, necrotic tissue, infection and drainage and undermining sinus tract formation. The drainage can be serosanguinous or purulent. The area is painful.

(2) Stage IV. The pressure wound extends through the epidermis, dermis, and subcutaneous fat into fascia, muscle and/or bone. Eschar, undermining, odor and profuse drainage may exist.

(3) Other wounds which may be categorized under wound care as defined in (f)1 above include:

(A) Open wounds which are draining purulent or colored exudate or which have a foul odor present and/or for which the individual is receiving antibiotic therapy;

(B) Wounds with a drain or T-Tube;

(C) Wounds which require irrigation or instillation of a sterile cleansing or medicated solution and/or packing with sterile gauze;

(D) Recently debrided ulcers;

(E) Wounds with exposed internal vessels or a mass which may have a proclivity for hemorrhage when dressing is changed (for example, post radical neck surgery, cancer of the vulva);

(F) Open wounds, widespread skin disease or complications following radiation therapy, or which result from immune deficiencies or vascular insufficiencies; and

(G) Complicated post-operative wounds which exhibit signs of infection, allergic reactions or an underlying medical condition that affects healing.

2. Tube feeding (1.00 hour per day), which includes nasogastric tubes, percutaneous feedings and the routine care of the tube site and surrounding skin of the surgical gastrostomy, provided that all non-invasive avenues to improve the nutritional status have been exhausted with no improvement; NF staff shall document in the clinical record the non-invasive measures provided, the individual's poor response and the medical condition for which the feedings are ordered; and the feedings are providing the individual with either 51 percent or more calories per day, or 26 to 50 percent calories and 501 milliliters or more of enteral fluid intake per day.

i. Feeding tubes that do not meet the dietary administration and nutritional support criteria as stated in (f)2i or ii above are covered under NF level of nursing care and are not counted as an additional nursing service.

3. Oxygen therapy (0.75 hours per day), which includes the provision of episodic oxygen therapy to increase the saturation of hemoglobin (Hb) without risking oxygen

toxicity in beneficiaries with airway obstructive conditions such as asthma, chronic obstructive pulmonary disease or heart failure. The beneficiary requires frequent, recurring, and ongoing pulse oximetry monitoring. The licensed nurses assess lung function and the beneficiary's symptoms that require intervention by the physician, physician assistant or advanced practice nurse.

4. Tracheostomy (1.25 hours per day), which includes:

i. New tracheostomy sites;

ii. Complicated cases involving either symptomatic infections or unstable respiratory functioning; or

iii. Frequent, recurring, and ongoing suctioning.

5. Intravenous therapy (1.50 hours per day), which includes (b)5i, ii, or iii below, provided that, when clinically indicated, intravenous medications are appropriately and safely administered within prevailing medical protocols; and, if intravenous therapy is for the purpose of hydration, NF staff shall document in the clinical record all preventive measures and attempts to improve hydration orally, and the individual's inadequate response.

i. The administration and maintenance of clinically indicated therapies by the NF, as ordered by the physician, such as total parenteral nutrition, clysis, hyperalimentation, and peritoneal dialysis;

ii. The administration of fluids or medications by the NF, as ordered by the physician, by means of lines or ports such as central venous lines, Hickman/Broviac catheters, or heparin locks and the flushing and dressing thereof; or

iii. The flushing and dressing of lines or ports such as central venous lines, Hickman/Broviac catheters, or heparin locks, by the NF, as ordered by the physician, for an identified treatment purpose and usage timeframe.

6. Respiratory services (1.25 hours per day), which includes the provision of respiratory services as to which the individual is dependent upon licensed nursing staff to administer, such as positive pressure breathing therapy, Bilevel Positive Airway Pressure (BiPAP), Continuous Positive Airway Pressure (CPAP) or aerosol therapy. The use of hand-held inhalation aerosol devices, commonly referred to as "puffers", is not included in this add-on service.

7. Head trauma stimulation; and advanced neuromuscular or orthopedic care (1.50 hours per day), as follows:

i. Care of head trauma is directed toward individuals who are stable (have plateaued) and can no longer benefit from a rehabilitative unit or unit for specialized care of the injured head. Individuals shall have access to and periodic reviews by such specialists as a neurologist, neuropsychologist, psychiatrist and vocational rehabilitation specialist, in accordance with their clinical needs.

There shall also be contact with appropriate therapies, such as physical therapy, speech-language pathology services and occupational therapy. The distinguishing characteristic for add-on hours for head trauma is the necessity for ongoing assessment and follow-up by licensed nursing personnel focusing on early identification of complications, and implementation of appropriate nursing interventions. Nursing protocols may be initiated which are specifically designed to meet individual needs of head injured individuals. The nurse may also supervise a coma stimulation program, when this need is identified by the interdisciplinary team.

ii. Advanced neuromuscular care needs will be identified by the physician for individuals during an unstable episode or where there is advanced and progressive deterioration in which the individual requires observation for neurological complications, monitoring and administration of medications or nursing interventions to stabilize the condition and prevent unnecessary regression.

iii. Advanced orthopedic care is the care of plastered body parts with a pre-existing peripheral vascular or circulatory condition requiring observations for complications and monitoring and administration of medication to control pain and/or infection. Such care also involves additional measures to maintain mobility; care of post-operative fracture and joint arthroplasty, during the immediate subacute post-operative period involving proper alignment; teaching and counseling and follow-up to therapeutic exercise and activity regimens. Individuals in this group shall be identified by the physician as needing advanced orthopedic care. If the requirement for advanced orthopedic care exceeds 30 days, clinical need must be demonstrated and clearly documented by the interdisciplinary team.

Recodified from N.J.A.C. 10:63-2.2 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).  
Rewrote the section.

#### Case Notes

Testimony and evidence presented on a nursing home resident's behalf failed to articulate a proper basis for reimbursing the \$29,000 cost of a specialized wheelchair because federal law requires that the Division of Medical Assistance and Health Services avoid the unnecessary utilization of services, the wheelchair was not medically necessary for the diagnosis or treatment of a disease, injury, or condition in accordance with N.J.A.C. 10:49-5.5(a)1, and the Medicaid program does not cover durable medical equipment when not considered cost-effective for a beneficiary's treatment. Specifically, providing necessary assistance to the resident in the resident's current wheelchair was within the nursing staff's responsibility and was care already included in the rate the Division paid to the nursing facility as a Medicaid provider, and the resident would not have been able to leave the nursing home in the foreseeable future. *J.R. v. DMAHS*, OAL Dkt. No. HMA 10958-04, 2005 N.J. AGEN LEXIS 1317, Final Decision (October 14, 2005).

#### 8:85-2.3 Physician services

(a) General requirements for physician services shall be as follows:

1. Each Medicaid beneficiary's care shall be under the supervision of a New Jersey licensed attending physician chosen by, or agreed to by, the Medicaid beneficiary, or if the beneficiary is incompetent, by the family or legal guardian.
2. In a NF providing care to children, the attending physician shall be board certified/eligible by the American Board of Pediatrics or the American Board of Family Practice.
3. The NF shall maintain arrangements that assure that the services of a New Jersey licensed physician who can act in case of emergency, are continuously available.

(b) Requirements for a medical director shall be as follows:

1. The NF shall retain, pursuant to a written agreement, a physician licensed under New Jersey law to serve as Medical Director on a part-time or full-time basis as is appropriate for the needs of the residents and the size of the facility. The Medical Director shall be responsible for the overall development of medical policies and coordination of the medical care in the facility to ensure the adequacy and appropriateness of medical services provided to beneficiaries and to monitor the health status of employees.

- i. In a NF providing care exclusively to children, the medical director shall be certified/eligible by the American Board of Pediatrics or the American Board of Family Practice.

2. The duties of the medical director shall include, but not be limited to, the following:

- i. Participation in the development of written policies, rules and regulations which are approved by the governing body of the facility;

- ii. Delineation of the responsibilities of the attending physician(s) and ensuring that visits by medical consultants occur as needed;

- iii. Acting as liaison between administration and medical staff for improving services and ensuring the carrying out of responsibilities of the medical staff;

- iv. Surveying the execution of resident care policies, which includes a periodic evaluation of the adequacy and appropriateness of the services of health professional and supporting staff and monitoring the health status of the facility's employees;

v. Participation in the review of incidents and accidents that occur on the premises to identify hazards to health and safety of employees and residents. The Medical Director is given appropriate information to help ensure a safe and sanitary environment for residents and personnel;

vi. Ensuring that the medical regimen is incorporated in the resident care plan;

vii. Participation in the facility's quality assurance program through meetings, interviews and/or preparation or review of reports regarding infection control, pharmaceutical services, credentials, resident care, etc.;

viii. Collaboration with administration in the planning of educational programs for facility staff;

- ix. Reviewing written reports of surveys and inspection and making recommendations to the administrator;
- x. Participation in special projects, such as medical evaluation studies;
- xi. Negotiating and resolving problems with the medical community;
- xii. Responding quickly and appropriately to medical emergencies that are not handled by another attending physician; and
- xiii. Ensuring that, for each Medicaid beneficiary, there is a designated primary and alternate physician who can be contacted when necessary.

(c) Requirements for an attending physician shall be as follows:

1. Initial medical findings and physician's orders;

i. There shall be available to the NF, prior to, or at the time of admission, resident information that includes medical history, diagnosis, current medical findings, medical plan of care and rehabilitation potential.

ii. If the resident is transferred from another health care facility, a transfer summary of the course of treatment including findings of diagnostic services shall accompany the resident. If the transfer summary information is not available in writing in the facility upon admission of the resident, it shall be obtained by the facility after admission.

iii. There shall be orders from a physician for the immediate care of the resident, to include, at a minimum, medications, dietary needs, hygiene, level of activity, and special therapies, if applicable. A current health facility discharge summary containing the information is acceptable.

(1) If medical orders for the immediate care of the resident are unobtainable at the time of admission, the physician with responsibility for emergency care shall give temporary orders.

(2) Each resident shall be examined by a physician within five days before, or 48 hours after admission.

2. The attending physician shall also be responsible for initial and ongoing medical evaluation, as follows:

i. The medical assessment of the Medicaid beneficiary shall begin at the time of admission to a NF and shall be the foundation for the planning, implementation, and evaluation of medical services directed toward the care needs of the resident.

ii. The medical assessment shall consist of the complete, documented, and identifiable appraisal (from the time of admission to discharge) of the Medicaid beneficiary's current physical and psychosocial health status. The medical assessment shall be utilized to determine

the existing and potential requirements of care. The evaluation of the data obtained from the medical assessment shall lead to the development of the medical services portion of the interdisciplinary care plan. The assessment data shall be available to all staff involved in the care of the resident.

iii. The tools utilized in the assessment process shall include a complete history and physical examination, eliciting medically defined conditions and prior medical history, admission form(s), transfer form(s), HSDP, and data from other members of the interdisciplinary team.

iv. Other Medicaid recipient data utilized should include:

- (1) Clinical physical and psychological symptoms and signs;
- (2) Capabilities to perform functional activities of daily living;
- (3) Sensory (hearing, speech, and vision) and physical impairments;
- (4) Medical necessity of additional nursing services, in accordance with N.J.A.C. 8:85-2.2;
- (5) Nutritional status and requirements;
- (6) Special treatments or procedures (including laboratory and other diagnostic services);
- (7) Psychosocial status;
- (8) Dental condition;
- (9) Activities potential;
- (10) Rehabilitation potential;
- (11) Cognitive status;
- (12) Drug therapy;
- (13) Safety requirements;
- (14) Attention to comfort and dignity; and
- (15) Plans of alternative care, when applicable.

v. In addition to the requirements in (c)2iv above, medical evaluations of children in a NF shall include the following:

- (1) Assessment of developmental status;
- (2) Measurement and recording of head circumference until the age of 24 months;
- (3) Measurement and recording of blood pressure, from age three;
- (4) Assessment of immunization status and administration of appropriate immunizations according to the recommendations of the Academy of Pediatrics;
- (5) Hemoglobin determination once during each of the following times: six to eight months, two to six years, and 10 to 12 years of age;

- (6) Urinalysis—a minimum of once between age 18 and 24 months and once between 13 and 15 years of age;
- (7) Tuberculin testing once during each of the following times: nine to 12 months, four to six years, and 10 to 15 years of age; and
- (8) Lead screening (EP Test) upon admission.
- vi. As an active member of the interdisciplinary team, the attending physician shall:
- (1) Identify and document the medical needs of the Medicaid beneficiary;
  - (2) Be attentive to and develop individualized preventive, maintenance, restorative and/or rehabilitative medical interventions in relation to the physical and psychosocial needs identified in order to prevent deterioration, maintain wellness and promote maximum development or restoration;
  - (3) Be observant of clinical signs and symptoms of the Medicaid beneficiary;
  - (4) Perform, annually, a complete physical examination, as the medical component of the comprehensive resident assessment;
  - (5) Periodically evaluate and be cognizant of the Medicaid beneficiary's total clinical record including the interdisciplinary care plan and facilitate necessary changes as medically indicated;
  - (6) Identify and document the effectiveness of, and the Medicaid beneficiary's response to, therapeutic intervention such as medications, treatment and special therapies, and, where possible, the reason for any ineffectiveness in the Medicaid beneficiary's responses.

3. Physician progress notes shall:

- i. Be maintained in accordance with accepted professional standards and practices as necessitated by the Medicaid beneficiary's medical condition;
- ii. Be a legible, individualized summary of the Medicaid beneficiary's medical status and reflect current medical condition, including clinical signs and symptoms; significant change in physical or mental conditions; response to medications, treatments, and special therapies; indications of injury including the date, time and action taken; medical necessity for extent of change in the medical treatment plan; and
- iii. Be written, signed, and dated at each visit.

4. Physician orders shall be completed as follows:

- i. Orders concerning medications and treatment shall be in effect for the specified number of days indicated by the physician, but in no case shall exceed a period of 60 days. Vague and blanket orders shall not be acceptable. The physician shall review all orders and re-

confirm in writing with signature and date, when any orders are continued.

- ii. Stop orders shall conform with the standards of the Formulary Committee of the facility.

5. Physician visits shall be conducted as follows:

- i. All required physician visits shall be made by the physician personally, or a physician assistant or nurse practitioner, as permitted by State law.

(1) For the first 90 days, the Medicaid beneficiary shall be visited and examined every 30 days. Thereafter, with written justification, the interval between visits may be extended for up to 60 days.

(2) Additional visits shall be made when significant clinical changes in the Medicaid beneficiary's condition require medical intervention.

Recodified from N.J.A.C. 10:63-2.3 and amended by R.2005 d.389, effective January 17, 2006.  
See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).  
Rewrote the section.

**Case Notes**

Former N.J.A.C. 10:63-2.3 (now N.J.A.C. 8:85-2.3) is not a regulation administered by the Board of Medical Examiners for purposes of a license suspension/revocation hearing brought pursuant to N.J.S.A. 45:1-21; these regulations require that long-term-care facilities provide assessment and care plans for each resident. In re Suspension or Revocation of License of Anama, OAL Dkt. No. BDS 2628-02, 2007 N.J. AGEN LEXIS 394, Initial Decision (June 11, 2007).

**8:85-2.4 Rehabilitative services**

(a) Rehabilitative services include physical therapy, occupational therapy, and speech-language pathology services provided by a qualified therapist for the purpose of attaining maximum reduction of physical or mental disability and restoration of the resident to his or her best functional level. Rehabilitative services shall be made available to Medicaid beneficiaries as an integral part of an interdisciplinary program. Rehabilitative services shall not include physical medicine procedures administered directly by a physician, or physical therapy which is purely palliative, such as the application of heat per se, in any form; massage; routine calisthenics or group exercises; assistance in any activity; use of a simple mechanical device; or other services not requiring the special skill of a qualified therapist.

1. If the attending physician orders an evaluation for physical, speech-language pathology services or occupational therapy, an appropriately qualified therapist shall perform an assessment to determine the need for services. The therapist shall complete a written report of therapy recommendations within 14 days of the physician's order and shall include the report in the clinical record, for review by the attending physician.

2. Rehabilitative treatment shall be provided under the direct supervision and in the presence of a qualified

therapist or psychiatrist, only upon the written signed order of the physician who shall indicate modality and frequency and duration of treatments. The attending physician shall evaluate each resident's response to therapeutic services on a monthly basis. Continuance of said services shall be based on documentation of a potential for significant functional improvement within a reasonable time frame.

i. Rehabilitation therapy services shall be integrated with medical, nursing, recreational and social services to promote development or restoration of the resident to his/her maximum potential and reviewed in conjunction with other periodic reviews of the interdisciplinary care plan.

3. Rehabilitative services shall be provided by qualified therapists employed by or under contract to:

- i. An approved home health agency;
- ii. A licensed or accredited general or special hospital;
- iii. An approved independent outpatient health facility; or
- iv. A NF.

4. Rehabilitative services are considered part of the NF's cost. Reimbursement for such services is included in the NF's per diem rate.

Recodified from N.J.A.C. 10:63-2.4 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

In introductory paragraph (a), added "or her" following "his" and substituted "beneficiaries" for "recipients".

### 8:85-2.5 Resident activities

(a) An ongoing resident activities program shall be established as an adjunct to the treatment program and an integral component of the interdisciplinary plan of care. The program shall be a planned schedule of appropriate social, physical, spiritual, psychological, leisure, cognitive, vocational and educational activities designed to meet the needs, interests, and behaviors of all residents, whether ambulatory, chair bound, or bedfast. In a facility providing care to children, activities programming shall be geared to the child's developmental and behavioral needs.

(b) Activities shall enable the residents to maintain a sense of usefulness and self-respect, and when possible, help to prevent regression. Activities shall encourage development or restoration to self-care and resumption of normal activities, stimulate and maximize the total functional ability of the resident and assist the resident to integrate into the social life of the facility. Families and friends of the resident shall be encouraged to accompany the resident to activities.

(c) Outside community resources, such as the Commission for the Blind, Office of Education, Divisions of Developmental Disabilities and Vocational Rehabilitation shall be

accessed to develop needs-specific activities. Community outreach shall be done to encourage community groups to participate in programs in the facility. Residents also shall be encouraged to participate in programs in the community.

(d) Resident activities staffing requirements are as follows:

1. The resident activities director shall meet the qualifications required by N.J.A.C. 8:39-7, Mandatory Patient Activities. In a facility providing care exclusively to children, the resident activities director who does not possess a baccalaureate degree shall have one year of the required three years of experience in a recreational program for children.

2. The facility shall appoint a resident activities director who shall provide resident activity services in the facility on an average of 45 minutes per week per resident. Additional resident activity staff time shall be provided at a ratio of no less than 1:53 residents.

3. The use of volunteers should be encouraged as adjuncts to staff. Volunteers should be trained and supervised in the performance of their duties by qualified staff.

(e) Scheduling requirements are as follows:

1. A monthly schedule of activities in large print shall be conspicuously posted so that residents and staff are aware of daily programs.

2. There shall be a diversity of activities seven days per week and during at least two evenings per week. Evening activities shall be scheduled after the evening meal.

3. The Residents' Council shall have the opportunity to meet at least monthly. All residents shall be given the opportunity to have input into programming.

(f) Space and equipment requirements are as follows:

1. Sufficient space shall be provided for group activities and for each resident's individual use. Activity areas shall be accessible to all residents. Programs shall be provided on the resident units as well as general activity areas.

2. Community social and recreational facilities shall be utilized for those able to do so. Transportation shall be provided to and from destinations in the community.

3. Adequate indoor and outdoor recreational areas shall be provided with sufficient equipment and materials available to support ongoing programs as well as self-directed activities.

4. In a facility providing care to children, a safe, handicapped accessible outdoor play area shall be provided.

(g) Resident planning requirements are as follows:

1. Activities staff shall be integral members of the interdisciplinary team and shall participate in all resident care conferences and quarterly reviews. Resident activities staff shall have input into the assessment.

2. Activities staff shall conduct an initial assessment of activity needs within 14 days after the date of admission. The assessment shall include the resident's current functioning, past lifestyle, interests, skills, employment, hobbies, organizational memberships, and religious preferences. This information shall form the basis for the activities component of the SRA.

3. The activities staff shall be aware of each resident's physical and medical limitations and restrictions, so that activities participation is coordinated with the treatment plan.

4. A plan for the resident's activities program shall be formulated, with the active participation of the resident, if possible. Resident goals shall be developed as an outcome of the SRA and in conjunction with the interdisciplinary care plan.

5. Progress towards goals shall be evaluated with the resident at least quarterly in conjunction with the interdisciplinary review of the care plan. If a resident's functional status changes, resident activity staff shall review the activity plan and make revisions of goals, if necessary.

6. Residents shall be encouraged to participate in a variety of activities. Outreach efforts to involve residents in activities programs shall be the responsibility of all staff.

7. All staff of the facility shall be trained at least yearly in the value of an activities program for overall effective resident care and shall encourage participation in activities.

8. On readmission after a period of hospitalization, an activities worker shall review the resident's functioning and shall participate in a reassessment, if a significant change has occurred.

Recodified from N.J.A.C. 10:63-2.5 by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

### 8:85-2.6 Social services

(a) Social work services shall have as their fundamental purpose the enhancement of a resident's sense of well-being and control over his life to the fullest extent possible. Social work interventions shall be geared to the resident's strengths, regardless of the extent of disability and shall be designed to enhance coping skills. Social work services shall help residents make the fullest use of nursing facility life, and shall assist residents in discharge to community living.

(b) Social workers shall assist residents with the emotional reactions to pain and functional loss, interpersonal conflicts, fear of death, and other issues impacting on the quality of life.

Supportive intervention and encouragement shall be provided. The social worker collaborates with other staff to maximize opportunities for choice and individual expression. Social workers shall monitor a resident's concrete and personal needs and shall serve as primary advocates for the resident in the NF.

(c) Social work services shall not include:

1. Clerical or billing activity;
2. Public relations activity that does not relate to social work services; or
3. Medical records monitoring responsibilities.

(d) Social services staffing and qualifications shall be as follows:

1. Social work services shall be provided in accordance with accepted professional practice by persons who meet the qualifications for social worker as defined in the Social Workers' Licensing Act of 1991 N.J.S.A. 45:15BB-1 et seq. and the licensure requirements of N.J.A.C. 8:39-39. In a NF providing care to children, it is recommended that social service staff receive consultation and training in social care for children.

2. The facility shall provide a minimum of one full-time equivalent social worker for every 120 residents. In a facility with more than 120 residents, one social worker shall coordinate the work of the department.

(e) Social services assessment and care planning shall be as follows:

1. The social worker shall meet with the resident and family prior to or following admission and shall conduct a social assessment. The social assessment shall be completed within 14 days of admission and shall provide the basis for social service input into the SRA. The assessment shall gather sufficient information to provide an accurate understanding of the individual and shall include the following:

- i. Current problem areas, factors that led to placement, and reactions to placement by the resident and family;
- ii. Lifestyle and living arrangements before placement;
- iii. Family composition, place of birth, marital history, number and location of children;
- iv. Social history, which includes personality factors, adaptation to change and disability, interest, religious ties, community activities, medical and psychiatric history, substance abuse; and
- v. Discharge criteria.

2. As an integral member of the interdisciplinary team, the social worker shall have active input into the

completion of the Standardized Resident Assessment (SRA). The social worker shall attend resident care conferences and quarterly reviews.

3. Resident goals shall be developed as an outcome of the SRA and in conjunction with the interdisciplinary care plan. The resident and family shall be included in the development of goals if possible.

4. Reassessment of the resident's social needs shall be done annually in conjunction with the interdisciplinary team's review of the SRA. Any new social information shall be recorded in the progress notes.

5. Expectations regarding potential discharge shall be discussed fully with all residents and families on admission. The special needs of residents identified as only needing short term placement (Track II) during pre-admission screening shall be discussed with the resident and family on admission. The family's criteria for discharge shall be fully explored and goals for discharge shall be incorporated into the interdisciplinary care plan.

6. Progress towards goals shall be reviewed with the interdisciplinary team quarterly, or when significant changes occur. Residents and families shall be included in the interdisciplinary care plan review, if possible. Goals shall be based on a current review of resident and family needs and the existing problems to be addressed, as reflected in the current SRA.

7. The social worker shall remain familiar enough with each resident to have an understanding of each resident's psycho-social function and to provide assistance as needed.

8. The social worker shall document important or unusual events and other circumstances which require social service intervention.

9. The record shall reflect the resident's current psycho-social functioning and social work interventions.

10. On readmission of a resident after a period of hospitalization, the social worker shall review the resident's functioning and participate in a reassessment if a significant change has occurred. If a new chart is opened on readmission, a copy of the original social assessment shall be included.

11. The resident's written consent (or that of a responsible person acting on his or her behalf) shall be obtained before social service information is transmitted to an outside agency or individual. The consent form shall be on the resident's chart. All personnel having access to the record shall be trained to appreciate its confidential nature.

(f) Social services consultation shall be as follows:

1. The social worker shall provide consultation services to residents and family members at the time of admission.

2. Consultation shall be given to the resident when the need arises, upon referral, or when the resident requests it.

Situations which may require consultation include problems in adjusting to functional limitations and losses and decline in cognitive functioning involving loss of memory, confusion, and disorientation. Social work consultation may also be used to help residents deal with depression, anxiety, and lack of motivation and other problems affecting interpersonal relationships, such as aggressive or self-isolating behavior.

3. The social worker shall provide crisis intervention when medical or personal crises occur, or when there is a death of a family member or other significant person. Consultation shall also be offered when residents require assistance in mourning losses that occur within the NF.

4. Social work intervention shall be provided when residents exhibit behavior problems, resistance to care, roommate conflicts, or other adjustment difficulties.

5. The social worker shall encourage residents to participate in their treatment plans and activities within and outside the facility, and to form satisfying and appropriate friendships with other individuals in the NF.

6. The social worker shall provide consultation to staff when interpersonal conflicts or behavior problems occur among residents or between residents and staff.

(g) Social work liaison services shall be as follows:

1. The social worker shall make frequent rounds in the NF, in order to maintain contact and to be accessible to residents who may require or be seeking assistance, and to maintain good communication with other staff.

2. Liaison contact with families shall be maintained by the social worker throughout a patient's stay. The frequency of contact shall depend on the resident's and family's needs.

3. The social worker shall be active in interpreting facility policies and procedures to the resident and his family during the initial period following admission. Questions, problems and complaints shall be addressed promptly.

4. The social worker shall act on a physician's order for a social service consultation within two working days.

5. The social worker shall assist in identifying residents who may be in need of psychological or psychiatric intervention.

6. The social worker shall assist staff in understanding the resident's personal situation and background in order to enhance the ability of staff to deal with the resident appropriately.

7. The social worker shall deal with problems concerning family visitation and support.

8. The social worker shall serve as a resource to assist families with social service needs and to locate other agencies for assistance.

(h) Social work supportive services shall be as follows:

1. The social worker shall ensure that the resident has sufficient clothing and other personal items and that the resident's basic needs are being met.

2. The social worker shall ensure that the resident's rights are protected and that the Personal Needs Allowance (PNA) is properly utilized.

3. The social worker shall assist residents in understanding and exercising their rights, including the right to make health care decisions.

4. The social worker shall assist the resident in obtaining needed entitlements, community, or legal services.

5. The social worker shall facilitate the acquisition of prosthetic and assistive devices if necessary.

6. The social worker shall assist the resident and/or family in applying for Medicaid benefits, when appropriate.

7. The social worker shall work with the Activities and/or Volunteer Services Departments to obtain visitors for residents who have no supportive family or are otherwise isolated, or who have communication difficulties due to a language barrier.

8. The social worker may develop support and education groups for residents and families, as appropriate. The social worker shall serve as coordinator or co-coordinator in family support groups held in the NF and shall participate actively in meetings of the Resident's Council.

(i) Social services discharge planning shall be as follows:

1. The social worker shall be the primary staff member responsible for coordinating and carrying out discharge planning.

2. Discharge planning is a process that begins on admission and continues throughout the resident's stay until discharge occurs or is no longer feasible. Discharge planning shall be a collaborative effort by the entire interdisciplinary team. The social worker shall work very closely with nursing staff and other therapists until discharge is accomplished.

3. All residents shall have the right to live in the least restrictive setting possible. The social worker shall, in concert with other members of the interdisciplinary team, identify residents who may have discharge potential.

4. The social worker shall consult the HSDP on admission to determine the recommendations of the

professional staff designated by the Department concerning discharge and to identify Track II residents.

5. All residents who appear to be appropriate for discharge shall have their needs reviewed. This review shall include physical and social functioning, medical needs in the community, current and potential supports, resources needed for community living, and psychological readiness for discharge.

6. Discharge planning shall be carried out by means of an interdisciplinary care plan that includes goals and time frames. Social work intervention geared towards discharge shall be recorded as interim notes. The discharge plan shall include:

i. The level of functioning which needs to be achieved by the resident prior to discharge;

ii. Housing needs: the availability of prior living arrangements and the type of future housing needed for successful discharge (for example, apartment, family home, rooming or boarding home, residential health care facility, foster home and/or shared housing);

iii. Any informal support systems available to the resident;

iv. Specific financial assistance needed by the beneficiary; and

v. Specific community resources needed for care in the community (for example, meals-on-wheels, day-care and/or home health assistance).

7. The social worker shall link the resident to necessary community resources and shall follow up to verify that services have been implemented.

8. The social worker shall assist in identifying the family's training needs for resident care in order to implement a successful discharge plan.

9. The social worker shall maintain active contact with the resident, his family, and significant others to support their involvement with the discharge plan.

10. The social worker shall be acquainted with formal resources that are available in the community and shall maintain an up-to-date resource file.

(j) In a NF providing care to children, the social services department shall initiate contact with the local school district when a child is admitted. The social worker shall also continue to serve as the coordinator between the local school district and the NF to facilitate the best care for the child.

Recodified from N.J.A.C. 10:63-2.6 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

In (i)4, substituted "professional staff designated by the Department" for "Medicaid RSN"; in (i)6iv, substituted "beneficiary" for "recipient".

SUBCHAPTER 3. COST REPORT, RATE REVIEW  
GUIDELINES AND REPORTING SYSTEM FOR  
LONG-TERM CARE FACILITIES

**8:85-3.1 Purpose and scope**

(a) These rules describe the methodology to be used by the State of New Jersey, Department of Health and Senior Services (Department), to establish prospective per diem rates for the provision of nursing facility services to residents under the State's Medicaid program.

(b) The Department believes that the strict application of these rules will generally produce equitable rates for the payment of nursing facilities (NFs) for the reasonable cost of providing routine patient care services. The Department recognizes, however, that no rules can be developed which

might not result in some inequities if applied rigidly and indiscriminately in all situations. Inequities could be in the form of rates that are unduly low or rates that are unduly high.

(c) Accordingly, in the case where a NF believes that, owing to an unusual situation, the application of these rules results in an inequity, the Department is prepared to review the particular circumstances with the NF. Appeals on the grounds of inequity should be limited to circumstances peculiar to the NF affected. They should not address the broader aspects of the rules themselves.

(d) On the other hand, these rules are not purported to be an exhaustive list of unreasonable costs. Accordingly, notwithstanding any inference one may derive from these guidelines, the Department reserves the right to question and

exclude any unreasonable costs, consistent with the provision of N.J.S.A. 30:4D-1 et seq.

(e) All rates established pursuant to these rules will be subject to onsite audit verification of costs and statistics reported by NFs.

(f) The nursing facility reimbursement formulae contained in this subchapter have been developed to meet the following overall goals:

1. To comply with Federal requirements that rates are reasonable and adequate to meet the cost that efficiently and economically operated facilities must incur to provide care in conformity with applicable State and Federal laws, rules, regulations and quality and safety standards.
2. To provide sufficient incentive to attract nursing facility investment, thereby reducing the reported Medicaid bed shortage; and
3. To end opportunities for excessive property cost reimbursement.

Amended by R.1985 d.705, effective January 21, 1986.  
 See: 17 N.J.R. 2331(a), 18 N.J.R. 189(a).  
 Old 1 and 2 deleted; new 1 added; old 3 and 4 recodified to 2 and 3.  
 Petition for Rulemaking; Notice of receipt of petition on Medicaid reimbursement system for long-term care facilities.  
 See: 22 N.J.R. 672(d).  
 Recodified from Subchapter Foreword and amended by R.1994 d.624, effective January 3, 1995.  
 See: 26 N.J.R. 3614(a), 27 N.J.R. 156(a).  
 Amended by R.1996 d.147, effective March 18, 1996.  
 See: 27 N.J.R. 3314(a), 28 N.J.R. 1535(a).  
 Recodified from N.J.A.C. 10:63-3.1 and amended by R.2005 d.389, effective January 17, 2006.  
 See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).  
 Rewrote (a) and made technical changes in (b) through (d).

**Case Notes**

Discussion of reimbursement to long-term care facilities for services rendered to Medicaid patients. In re: Medicaid Long Term Care Services Bulletin 84-2, 212 N.J.Super. 48, 513 A.2d 967 (App.Div.1986), certification denied 526 A.2d 125, 107 N.J. 31.

Settlement agreement did not allow long-term care facility to receive excess nursing costs. Bergen Pines County Hospital v. Division of Medical Assistance and Health Services, 93 N.J.A.R.2d (DMA) 95.

Administrator's salary as calculated using the N.J.A.C. 10:63-3.5 regression analysis formula was reasonable; actual salary paid was unreasonable; management fee payments to individual not actively engaged in day-to-day facility operation disallowed as not shown to be cost of doing business or an expense related to facility activities. In re: Cranford Hall Nursing Home, 8 N.J.A.R. 463 (1982), affirmed per curiam Dkt. No. A-1641-82 (App.Div.1984).

Discussion of reasonableness of inflation factor calculation, mortgage insurance categorization and reimbursement, housekeeping costs, application of square foot per bed and appraised value per square foot limitations and cost study late filing fee (Director's Final Decision). In re: Waterview Nursing Home, 8 N.J.A.R. 231 (1981), affirmed per curiam Dkt. No. A-3363-80 (App.Div.1982).

**8:85-3.2 Cost report preparation and timing of submission**

(a) Nursing facilities shall furnish required cost reports to the Department of Health and Senior Services, Office of Nursing Facility Rate Setting and Reimbursement, within 90 days of the close of each fiscal year. For the purpose of this subchapter, the period for which these actual data are reported will constitute the "base period" for establishing prospective per diem reimbursement rates commencing six months after the end of the base period. These rates will not be subject to routine retroactive adjustments except for matters specified in this subchapter. As required by Federal regulations at 42 CFR 447.304, prospectively determined payment rates will be redetermined at least annually.

(b) Where cost studies, and other required documents, are received beyond the 90 day filing requirements, the following schedule of penalties will be applied to current and/or subsequent reimbursement rates as the particular circumstances dictate:

Number of days after due date	Amount of penalty	Month(s) of penalty
1-15	\$ .25 per patient day	1st month
16-30	\$ .50 per patient day	1st month
31-60	\$ .50 per patient day	1st month
	\$1.00 per patient day	2nd month
61-90	\$ .50 per patient day	1st month
	\$1.00 per patient day	2nd month
	\$2.00 per patient day	3rd month
91 and thereafter	\$ .50 per patient day	1st month
	\$1.00 per patient day	2nd month
	\$2.00 per patient day	3rd month
	\$3.00 per patient day	4th and subsequent months

(c) Penalties will remain in force until such time that a cost report and other required documents, completed in accordance with "Care" guidelines, have been received. Penalties are not recoverable and are not allowable costs.

(d) The Assistant Commissioner, Division of Senior Benefits and Utilization Management, or a designee of the Assistant Commissioner, may mitigate or waive the penalties specified in (b) above, for "good cause" shown:

1. "Good cause" shall include but shall not be limited to, circumstances beyond the control of the nursing care facility, such as fire, flood or other natural disaster;
2. Acts of omission and/or negligence by the nursing facility, its employees, or its agents, shall not constitute "good cause" for waiving the penalty provisions;
3. All requests for mitigation and/or waiver of the penalty provisions must be submitted in writing, and accompanied by such documentation and/or supporting affidavits as the Assistant Commissioner may require.

(e) The penalty rates indicated in (b) above will be applied to cost reports commencing with the reporting periods ending May 31, 1980.

(f) A nursing facility cost report cannot be substituted or revised by a NF except during the 30 calendar days after the original due date of the cost report to the Department of Health and Senior Services, Nursing Facility Rate Setting and Reimbursement. However, such substitution or revision can be made if it would prevent an overpayment to the NF.

As amended, R.1979 d.482, effective January 1, 1980.

See: 11 N.J.R. 552(a), 12 N.J.R. 42(b).

As amended, R.1980 d.211, effective May 14, 1980.

See: 12 N.J.R. 84(b), 12 N.J.R. 323(b).

As amended, R.1982 d.87, effective March 9, 1981.

See: 12 N.J.R. 702(a), 13 N.J.R. 227(a).

(a) Deleted "to be in effect for one full year" after "per diem reimbursement rates."

As amended, R.1984 d.573, effective December 16, 1984.

See: 16 N.J.R. 2484(a), 16 N.J.R. 3437(a).

Added in (a): "As required .. at least annually".

Recodified from 10:63-3.1 and amended by R.1994 d.624, effective January 3, 1995.

See: 26 N.J.R. 3614(a), 27 N.J.R. 156(a).

Amended by R.1995 d.174, effective March 20, 1995 (operative April 1, 1995).

See: 27 N.J.R. 281(a), 27 N.J.R. 1307(a).

Recodified from N.J.A.C. 10:63-3.2 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

Section was "Timing"; rewrote the section.

#### Case Notes

Discussion of reimbursement to long-term care facilities for services rendered to Medicaid patients. In re: Medicaid Long Term Care Services Bulletin 84-2, 212 N.J. Super. 48, 513 A.2d 967 (App.Div.1986) certification denied 107 N.J. 31, 526 A.2d 125.

Any dispute by a specific nursing home with the determination of the rate of reimbursement payable to it under the New Jersey Medical Assistance and Health Services Act constitutes a "contested case" which would be heard by an administrative law judge and the hearing before an administrative law judge may be superimposed upon an informal administrative scheme for voluntary resolution of the dispute and may be substituted for both or either one of the administrative appeal levels. Atty.Gen.F.O.1979, No. 10.

Presumption of reasonableness of agency's rate methodology not rebutted by sufficient evidence; burden of proof improperly shifted to agency at hearing (Director's Final Decision). *Morris View Nursing Home v. Div. of Medical Assistance and Health Services*, 8 N.J.A.R. 561 (1983), affirmed per curiam Dkt. No. A-973-83 (App.Div.1985).

Administrator's salary as calculated using the N.J.A.C. 10:63-3.5 regression analysis formula was reasonable; actual salary paid was unreasonable; management fee payments to individual not actively engaged in day-to-day facility operation disallowed as not shown to be cost of doing business or an expense related to facility activities. In re: *Cranford Hall Nursing Home*, 8 N.J.A.R. 463 (1982), affirmed per curiam Dkt. No. A-1641-82 (App.Div.1984).

Challenge to Medicaid reimbursement rate on basis of failure to consider cost of related party lease; denied; administrative flexibility exercised to support cost containment principle in belief that related party leases result in unreasonable charges (Director's Final Decision). *Hudson Manor Skilled Nursing Facility v. Div. of Medical Assistance and Health Services*, 8 N.J.A.R. 283 (1983), affirmed per curiam Dkt. No. A-972-83 (App.Div.1984).

#### 8:85-3.3 Rate components

(a) The prospective rates will be "screened" rates per day calculated by applying standards and reasonableness criteria ("screens") for three classes of NFs:

1. Class I Proprietary and Voluntary NFs:
2. Class II Governmental NFs:

i. To qualify as a Class II Governmental NF, the NF shall meet all of the contractual requirements of the Department of Health and Senior Services and be a governmental operation.

3. Class III (Special Care) Nursing Facilities (SCNFs).

i. To qualify as a SCNF, the NF must meet all of the contractual requirements and be approved by the Department as a SCNF.

- ii. SCNFs shall be grouped by:

- (1) Ventilator/Respirator;
- (2) TBI/Coma;
- (3) Pediatric;
- (4) HIV;
- (5) Neurologically Impaired (NIP); and
- (6) Behavioral Management.

(b) The "screens" will be applied to the following five rate components as identified on reporting Schedule A:

1. Raw Food Costs;
2. General Service Expenses;
3. Property-Operating Costs;
4. Patient Care Expenses;
5. Property-Capital Costs (including return on investment).

(c) Reimbursement for therapy services will be made as follows:

1. For Class I and Class II programs, reimbursement will be made for physical, speech, and occupational therapy services to Medicaid patients for treatments which are not reimbursable by any other third party payor.

i. A per diem will be calculated for each facility by multiplying the number of otherwise unreimbursable base period Medicaid patient therapy sessions by \$7.00 and dividing the product by the total number of base period Medicaid patient days.

2. For Class III programs, all therapy costs for other than respiratory therapy will be reimbursed by a per diem, calculated by dividing total base period therapy costs for

Medicaid patients (less recoveries for medicaid patients) by total base period Medicaid patient days for each facility.

3. Respiratory therapist services (salary, fringes and/or fees) will be reimbursed to all Class III programs by dividing base period respiratory therapist salary, fringes and/or fees for respiratory therapist services, by total actual base period patient days.

(d) The development of the "screens" for Class I, Class II, and Class III NFs includes the governmental NFs' and SCNFs' reported costs and statistics in the following areas:

1. Administrator;
2. Assistant administrator; and
3. Median days per bed.

(e) Administrator and assistant administrator screens determined by (d) above, for NFs which combine Class I or Class II, and Class III programs will be allocated in the ratio of applicable (that is, Class I or Class II or Class III) patient days to the total NF patient days.

(f) The screen for each cost component of a Class III NF administered by a governmental facility will be the screen established for the Class III NF and not the Class II governmental screen.

(g) A provision for inflation will be added to reasonable base period costs in calculating the prospective rates as described in N.J.A.C. 8:85-3.19.

(h) All lease costs incurred as a result of related party transactions, will be excluded for reimbursement purposes.

1. A "related party" is defined in the "CARE" guidelines under Schedule F as:

i. A corporation, partnership, trust or other business entity:

- (1) Which has an equity interest of 10 percent or more of the facility;
- (2) Which has an equity interest of 10 percent or more in any business entity which is related by the definition in (h)1i(1) above or which has an equity interest of 10 percent or more in any business entity related by (h)i(2) of this section; or
- (3) In which any party who is a related party by any other definition (above or below) has an equity interest of 10 percent or more and which has a significant business relationship with the home.

ii. An individual:

- (1) Who has a beneficial interest of 10 percent or more in the net worth of the home; or
- (2) Who has a beneficial interest of 10 percent or more in an entity related by (h)1i(2) or (3) above; or

(3) Who is a relative of an individual who is related by the definition in (h)1ii(1) or (2) above;

(4) Beneficial interest is cumulative, if it relates to spouse, parent or children.

(i) In related lease transactions, the rent paid to the lessor by the provider is not allowable as cost. The provider, however, would include in its costs the property expenses of ownership of the facility. The effect is to treat the facility as though it were owned by the provider. The treatment of these non-allowable costs is consistent with Federal regulations as they apply to costs to related organizations.

(j) Any legal expenses and related fees associated with any action initiated by the facility that is dismissed on the basis that no reasonable ground existed for the institution of such action will be excluded for reimbursement purposes.

(k) The cost of legal services for the appeal of reimbursement rates shall be excluded for reimbursement purposes.

Amended by R.1979 d.482, effective January 1, 1980.

See: 11 N.J.R. 552(a), 12 N.J.R. 42(b).

Amended by R.1983 d.74, effective March 21, 1983.

See: 14 N.J.R. 742(a), 15 N.J.R. 442(b).

(c) and (d) added regarding lease transactions.

Amended by R.1984 d.573, effective December 16, 1984.

See: 16 N.J.R. 2484(a), 16 N.J.R. 3437(a).

Deleted "(a)4 and recodified (a)5-6 as (a)4-5.

Amended by R.1985 d.705, effective January 21, 1986.

See: 17 N.J.R. 2331(a), 18 N.J.R. 189(a).

The text "established at the ... 3, 4 or" deleted from (a).

Amended by R.1987 d.6, effective January 5, 1987.

See: 18 N.J.R. 257(a), 19 N.J.R. 126(a).

Recodified from 10:63-3.2 and amended by R.1994 d.624, effective January 3, 1995.

See: 26 N.J.R. 3614(a), 27 N.J.R. 156(a).

Amended by R.1995 d.174, effective March 20, 1995 (operative April 1, 1995).

See: 27 N.J.R. 281(a), 27 N.J.R. 1307(a).

Amended by R.1996 d.147, effective March 18, 1996.

See: 27 N.J.R. 3314(a), 28 N.J.R. 1535(a).

Recodified from N.J.A.C. 10:63-3.3 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

In (a)2i, substituted "Department of Health and Senior Services" for "Division of Medical Assistance and Health Services"; in (a)3i, deleted "of the Division of Medical Assistance and Health Services" and substituted "Department" for "Division"; in (a)3ii, deleted "the following types for separate screening purposes"; in (g), changed reference to "N.J.A.C. 8:85-3.19".

#### Case Notes

County hospital which did not participate in pre-adoption rulemaking proceedings is not entitled to an agency or court hearing. *Bergen Pines County Hospital v. New Jersey Dept. of Human Services*, 96 N.J. 456, 476 A.2d 784 (1984).

Unit staffing costs not reimbursable after case mix system became effective. *Matter of Seashore Gardens* October 1, 1990 Rates, 93 N.J.A.R.2d (DMA) 69.

Evidence failed to rebut presumption of reasonableness of agency's rate methodology. *Morris View Nursing Home v. Div. of Medical Assistance and Health Services*, 8 N.J.A.R. 561 (1983) affirmed per curiam Dkt. No. A-973-83 (App.Div.1985).

Rate reimbursement system challenged by facility utilizing minimum staffing report prepared for other purposes by the Department of Health. In re: Preakness Hospital, 8 N.J.A.R. 389 (1982).

Challenge to Medicaid reimbursement rate on basis of failure to consider cost of related party lease denied. Hudson Manor Skilled Nursing Facility v. Div. of Medical Assistance and Health Services, 8 N.J.A.R. 283 (1983), affirmed per curiam Dkt. No. A-972-83 (App.Div.1984).

### 8:85-3.4 Equalized costs

(a) In order to equitably develop and apply screens the following computation will be made:

1. General fringe benefits will be allocated to function as a percentage of salaries reported to develop total compensation. General fringe benefits will include the raw food value of free and subsidized meals to employees.

2. Costs will be equalized to adjust for timing differences among NF's fiscal years.

3. The term "equalized costs" means the net amount of compensation costs (salary and fringe benefits) plus other expenses, less expense recoveries and nonallowable costs, adjusted for timing differences among NF's fiscal years.

4. For NFs which provide residential, sheltered or domiciliary care, equalized nursing facility costs will be determined by apportioning equalized cost in the same ratio as the apportionment of unequalized net expenses.

5. The equalized net routine expenses will be apportioned to residential/sheltered care and nursing facility care in the same ratio as unequalized net routine expenses are apportioned, except in the case of land and building related items (see sections 6 and 10, of this subchapter).

6. In the calculation of costs screens, the per diem median runs and the cost regression analysis for the administrator/management screen will be calculated using actual patient days excluding bed hold days.

Amended by R.1990 d.428, effective August 20, 1990 (operative October 1, 1990).

See: 22 N.J.R. 118(a), 22 N.J.R. 2588(a).

Stylistic changes in referring to types of facilities.

Amended by R.1993 d.371, effective July 19, 1993.

See: 25 N.J.R. 433(a), 25 N.J.R. 3215(a).

Recodified from 10:63-3.3 and amended by R.1994 d.624, effective January 3, 1995.

See: 26 N.J.R. 3614(a), 27 N.J.R. 156(a).

Amended by R.1995 d.174, effective March 20, 1995 (operative April 1, 1995).

See: 27 N.J.R. 281(a), 27 N.J.R. 1307(a).

Recodified from N.J.A.C. 10:63-3.4 by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

#### Case Notes

Administrator's salary as calculated using the N.J.A.C. 10:63-3.5 regression analysis formula was reasonable. In re: Cranford Hall Nursing Home, 8 N.J.A.R. 463 (1982), affirmed per curiam Dkt. No. A-1641-82 (App.Div.1984).

### 8:85-3.5 Raw food costs

(a) Raw food costs per patient day for voluntary and proprietary NFs which provide their own food service and which had over 20 percent Medicaid patient days in the base period will be determined. NFs that contract for their dietary operations will be excluded. These per diem costs will be ranked in descending order on a Statewide basis. The reasonableness limit will be set at 120 percent of the median cost per day.

1. Governmental NFs which provide their own food service and which had over 20 percent Medicaid patient days in the base period will be ranked separately and the reasonableness limit will be set at 120 percent of their median cost per day.

2. SCNFs which provide their own food service will be ranked separately for each type of Class III NF and a reasonableness limit for each type will be set at 120 percent of the median cost per day.

(b) For NFs below this limit, prospective rates will be based upon actual costs. Where homes report unit costs 15 percent or more below the median, the Department will inspect the food operations for compliance with State standards.

(c) For NFs which exceed this reasonableness limit for raw food costs, a credit may be applied to offset the excess raw food costs if dietary/housekeeping/laundry and linen costs are below the reasonable limit established for dietary/housekeeping/laundry and linen costs. Any such credit shall not exceed the amount of the excess raw food cost.

Amended by R.1979 d.482, effective January 1, 1980.

See: 11 N.J.R. 552(a), 12 N.J.R. 42(b).

Amended by R.1984 d.573, effective December 16, 1984.

See: 16 N.J.R. 2484(a), 16 N.J.R. 3437(a).

(c) added: "Accordingly, a credit ... food cost excess".

Amended by R.1987 d.6, effective January 5, 1987.

See: 18 N.J.R. 257(a), 19 N.J.R. 126(a).

(a)1 added.

Recodified from 10:63-3.4 and amended by R.1994 d.624, effective January 3, 1995.

See: 26 N.J.R. 3614(a), 27 N.J.R. 156(a).

Amended by R.1999 d.74, effective March 1, 1999.

See: 30 N.J.R. 3191(a), 31 N.J.R. 678(b).

Rewrote (c).

Recodified from N.J.A.C. 10:63-3.5 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

In introductory paragraph (a), substituted "that" for "which"; in (b), deleted "of Health, Health Facilities Inspection" and "be asked to".

#### Case Notes

Administrator's salary as calculated using the N.J.A.C. 10:63-3.5 regression analysis formula was reasonable. In re: Cranford Hall Nursing Home, 8 N.J.A.R. 463 (1982), affirmed per curiam Dkt. No. A-1641-82 (App.Div.1984).

### 8:85-3.6 General services expenses

(a) For purposes of screening reported base period costs, the general services category will be segregated into cost

components and reasonableness limits shall be developed for each component of cost. For rates implemented on or after July 1, 1999, reimbursement rates shall include the lower of actual costs or reasonable limits developed for each component. The cost components shall include:

1. Food;
2. Administrator;
3. Assistant administrator;
4. Other administrative services;
5. Dietary/housekeeping/laundry and linen; and
6. Other general services.

(b) The bases for screen development and reported costs subject to applicable screens are as follows:

1. Food: As indicated in N.J.A.C. 8:85-3.5.
2. Administrator: Reasonable compensation of unrelated administrators as determined by the regression analysis formula utilized by the Department of Health and Senior Services Nursing Facility and Reimbursement.

i. The regression will utilize as variables: fringed salaries of unrelated administrators and facility bed size. The constants resulting from the regression formula will then be used in the following formula, effective July 1, 1996, to produce reasonableness limits for each long term care provider.

$$\left[ \chi + \left( \frac{Y}{\text{Median Days per bed}} \times \frac{\text{NF Patient Days}}{\text{Days}} \right) \right] \times 1.0 = \text{Limit}$$

χ = Salary constant from regression  
 Y = per bed salary constant from regression

ii. The administrator screen will be applied to the aggregate reported costs of management, administrator, and assistant administrator, for facilities with less than 100 licensed nursing facility beds.

iii. Compensation and special fringe benefits of all owners, officers, related parties, and other employees acting in an administrative capacity must be reported as Management unless such parties specifically carry out the function of Administrator or Assistant Administrator.

iv. Non-working officer, owner or related party compensation and special fringe benefits are non-allowable.

3. Assistant Administrator: Effective July 1, 1996, limited to 100 percent of median unrelated assistant administrator compensation.

i. This cost category will apply only to facilities which exceed 99 licensed nursing facility beds.

4. Reasonableness limits for the housekeeping/dietary/laundry and linen, other administrative services, and other general services categories will be established, effective July 1, 1996, at:

- i. 100 percent of median costs as reported by Class I facilities which had over 20 percent Medicaid patient days.
- ii. 100 percent of median costs as reported by Class II facilities which had over 20 percent Medicaid patient days.
- iii. 100 percent of median costs for each type of Class III program reported by SCNFs.

(c) For NFs which exceed this reasonableness limit for dietary/ housekeeping/laundry and linen costs, a credit may be applied to offset the excess dietary/housekeeping/laundry and linen costs, if costs are below the reasonable limit established for other administrative services and/or other general services costs. Any such credit shall not exceed the amount of the excess dietary/housekeeping/laundry and linen costs.

As amended, R.1979 d.482, effective January 1, 1980.  
 See: 11 N.J.R. 552(a), 12 N.J.R. 42(b).  
 As amended, R.1980 d.42, effective January 23, 1980.  
 See: 12 N.J.R. 125(b).  
 As amended, R.1984 d.573, effective December 16, 1984.  
 See: 16 N.J.R. 2484(a), 16 N.J.R. 3437(a).  
 Amended by R.1985 d.705, effective January 21, 1986.  
 See: 17 N.J.R. 2331(a), 18 N.J.R. 189(a).  
 Deleted text under chart "Historical unscreened rates ...".  
 Amended by R.1987 d.6, effective January 5, 1987.  
 See: 18 N.J.R. 257(a), 19 N.J.R. 126(a).  
 Recodified from 10:63-3.5 and amended by R.1994 d.624, effective January 3, 1995.  
 See: 26 N.J.R. 3614(a), 27 N.J.R. 156(a).  
 Amended by R.1995 d.174, effective March 20, 1995 (operative April 1, 1995).  
 See: 27 N.J.R. 281(a), 27 N.J.R. 1307(a).  
 Administrative Correction.  
 See: 28 N.J.R. 2998(a).  
 Amended by R.1997 d.231, effective June 2, 1997.  
 See: 29 N.J.R. 861(a), 29 N.J.R. 2561(b).  
 In (b)2, substituted "Nursing Facility and Reimbursement" for "Health Facilities Rate Setting"; in (b)2i, inserted "effective July 1, 1996", changed the multiplier in the equation from "1.05" to "1.00", and deleted "1.05 = 5 percent uniqueness factor"; in (b)3, substituted "Effective July 1, 1996, limited to 100 percent" for "Limited to 105 percent"; in (b)5, inserted "effective July 1, 1996"; and in (b)5i through (b)5iii, substituted "100 percent" for "105 percent".  
 Amended by R.1999 d.74, effective March 1, 1999.  
 See: 30 N.J.R. 3191(a), 31 N.J.R. 678(b).  
 Rewrote the section.  
 Recodified from N.J.A.C. 10:63-3.6 and amended by R.2005 d.389, effective January 17, 2006.  
 See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).  
 Removed incorrect punctuation from introductory paragraph (b); in (b)1, changed reference to "N.J.A.C. 8:85-3.5".

**Case Notes**

Evidence failed to rebut presumption of reasonableness of agency's rate methodology. *Morris View Nursing Home v. Div. of Medical Assistance and Health Services*, 8 N.J.A.R. 561 (1983), affirmed per curium Dkt. No. A-973-83 (App.Div.1985).

Administrator's salary as calculated using the N.J.A.C. 10:63-3.5 regression analysis formula was reasonable. In re: Cranford Hall Nursing Home, 8 N.J.A.R. 463 (1982), affirmed per curium Dkt. No. A-1641-82 (App.Div.1984).

Square foot per bed limitation valid and reasonable. In re: Waterview Nursing Home, 8 N.J.A.R. 231 (1981), affirmed per curium Dkt. No. A-3363-80 (App.Div.1982).

### 8:85-3.7 Property operating expenses

(a) Property operating expenses include property taxes and utilities.

1. Property taxes will be considered reasonable so long as they are based upon reasonable plant square feet, costs per square foot, and reasonable land area and value.

2. For this purpose, reasonable plant square feet (and related property taxes) are determined as follows:

i. The ratio of plant square feet to licensed beds is determined as follows:

(1) Reasonable plant square feet for Class I NFs is determined separately to be 367 square feet per bed as in (a)1 above.

(2) Reasonable plant square feet for Class II NFs is determined separately to be 635 square feet per bed as in (a)1 above.

(3) Reasonable plant square feet for Class III NFs is determined separately (using a 1994 base) to be 504 square feet per bed as in (a)1 above.

ii. This ratio will establish the base plant square feet for a NF with a given number of licensed beds.

iii. The reasonableness limit for each NF's plant square feet shall be established at 110 percent of the base for its licensed beds. (See N.J.A.C. 8:85-3.11 for NFs with residential or sheltered care patients).

3. For NFs whose plant square feet exceeds this limit, the property taxes related to the excess will be excluded from the rate base. For this purpose, it will be assumed that assessed values for buildings vary directly in relation to their areas. The latitude set forth in (a)2iii above is intended to provide for inequities that could result from this assumption. The Department will review, on an individual basis, any additional inequities which owners believe are brought about by unusual circumstances.

4. For NFs whose appraised value per plant square foot (as determined by an agent designated by the State) is greater than 110 percent of the median construction costs at 1977 price levels, the property taxes attributable to the excess will be excluded from the rate base unless the owners can demonstrate unusual circumstances. For screening new NFs, this figure will be revised each year for inflation and for effects of standards changes upon

construction cost. (See N.J.A.C. 8:85-3.11 for the methodology for calculating this limit at 1977 price levels.)

5. Reasonable land area (and related taxes) is established as follows:

i. For urban NFs two acres;

ii. For nonurban NFs five acres;

iii. For this purpose, a city, town, and so forth is considered "urban" if its population exceeds 25,000 and its average population density exceeds 7,000 per square mile. All other areas are considered "nonurban" or rural.

6. Property taxes ascribable to unreasonable land area will be excluded from the prospective rate base, based upon the assumption that assessed values vary directly with area.

7. After making any adjustments per (a)6 above, taxes based upon land appraisals in excess of 140 percent of the median appraisal value of five acres, rural, and two acres, urban, of all NFs in the county will also be considered unreasonable. In the case of counties with fewer than five NFs, neighboring counties may be combined in determining the median value to be used.

8. The department will review on an individual basis any inequities which owners believe are brought about by unusual circumstances.

(b) As noted in the instructions for the submission of cost studies, where a lessor is paying the property taxes, the actual property taxes paid by the lessor are to be reported by the NF operator as a property tax expense and deducted from the amount reported as rent. The property tax component of such leases will be subject to the above screens.

(c) Utility costs will be screened for reasonableness as follows:

1. Base period utility costs per bed will be deemed unreasonable to the extent that they exceed 125 percent of the Statewide median cost per bed, as determined for each class type of NF indicated in N.J.A.C. 8:85-3.3.

i. The Department will upon request review any inequities which owners believe are brought about by unusual circumstances.

As amended, R.1984 d.573, effective December 16, 1984.

See: 16 N.J.R. 2484(a), 16 N.J.R. 3437(a).

(a)7: substituted "county" for "country."

Amended by R.1987 d.6, effective January 5, 1987.

See: 18 N.J.R. 257(a), 19 N.J.R. 126(a).

Recodified from 10:63-3.6 and amended by R.1994 d.624, effective January 3, 1995.

See: 26 N.J.R. 3614(a), 27 N.J.R. 156(a).

Amended by R.1995 d.174, effective March 20, 1995 (operative April 1, 1995).

See: 27 N.J.R. 281(a), 27 N.J.R. 1307(a).

Amended by R.1996 d.147, effective March 18, 1996.

See: 27 N.J.R. 3314(a), 28 N.J.R. 1535(a).

Recodified from N.J.A.C. 10:63-3.7 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

Made technical changes throughout; changed references N.J.A.C. 10:63 to N.J.A.C. 8:85.

#### Case Notes

Nursing facility unable to recover in rates annual sum to municipality paid in lieu of property taxes. Palisades General Care, Inc., T/A The Harborage v. Department of Health and Senior Services, 97 N.J.A.R.2d (HLT) 36.

Nursing home was not entitled to exemption from regulation limiting property tax reimbursement to two acres of urban property. White House Nursing Home v. Division of Medical Assistance and Health Services, 96 N.J.A.R.2d (DMA) 23.

Utility add-on rate adjustment denied on basis that increased fuel costs were not an unusual situation. Lincoln Park Nursing and Convalescent Center v. Div. of Medical Assistance and Health Services, 8 N.J.A.R. 475 (1982), affirmed per curiam Dkt. No. A-291-82 (App.Div.1983).

#### 8:85-3.8 Special amortization

(a) The Department will consider on an individual basis, the amortization of start-up costs and special expenditures in rates. Each case will be reviewed on its particular merits and, accordingly, no guidelines are specified herein. As a rule, however, provisions for special amortization would relate to expenditures of a capital nature that are mandated by changes in law and regulations. The amortization period would generally range from 12 to 60 months, depending upon the nature and magnitude of expenses.

(b) In approving the amortization of special expenditures, the Department will also consider the extent to which a NF's rates are based on capital and cost levels of fully complying NFs, or, for capital items, a review of a minimum of three bids on the acquisition or project.

Recodified from 10:63-3.1 and amended by R.1994 d.624, effective January 3, 1995.

See: 26 N.J.R. 3614(a), 27 N.J.R. 156(a).

Amended by R.1995 d.174, effective March 20, 1995 (operative April 1, 1995).

See: 27 N.J.R. 281(a), 27 N.J.R. 1307(a).

Recodified from N.J.A.C. 10:63-3.8 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

In (a) and (b), substituted "Department" for "departments".

#### Case Notes

Evidence failed to rebut presumption of reasonableness of agency's rate methodology. Morris View Nursing Home v. Div. of Medical Assistance and Health Services, 8 N.J.A.R. 561 (1983), affirmed per curiam Dkt. No. A-973-83 (App.Div.1985).

Rate reimbursement system challenged by facility utilizing minimum staffing report prepared for other purposes by the Department of Health. In re: Preakness Hospital, 8 N.J.A.R. 389 (1983).

#### 8:85-3.9 Routine patient care expenses

(a) For reporting purposes (on schedule A) and for the application of the following guidelines, "routine patient care expenses" are defined as expenses relating to those services

defined as includable in the per diem rates for routine care under the Medicaid program.

(b) Reasonableness limits for nursing services (RNs, LPNs and other) will be established as follows:

1. The minimum nursing requirements in terms of hours worked will be calculated for each Class I and Class II NF based upon:

i. The number of patient days reported on the cost report during the base period;

ii. The minimum nurse staffing standards of 2.5 hours/day in accordance with N.J.A.C. 8:39-25 during the base period; and

iii. The total number of residents reported on the cost report that were receiving additional nursing services as based on the following services as more fully described at N.J.A.C. 8:85-2.2(f), during the base period:

Wound care	0.75 hour per day
Tube feeding	1.00 hour per day
Oxygen therapy	0.75 hour per day
Tracheostomy	1.25 hours per day
Intravenous therapy	1.50 hours per day
Respiratory services	1.25 hours per day
Head trauma stimulation; and advanced neuromuscular or orthopedic care	1.50 hours per day

(1) The month of onset of additional nursing services should be counted as one full month, whether the services are continued or discontinued before the end of the month. After the first month, count the patient only if the additional services are being provided at the end of the next month. If the need for additional nursing services ceases during the month following the month of onset, that month is not counted. However, as stated above, the month of onset is counted as one full month.

(2) If the patient, who requires additional nursing services, dies in the same month as the onset of the services, the patient is counted.

(3) Count the patient requiring additional nursing services if they are on 10-day bed hold or therapeutic leave at the end of the calendar month as though they are still in the facility. If the patient requiring additional nursing services is on bed hold or therapeutic leave in one calendar month and it extends into the following month, and the patient either does not return to the same facility or goes beyond the bed hold allowance through that following month, the additional nursing services are not counted in that following month. When the same patient requiring additional services returns to the same facility or

another facility, the additional nursing services are counted in the readmission/admission calendar month, provided the need for additional nursing services persists through that calendar month.

iv. If the calculation of the minimum nurse staffing requirement results in an amount of hours for each type of nurse (RNs, LPNs, and Aides) which includes some part of a full-time equivalent staff position (FTE at seven days per week), the minimum hours required for each type of nurse will be increased to include time sufficient to staff a full-time equivalent staff position (FTE at seven days per week).

2. The minimum nursing requirements in terms of hours worked will be calculated for each Class III program as follows:

- i. A base of 2.5 hours per patient day (20 percent RNs and LPNs; 80 percent Aides);
- ii. An additional three hours per patient day (60 percent RNs, 40 percent LPNs);
- iii. The total minimum hours per year for each type of nurse will be at least 8,760 (that is, allowing staff of one RN, LPN and Aide on each shift).

3. The percentage of hours paid for vacations, holidays, illness, and so forth (hours paid but not worked) to hours worked, will be ranked in descending order for all proprietary and voluntary NFs in the State. Separate rankings will be developed for governmental NFs and each type of SCNF. The percentage for the median NF for each class of facility will be selected as the Statewide norm for the percentage of hours paid but not worked for that class of facility.

4. The hours developed in (b)1i-iv and (b)2i-iii above will be incremented by the applicable percentage for each class of NF.

5. The average equalized hourly compensation rate of each type of nurse (see N.J.A.C. 8:85-3.4) will be calculated separately for Class I, Class II, and each type of Class III facility.

- i. The average equalized compensation rate for the median NF for each class/type of NF will be selected as the norm for the State.

6. The compensation rates for each class/type of facility will be multiplied by the paid hours developed in (b)4 above for each type of nurse and aggregated for all three types of nurses.

7. The reasonableness limit for total nursing care will be established at 115 percent of this total for Class I and Class II facilities and 125 percent of this total for Class III facilities, in order to allow for variations in staffing patterns, mix of nursing personnel, and so forth. This total

will be adjusted for timing differences to each NF's base period.

(c) Reasonableness limits for the below listed special patient care services other than nursing will be established for each class of NF.

- 1. Those items which are considered special patient care services are:
  - i. Medical Director;
  - ii. Patient activities;
  - iii. Pharmaceutical consultant;
  - iv. Non-legend drugs;
  - v. Medical supplies;
  - vi. Social services;
  - vii. Oxygen.

(d) Reasonableness limits for medical supplies and patient activities will be established at:

- 1. 150 percent of the median per diem cost of Class I NFs which had over 20 percent Medicaid days in the base period.
- 2. 150 percent of the median per diem cost of Class II NFs which had over 20 percent Medicaid days in the base period.
- 3. 150 percent of the median per diem cost for each type of Class III NF, excluding any facility without reported costs.
  - i. For Class III NFs which are approved as a combination of Ventilator/Respirator type and some other SCNF type listed at N.J.A.C. 8:85-3.3(a)3ii, the reasonable limit for medical supplies will be determined by multiplying applicable patient days (ventilator patient days versus a non-Ventilator/Respirator SCNF-type patient days) times the appropriate medical supplies screen (ventilator versus a non-ventilator/respirator SCNF type) and adding the products, as follows:

	(1)	(2)	(3)
	Base period	Limit	Total
	Patient Days	Per day	(1) x (2)
Vent	A	C	E
Other	B	D	F
Total reasonable limit (E + F)			G

(e) Reasonableness limits for medical director, pharmaceutical consultant, non-legend drugs, social services and oxygen will be established at:

1. 110 percent of the median per diem cost of Class I NFs which had over over 20 percent Medicaid days in the base period.

2. 110 percent of the median per diem cost of Class II NFs which had over over 20 percent Medicaid days in the base period.

3. 110 percent of the median per diem cost for each type of Class III NF, excluding any facility without reported costs, except as provided in (e)3i and ii below:

i. For freestanding SCNFs, a separate medical director screen will be calculated for each type of SCNF.

ii. For Class III NFs which are approved as a combination of a Ventilator/Respirator type and some other SCNF type listed at N.J.A.C. 8:85-3.3(a)3, reasonable limits for oxygen will be determined by multiplying applicable patient days (ventilator patient days versus a non-ventilator/respirator SCNF type patient days) times the appropriate oxygen screen (ventilator versus a non-ventilator/respirator type SCNF) and adding the products, as follows:

	(1)	(2)	(3)
	Base period	Limit	Total
	Patient Days	Per day	(1) x (2)
Vent	A	C	E
Other	B	D	F
Total reasonable limit (E + F)			G

(f) Where actual base period costs for routine patient care are below the limits established, the actual costs will be included in the rate base. The Department of Health and Senior Services, Long Term Care Assessment and Survey as authorized at N.J.A.C. 8:39, will be notified of all cases where NF patient care costs per day are less than 75 percent of the respective limit in N.J.A.C. 8:85-3.5 and 3.9 and in each case where nursing hours worked appear to be below the State standards.

Amended by R.1981 d.326, effective September 10, 1981 (operative October 1, 1981).  
 See: 13 N.J.R. 360(b), 13 N.J.R. 579(e).  
 (b)6: "115" was "110"; delete language concerning 10 percent latitude reduction.  
 Amended by R.1984 d.573, effective December 16, 1984.  
 See: 16 N.J.R. 2484(a), 16 N.J.R. 3437(a).  
 Amended by R.1987 d.6, effective January 5, 1987.  
 See: 18 N.J.R. 257(a), 19 N.J.R. 126(b).  
 Amended by R.1990 d.428, effective August 20, 1990 (operative October 1, 1990).  
 See: 22 N.J.R. 118(a), 22 N.J.R. 2588(a).  
 Revised (b)1, adding i.-iv. regarding minimum nursing requirements.  
 Amended by R.1993 d.371, effective July 19, 1993.  
 See: 25 N.J.R. 433(a), 25 N.J.R. 3215(a).  
 Recodified from 10:63-3.8 and amended by R.1994 d.624, effective January 3, 1995.  
 See: 26 N.J.R. 3614(a), 27 N.J.R. 156(a).  
 Amended by R.1995 d.174, effective March 20, 1995 (operative April 1, 1995).  
 See: 27 N.J.R. 281(a), 27 N.J.R. 1307(a).

Amended by R.1996 d.147, effective March 18, 1996.  
 See: 27 N.J.R. 3314(a), 28 N.J.R. 1535(a).  
 Recodified from N.J.A.C. 10:63-3.9 and amended by R.2005 d.389, effective January 17, 2006.  
 See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).  
 Rewrote the section.

**Case Notes**

State's Medicaid reimbursement plan was not shown to be inadequate to provide recipients with nursing care required by federal law. *New Jersey Ass'n of Health Care Facilities, Inc. v. Gibbs*, D.N.J.1993, 838 F.Supp. 881.

State substantially complied with procedural requirements for computing Medicaid reimbursement rates for nursing facilities. *New Jersey Ass'n of Health Care Facilities, Inc. v. Gibbs*, D.N.J.1993, 838 F.Supp. 881.

Challenge to Medicaid reimbursement rate on basis of failure to consider cost of related party lease denied. *Hudson Manor Skilled Nursing Facility v. Division of Medical Assistance and Health Services*, 8 N.J.A.R. 283 (1983), affirmed per curiam Dkt. No. A-972-83 (App.Div.1984).

Mortgage insurance expense is a reimbursable capital financing cost. In re: *Waterview Nursing Home*, 8 N.J.A.R. 231 (1981), affirmed per curiam Dkt. No. A-3363-80 (App.Div.1982).

**8:85-3.10 Property—capital costs**

(a) Included in this category are the following rate components:

1. Depreciation (except autos);
2. Maintenance and replacement of plant and equipment;
3. Rentals of building and equipment (except autos);
4. Interest on all indebtedness;
5. Amortization of leasehold improvement;
6. Property insurance costs;
7. Fees and other expenses incurred in connection with the construction, purchase, alteration or leasing of land, buildings, and fixed equipment; and
8. Fees and other expenses incurred in financing or refinancing of the NF itself or any of its assets.

(b) The rules promulgated herein have been developed with the following objectives and considerations:

1. The Department should not concern itself with the method and attendant costs with which individual NFs are financed and constructed or the arrangements under which they are acquired or leased.
2. While not concerning itself about the costs, financing and so forth, of individual NFs, the Department's mandate with respect to the reasonableness of cost requires it to develop this rate component upon the presumption of reasonable facility costs and prudent financing.
3. Private capital should be attracted into the industry with a reasonable rate of return, which should recognize that the existence of the certificate of need process to

control the supply of NFs in relation to demand, removes several risks inherent in most free enterprise situations.

(c) The Department believes that the above objectives can best be met by establishing an aggregate "capital facilities allowance" (CFA). The aggregate annual CFA for building, land, and movable equipment shall constitute the maximum reasonable reimbursement for depreciation (except automobiles), rentals of buildings and equipment (except automobiles), interest on all indebtedness, and amortization of leasehold improvements. Reimbursement shall be limited to the lower of:

1. The total actual NF expenses for depreciation, interest and rental; or
2. The aggregate capital facilities allowance for building, land, and movable equipment.

(d) The following considerations will be addressed in determining the CFA:

1. Buildings (see N.J.A.C. 8:85-3.11);
2. Land and land improvements (see N.J.A.C. 8:85-3.12);
3. Equipment (routine moveable) (see N.J.A.C. 8:85-3.13);
4. Maintenance and replacements (see N.J.A.C. 8:85-3.14);
5. Property insurance (see N.J.A.C. 8:85-3.15);
6. Economic occupancy level (see N.J.A.C. 8:85-3.16).

As amended, R.1984 d.573, effective December 16, 1984.

See: 16 N.J.R. 2484(a), 16 N.J.R. 3437(a).

Deleted (a)8 and recodified (a)9 to (a)8.

Recodified from 10:63-3.9 and amended by R.1994 d.624, effective January 3, 1995.

See: 26 N.J.R. 3614(a), 27 N.J.R. 156(a).

Amended by R.1995 d.174, effective March 20, 1995 (operative April 1, 1995).

See: 27 N.J.R. 281(a), 27 N.J.R. 1307(a).

Amended by R.1996 d.147, effective March 18, 1996.

See: 27 N.J.R. 3314(a), 28 N.J.R. 1535(a).

Recodified from N.J.A.C. 10:63-3.10 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

Substituted "Department" for "departments", changed references N.J.A.C. 10:63 to N.J.A.C. 8:85, and made grammatical changes throughout.

#### Case Notes

Nursing home was not entitled to prospective hardship relief amounting to perpetual lease pass-through for its reimbursement rate. *Stratford Nursing and Convalescent Center, Inc. v. Kilstein*, 802 F.Supp. 1158 (D.N.J. 1991), affirmed 972 F.2d 1332 (3d Cir. 1992).

In the absence of State Medicaid regulations that specifically address a change in the useful life of a long-term care facility, the standards and factors set forth in the federal Medicare rules apply to a request for a change in the useful life of a facility for reimbursement purposes; a request for a change in the useful life of a building facility, and consequently a potential increase in reimbursement for depreciation, must be subject to a test for reasonableness, and the application of the Medi-

care standards is appropriate (adopting and modifying 2007 N.J. AGEN LEXIS 130). *Southgate Health Care Ctr. v. Dep't of Health & Senior Services*, OAL Dkt. No. HLT 00671-06, 2007 N.J. AGEN LEXIS 926, Final Decision (June 15, 2007).

All site improvement costs for replacement facility were to be included as part of the land value, rather than to building value, in determining Medicaid reimbursement rate for licensed not-for-profit county-operated nursing care facility. *Runnells Specialized Hospital, v. Division of Medical Assistance and Health Services*, 1998 N.J. AGEN LEXIS 424, Aug 17, 1998, N.J. Adm., (No. HLT 9933-95).

Interest on indebtedness to refinance existing mortgage loans was a property-capital cost that had to be included as a rate component in the calculation of long-term care facility's Medicaid reimbursement rate. *Department of Health and Senior Services, v. Holiday Care Center*, 2001 N.J. AGEN LEXIS 303, N.J. Adm., May 31, 2001, (No. HLT 915-99).

Nursing home was not entitled to full reimbursement for rent or for dispensing non-legend drugs. *White House Nursing Home v. DMAHS*, 93 N.J.A.R.2d (DMA) 114.

Long-term care facility's expert's appraisal not preferred. *Matter of Elizabeth General Medical Center*, 93 N.J.A.R.2d (DMA) 51.

In establishing rate of reimbursement for Medicaid patients in an addition to a facility, an agency is required to use the actual interest rate paid in financing the addition in establishing the amortization rate. *Medicenter of Lakewood v. Dept. of Human Services*, 4 N.J.A.R. 26 (1983).

#### 8:85-3.11 Buildings and fixed equipment

(a) The CFA for buildings and fixed equipment will be based upon appraised value as follows:

1. For NFs beginning operation before January 1, 1978, the CFA will be determined based upon appraised 1977 replacement costs derived from nationally recognized construction cost manuals, less wear and tear and subject to reasonableness limits as described in (c), (d) and (e) below.

2. For new NFs, replacement NFs, or significant additions to existing NFs, beginning operation on or after January 1, 1978, the appraised value will be determined at the time construction is completed, based upon price levels derived from nationally recognized construction cost manuals, subject to reasonableness limits as described in (c), (d) and (e) below.

(b) The appraisals are to be conducted by an agent designated by the State.

(c) A reasonableness limit on plant square feet will be set at 110 percent of the median plant square feet per available bed of all Class I and Class III NFs which had over 20 percent Medicaid patient days in the base period. A separate reasonableness limit will be developed for governmental Class II NFs by the same method. NFs not substantially complying with current State and Federal space requirements or carrying space waivers will be excluded from this calculation.

(d) The Department shall establish a reasonableness limit on the amount of reimbursement that an NF shall receive for the building and fixed equipment component of its CFA.

1. The reasonableness limits on appraised value per square foot set for NFs from 1977 through 2000 are as follows:

Year	Year Specific Factor Class I & III NFs	Year Specific Factor Class II NFs	Year	Year Specific Factor Class I & III NFs	Year Specific Factor Class II NFs
1977	\$ 43.00	\$ 50.00	1989	\$109.00	\$128.00
1978	\$ 49.00	\$ 57.00	1990	\$114.00	\$133.00
1979	\$ 54.00	\$ 63.00	1991	\$119.00	\$139.00
1980	\$ 59.00	\$ 69.00	1992	\$123.00	\$144.00
1981	\$ 65.00	\$ 76.00	1993	\$128.00	\$150.00
1982	\$ 72.00	\$ 84.00	1994	\$133.00	\$156.00
1983	\$ 79.00	\$ 92.00	1995	\$138.00	\$162.00
1984	\$ 87.00	\$101.00	1996	\$143.00	\$168.00
1985	\$ 92.00	\$107.00	1997	\$146.00	\$172.00
1986	\$ 96.00	\$112.00	1998	\$150.00	\$177.00
1987	\$100.00	\$117.00	1999	\$154.00	\$182.00
1988	\$103.00	\$121.00	2000	\$159.00	\$188.00

2. The reasonableness limit on appraised value per square foot set for NFs from 2001 and thereafter shall be incremented annually by multiplying by an index factor, which is the average of percentages derived from:

i. The Marshall Swift Valuation Index for the Eastern District; published by Marshall and Swift, 1617 Beverly Blvd., PO Box 26307, Los Angeles, California; and

ii. The weighted average of the Consumer Price Index and the average hourly earnings of factory production workers published by the New Jersey State Department of Labor.

3. For significant additions to existing NFs beginning operation since January 1, 1978, the reasonableness limit shall be at the original reasonableness limit as determined from (d)1 above, increased by a factor as specified at (d)2 above. A single weighted reasonableness limit for the entire NF will be calculated based upon the square footage and the corresponding year specific index factors of the building as originally appraised and the appraised addition(s).

4. A separate reasonableness limit will be developed for governmental NFs by the same method.

(e) The reasonable limits as described above will be combined to allow for square feet in excess of that established limit where value per square foot is less than that limit for each class of long term care facility.

(f) The CFA for buildings and fixed equipment will be determined by applying the appropriate interest or amortization rate, described in (f)1 and 2 below, to the reasonable appraised value of the building and fixed equipment.

1. Interest rate:

i. For NFs beginning operation before January 1, 1978, the interest rate is equal to the Medicare return on equity rate for the 12 month period ending with December of 1976 (10.719 percent).

ii. For NFs, or significant additions to existing NFs, beginning operation between January 1, 1978 and September 30, 1985, the interest rate is equal to the Medicare return on equity rate published at the inception of operations.

iii. For NFs, or significant additions to existing NFs, beginning operations between October 1, 1985 and September 30, 1993, the interest rate is equal to 150 percent of the Medicare return on equity rate published at the inception of operations.

iv. For NFs, or significant additions to existing NFs beginning operations on or after October 1, 1993, the interest rate is equal to 150 percent of the applicable interest rate at the inception of operations as indicated by the Table of Average Interest Rates on Special Issues of Public-Debt Obligations Issued to the Federal Hospital Insurance Trust Fund as published by the Office of the Actuary of the Federal Health Care Financing Administration.

2. The amortization rate shall be equal to the ratio of annual debt service (principal and interest) to original principal required to amortize a loan in 25 equal installments, with an interest rate equal to the appropriate above defined "interest rate".

(g) For the first 25 years of the life of a NF beginning with the year of construction, the amortization rate will be applied to the reasonable appraised value of the building and fixed equipment.

(h) Beyond the 25th year after construction, the interest rate will be applied to the reasonable appraised value of buildings and fixed equipment.

(i) For NFs built-in multiple stages, a weighted average year of original construction will be established by weighing licensed beds by the age of the component multiple stages of the building in which the beds are located. Where inequities could result from this calculation, homes with suitable records may request that the weighted average year of construction be calculated based upon plant square feet constructed.

(j) For NFs with residential and/or sheltered care patients, data relative to common areas will be apportioned to nursing patients based upon base period licensed beds. After making such apportionments, appraised values will be subject to the reasonableness screens described in (c), (d) and (e) above and, where applicable, to the weighted average year of construction calculations described in (i) above. This



ii. The reasonableness limit for appraised value of land set for NFs from 2001 and thereafter shall be incremented annually by adding an index factor, which is the average of percentages derived from:

(1) The Marshall Swift Valuation Index for the Eastern District; published by Marshall and Swift, 1617 Beverly Blvd., PO Box 26307, Los Angeles, California; and

(2) The weighted average of the Consumer Price Index and the average hourly earnings of factory production workers published by the New Jersey State Department of Labor.

iii. For acquisitions of land related to addition(s) to building or building replacements (see N.J.A.C. 8:85-1.2 for definition of "replacement nursing facility"), a single weighted reasonableness limit for the entire NF land evaluation shall be calculated based upon acreage and the appraisal land limit factors of land as originally appraised and the land-appraised addition(s) to land.

(b) The applicable interest rate developed for a facility per N.J.A.C. 8:85-3.11(f) will be applied to the reasonable appraised land value.

(c) The provisions of N.J.A.C. 8:85-3.11(l) and (m) will also apply to CFA for land.

(d) For NFs providing residential or sheltered care, reasonable appraised values for land will be prorated to nursing care residents based upon their proportion of base period total beds. This proportion will not be redetermined in the absence of significant changes in resident mix.

Amended by R.1987 d.6, effective January 5, 1987.

See: 18 N.J.R. 257(a), 19 N.J.R. 126(a).

(d) added "re" to determined.

Recodified from 10:63-3.11 and amended by R.1994 d.624, effective January 3, 1995.

See: 26 N.J.R. 3614(a), 27 N.J.R. 156(a).

Amended by R.1995 d.174, effective March 20, 1995 (operative April 1, 1995).

See: 27 N.J.R. 281(a), 27 N.J.R. 1307(a).

Amended by R.2001 d.120, effective April 2, 2001.

See: 32 N.J.R. 3710(a), 33 N.J.R. 1108(a).

Rewrote (a)6; in (c), substituted "and" for "through"; in (d), substituted "NFs" for "LTCFs" and substituted references to residents for references to patients.

Recodified from N.J.A.C. 10:63-3.12 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

Changed N.J.A.C. 10:63 reference to N.J.A.C. 8:85 throughout.

### 8:85-3.13 Moveable equipment

(a) The moveable equipment allowance will be based upon the median requirements per bed at 1977 price levels. This median will be determined by:

1. Selecting new NFs built since 1969 which had over 20 percent Medicaid days in the base period.

2. Incrementing their original expenditures for moveable equipment to 1977 price levels by applying an appropriate index of inflation in equipment costs.

3. Converting these inflated expenditures to cost per bed and ranking Statewide.

(b) The allowance per licensed bed will be determined by applying to this median cost the applicable interest rate developed per N.J.A.C. 8:85-3.11(f).

(c) Inasmuch as this allowance will be based upon the current replacement cost of new equipment, it will be deemed to provide for unusually large expenditures for maintaining old equipment (the Department considers it to be purely a management prerogative as to when to replace, rather than repair, old equipment). A provision for ongoing routine equipment maintenance and replacements will be included in the maintenance and replacements allowance as described in N.J.A.C. 8:85-3.14.

As amended, R.1974 d.573, effective December 16, 1984.

See: 16 N.J.R. 2484(a), 16 N.J.R. 3437(a).

Recodified from 10:63-3.12 and amended by R.1994 d.624, effective January 3, 1995.

See: 26 N.J.R. 3614(a), 27 N.J.R. 156(a).

Amended by R.1995 d.174, effective March 20, 1995 (operative April 1, 1995).

See: 27 N.J.R. 281(a), 27 N.J.R. 1307(a).

Recodified from N.J.A.C. 10:63-3.13 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

In (b), changed N.J.A.C. 10:63 reference to N.J.A.C. 8:85; rewrote (c).

### 8:85-3.14 Maintenance and replacements

(a) An allowance for the maintenance of land, land improvements, building and equipment and for replacement of equipment will be developed for Class I and Class II facilities and each type of Class III facility as follows:

1. Expenditures for this purpose in the base period for Class I, Class II and each type of Class III of NF which had over 20 percent Medicaid days in the base period will be adjusted to price levels at the midpoint of the base period through the application of the inflation factor to reported costs for fiscal years ending prior to December. Class III NFs will not be excluded due to percentage of Medicaid days.

2. Homes which were substantially expanded or remodernized during this period will be excluded from calculations described in (a)3 below.

3. For the remaining NFs, maintenance and replacement costs per plant square foot at base period price levels will be calculated for each class of NF. Mathematical techniques will be used to determine a general formula describing the relationships between expenditures per plant square foot for maintenance and replacements and factors such as age of buildings, estimated building replacement costs, and so forth.

4. The 15 percent highest and 15 percent lowest extremes in actual expenditures compared with this general formula will then be removed from further calculations, except for Class III NFs. The same mathematical techniques will then be applied to the remaining 70 percent of the data to develop the formula to be used to calculate a reasonable allowance for each class of NF for maintenance and replacement.

5. Seventy percent of the costs of leasing equipment will be recognized as "maintenance and replacement" costs.

6. Each NF's maximum total allowance per reasonable plant square foot for any one year will be developed by applying this formula to its particular factors and incrementing the result by 10 percent. No allowance will be provided for plant square feet considered unreasonable per N.J.A.C. 8:85-3.7(a)1, 2 and 3.

i. For Class III NFs which are approved as a combination of Ventilator/Respirator type and some other SCNF type listed at N.J.A.C. 8:85-3.3(a)3ii, the reasonable limit for maintenance and replacements will be determined by multiplying the current costs of maintenance and replacement attributable to each type of SCNF patient times the respective cost per square foot maintenance and replacement cost limits. The products will be totaled, and then divided by the total current cost of maintenance and replacement expenses. The resulting combined cost limit will then be multiplied by the reasonable long term care square feet of the SCNF to determine the maintenance and replacement screen.

	(1)	(2)	(3)
	Cost	Limit Per square foot	Total (1) x (2)
Vent	A	C	E
Other	B	D	F
Total	G		H

Weighted limit per square foot = H/G

Total reasonable limit = Weighted limit x Square feet

7. Base period expenditures in excess of this minimum allowance may be carried forward and applied in future years in which expenditures are below their respective maximum allowance.

i. Actual expenditures that are below the limits for the base period, may be carried and applied to excess expenditures in subsequent years. The following example illustrates how two typical NFs would be affected. Savings are indicated in parentheses, for example, (20.00) means a savings of \$20.00.

Year No. 1	NF A	NF B
Actual expenditures	\$130.00	\$ 80.00
Limit	100.00	100.00

Excess (savings) carried forward	30.00	(20.00)
Year No. 2 NF A	Example 1	Example 2
Actual expenditures	\$ 60.00	\$ 85.00
Carried forward	+ 30.00	+ 30.00
Total eligible	90.00*	\$115.00
Limit	105.00	\$105.00
Carried forward to Year No. 3	\$(15.00)	\$ 10.00
Year No. 2 NF B	Example 1	Example 2
Actual expenditures	\$120.00	\$130.00
Limit	\$105.00	\$105.00
	NF A	NF B
Plus carried forward	+ 20.00	+ 20.00
Revised limit	\$125.00	\$125.00
Carried forward to Year No. 3	\$ (5.00)	\$ 5.00

\* Included in rates

8. Expenditures for replacements, capitalized maintenance and leases will be prorated to nursing patients, based upon the ratio of nursing square feet (including a prorated share of common areas) to total plant square feet.

As amended, R.1984 d.573, effective December 16, 1984.

See: 16 N.J.R. 2484(a), 16 N.J.R. 3437(a).

(a)1: Deleted old text and substituted new text.

Amended by R.1987 d.6, effective January 5, 1987.

See: 18 N.J.R. 257(a), 19 N.J.R. 126(a).

Recodified from 10:63-3.13 and amended by R.1994 d.624, effective January 3, 1995.

See: 26 N.J.R. 3614(a), 27 N.J.R. 156(a).

Amended by R.1996 d.147, effective March 18, 1996.

See: 27 N.J.R. 3314(a), 28 N.J.R. 1535(a).

Recodified from N.J.A.C. 10:63-3.14 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

In (a), changed N.J.A.C. 10:63 reference to N.J.A.C. 8:85 throughout.

**8:85-3.15 Property insurance**

(a) An allowance for property insurance will be developed for each home as follows:

1. Base period property insurance costs per dollar of appraised value and per dollar of 1977 replacement costs will be calculated for all Class I NFs. Separate calculations will be made for Class II facilities and each type of Class III facility.

2. Mathematical techniques will be applied to this data to develop formulas describing the normal relationships between property insurance costs and appraised values and estimated replacement costs. Separate formulas will be developed for urban and non urban NFs.

3. The procedures described in N.J.A.C. 8:85-3.14 will be used to eliminate extremes and to develop the formula to be used to calculate the reasonableness limit for property insurance, except for the calculation of Class III limits.

4. Each NF's reasonableness limit per reasonable plant square foot will be developed by applying this formula to its particular factors and incrementing the result by 10 percent. No allowance will be provided for plant square

feet considered unreasonable per N.J.A.C. 8:85-3.7(a)1 and 2.

Amended by R.1987 d.6, effective January 5, 1987.  
See: 18 N.J.R. 257(a), 19 N.J.R. 126(a).

Added text in (a)1 "A separate calculation will be made for governmental facilities."

Recodified from 10:63-3.14 and amended by R.1994 d.624, effective January 3, 1995.

See: 26 N.J.R. 3614(a), 27 N.J.R. 156(a).

Recodified from N.J.A.C. 10:63-3.15 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

In (a)3 and 4, changed N.J.A.C. 10:63 reference to N.J.A.C. 8:85.

#### Case Note

Existing licensed not-for-profit county-operated nursing care facility did not make newly constructed facility a "new facility," for purposes of Medicaid cost reimbursement regulations, by transferring all of its existing patients from existing facility to a facility which it had constructed to replace the old one. *Runnells Specialized Hospital, v. Division of Medical Assistance and Health Services*, 1998 WL 665893, Aug 17, 1998, N.J. Adm., (No. HLT 9933-95).

#### 8:85-3.16 Target occupancy levels

(a) A target occupancy level of 95 percent of licensed bed-days (excluding quiet beds) will be used to develop the reasonable per diem amounts for the following rate components:

1. Property taxes;
2. Utilities;
3. Special amortization;
4. CFA for:
  - i. Buildings and building equipment;
  - ii. Land and land improvements;
  - iii. Moveable equipment;
  - iv. Maintenance and replacements;
  - v. Property insurance; and

5. Actual NF expenses for depreciation, rental, interest, and amortization in accordance with N.J.A.C. 8:85-3.10(c).

(b) If base period patient days exceed licensed bed days calculated per (a) above, then the target occupancy will be entered at 95 percent of actual base period patient days.

(c) For new Class I and Class II facilities, an occupancy rate of 80 percent will be used for provisional rates during the first year of operation subject to retroactive adjustments to actual occupancy should it exceed 80 percent (but no higher than 95 percent will be used).

(d) For Class III NFs, if the base period Medicaid occupancy is 80 percent or greater, the target occupancy rate components in (a) above will be 90 percent.

(e) For new Class III NFs, an occupancy rate of 80 percent will be used for provisional rates during the first year of

operation. The retroactive adjustment from an interim to an actual rate for the first year of operation shall use actual occupancy should it exceed 80 percent (but no higher than 95 or 90 percent will be used, as determined by (a) or (b) above).

(f) For rates implemented on or after January 1, 2003, target occupancy for the General Services, Nursing and Special Patient Care rate components shall be calculated as follows:

1. For those nursing facilities that are at or above 85 percent occupancy, the reasonable base period costs shall be divided by actual base period patient days.
2. For those nursing facilities that are below 85 percent occupancy, the reasonable base period costs shall be divided by 85 percent of licensed bed days.
3. Actual base period patient days shall include paid bed hold days.

Amended by R.1987 d.6, effective January 5, 1987.

See: 18 N.J.R. 257(a), 19 N.J.R. 126(a).

"Target" substituted for "largest".

Recodified from 10:63-3.15 and amended by R.1994 d.624, effective January 3, 1995.

See: 26 N.J.R. 3614(a), 27 N.J.R. 156(a).

Amended by R.1995 d.174, effective March 20, 1995 (operative April 1, 1995).

See: 27 N.J.R. 281(a), 27 N.J.R. 1307(a).

Amended by R.1999 d.74, effective March 1, 1999.

See: 30 N.J.R. 3191(a), 31 N.J.R. 678(b).

Rewrote (c).

Amended by R.2004 d.99, effective March 15, 2004.

See: 35 N.J.R. 2627(a), 36 N.J.R. 1356(a).

Rewrote the section.

Recodified from N.J.A.C. 10:63-3.16 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

In (a)5, changed N.J.A.C. 10:63 reference to N.J.A.C. 8:85.

#### 8:85-3.17 Restricted funds

(a) Where donor restricted funds have been expended for operating purposes and, accordingly have been reported as an expense recovery/elimination, the availability and use of such funds will not be taken into account in establishing rates to the extent that they produce actual unit costs below the median unit costs and NF's developed for determining reasonableness. (It should be noted that the availability or use of such funds will not be taken into account at all with respect to CFA calculations.)

(b) The intent of this provision is to exclude, in screening, expenditures made from donor-restricted funds, but not to "appropriate" such funds where they result in net costs below the median.

Recodified from 10:63-3.16 and amended by R.1994 d.624, effective January 3, 1995.

See: 26 N.J.R. 3614(a), 27 N.J.R. 156(a).

Recodified from N.J.A.C. 10:63-3.17 by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

**Case Notes**

Hiring of contract nurses not mandated; adjustment for costs not required. *Morristown Rehabilitation Center Inc. v. Division of Medical Assistance and Health Services*, 93 N.J.A.R.2d (DMA) 10.

**8:85-3.18 Adjustments to base period data**

(a) As described elsewhere in this subchapter, with the exception of capital items, rates will be based upon reasonable actual base period costs. This section provides for adjustments to reasonable base period costs in establishing prospective rates.

1. Appropriate adjustments will be made to reasonable base period costs for the effect of changes between the base period and the prospective rate period in:

- i. State or Federal standards of care;
- ii. Definitions of "routine patient care services" reimbursable in Medicaid per diems;
- iii. Limitations on total or per diem amounts of special patient care services reimbursable in Medicaid per diems.

2. NFs may also request that cost in addition to base period expenditures be included in the prospective rates owing to:

- i. Actions mandated by governmental authorities and/or approved by same in the certificate of need process ("legal" changes);
- ii. Desires to increase the quality of care above that attainable at base period cost levels ("management" changes).
- iii. Appointment of a special medical guardian required to authorize emergency medical treatment for a patient.

iv. Emergency evacuation of a facility which was conducted consistent with an Emergency Management Evacuation Procedure which has been duly adopted and fully implemented by the facility. Costs in additions to base period expenditures for emergency evacuation shall be only those extraordinary costs which are directly related to evacuation, and routine costs which exceed base period levels as a direct result of the emergency evacuation.

3. With respect to requests for management changes, the Department will take the position that it is not a prerogative of a rate setting body to unilaterally make or amend social policies, especially with respect to the appropriateness of current allocations of State resources to the care of indigent NF patients. Accordingly, in the absence of other compelling reasons, management changes will be approved only in areas where quality has been found to be marginal by health facility inspection and actual costs are commensurately low.

4. Where legal and management changes have been approved and the approved costs are not expended in the prospective rate period, the unspent amount will be recovered from the NF.

5. In the case of significant items, the Department may exclude the effects of legal and management changes from rates until the change is effected, and if necessary, new appraisals made.

As amended, R.1984 d.573, effective December 16, 1984.

See: 16 N.J.R. 2484(a), 16 N.J.R. 3437(a).

Deleted (a)4 and recodified (a)5 to (a)4.

Amended by R.1986 d.69, effective March 17, 1986.

See: 17 N.J.R. 1736(a), 18 N.J.R. 561(a).

(a)4 added; old (a)4 renumbered to (a)5.

Amended by R.1987 d.6, effective January 5, 1987.

See: 18 N.J.R. 257(a), 19 N.J.R. 126(a).

(a)4 added.

Recodified from 10:63-3.17 and amended by R.1994 d.624, effective January 3, 1995.

See: 26 N.J.R. 3614(a), 27 N.J.R. 156(a).

Amended by R.1995 d.174, effective March 20, 1995 (operative April 1, 1995).

See: 27 N.J.R. 281(a), 27 N.J.R. 1307(a).

Recodified from N.J.A.C. 10:63-3.18 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

In (a)3 and 5, substituted "Department" for "departments".

**Case Notes**

Inflation factor calculation valid and reasonable (Director's Final Decision). In re: *Waterview Nursing Home*, 8 N.J.A.R. 231 (1981), affirmed per curiam Dkt. No. A-3363-80 (App.Div.1982).

**8:85-3.19 Inflation**

(a) A provision will be added to reasonable base period costs to provide for inflation/deflation between the base period and the prospective rate period. Changes in two factors will be used to develop this provision.

1. Average hourly earnings of manufacturing employee in New Jersey as published by the Bureau of Labor Statistics (weighted 60 percent);

2. The (consumer price index) Consumer Price Index as published by the Bureau of Labor Statistics (weighted 40 percent).

(b) This inflation factor will be developed by the Department.

(c) Should the economic factor as developed for hospitals include a provision for changes in legally mandated fringe benefits, a similar provision will be included in prospective nursing NF rates.

(d) If, for reasons beyond the control of a NF, rates have not been redetermined within three months after receipt of its reports, an interim adjustment for inflation may be made to existing rates for cash flow purposes. The inflation increment would be based upon the number of months from the midpoint of the current rate period to the beginning point of the new rate period. The interim rate will be subject to a

retroactive adjustment to the beginning of the prospective rate period upon determination of the approved rate via the methodology described in these guidelines.

(e) NFs may also request interim adjustments to rates during a prospective rate period for either legally mandated matters or for extraordinary factors beyond their control. Such adjustments, if approved, would not apply retroactively unless, for reasons beyond the control of the NF, costs are affected retroactively.

(f) No provision for inflation will be made with respect to costs for buildings, land, moveable equipment, interest and lease, as determined by N.J.A.C. 8:85-3.11, 3.12 and 3.13 nor to special amortization of capital costs as determined by N.J.A.C. 8:85-3.8.

As amended, R.1980 d.377, effective September 5, 1980.

See: 11 N.J.R. 445(a), 12 N.J.R. 586(d).

(e) amended.

Amended by R.1987 d.6, effective January 5, 1987.

See: 18 N.J.R. 257(a), 19 N.J.R. 126(a).

New (b) added; old (b)-(e) renumbered (c)-(f).

Recodified from 10:63-3.18 and amended by R.1994 d.624, effective January 3, 1995.

See: 26 N.J.R. 3614(a), 27 N.J.R. 156(a).

Amended by R.1995 d.174, effective March 20, 1995 (operative April 1, 1995).

See: 27 N.J.R. 281(a), 27 N.J.R. 1307(a).

Recodified from N.J.A.C. 10:63-3.19 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

Rewrote (b); in (f), changed N.J.A.C. 10:63 reference to N.J.A.C. 8:85.

#### Case Notes

State substantially complied with procedural requirements for computing Medicaid reimbursement rates for nursing facilities. *New Jersey Ass'n of Health Care Facilities, Inc. v. Gibbs*, D.N.J.1993, 838 F.Supp. 881.

State's Medicaid reimbursement plan was not shown to be inadequate to provide recipients with nursing care required by federal law. *New Jersey Ass'n of Health Care Facilities, Inc. v. Gibbs*, D.N.J.1993, 838 F.Supp. 881.

#### 8:85-3.20 Total rates

Rates shall not contain allowances for working capital or for an incentive for NF's participating in a cooperative buying group.

Amended by R.1980 d.377, effective September 5, 1980.

See: 11 N.J.R. 445(b), 12 N.J.R. 586(d).

(a)3 amended to include last sentence.

Amended by R.1985 d.705, effective January 21, 1986.

See: 17 N.J.R. 2331(a), 18 N.J.R. 189(a).

(a)3 deleted text "This working capital ... a CFA rate."

Amended by R.1987 d.6, effective January 5, 1987.

See: 18 N.J.R. 257(a), 19 N.J.R. 126(a).

(a)5 substantially amended.

Amended by R.1990 d.428, effective August 20, 1990 (operative October 1, 1990).

See: 22 N.J.R. 118(a), 22 N.J.R. 2588(a).

Deleted old (a)5 regarding rates and added new text as (a)5i-iii(1) and Appendix I.

Recodified from 10:63-3.19 and amended by R.1994 d.624, effective January 3, 1995.

See: 26 N.J.R. 3614(a), 27 N.J.R. 156(a).

Repeal and New Rule, R.1995 d.174, effective March 20, 1995 (operative April 1, 1995).

See: 27 N.J.R. 281(a), 27 N.J.R. 1307(a).

Section was "Working capital provision and total rates".

Recodified from N.J.A.C. 10:63-3.20 by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

#### Case Notes

Any dispute by a specific nursing home with the determination of the rate of reimbursement payable to it under the New Jersey Medical Assistance and Health Services Act constitutes a "contested case". *Atty.Gen.F.O.1979, No. 10.*

Utility add-on rate adjustment denied on basis that increased fuel costs were not an unusual situation; since inflation rate factored into rate setting, all institutions affected similarly and no showing made that rates were unreasonable. *Lincoln Park Nursing and Convalescent Center v. Div. of Medical Assistance and Health Services*, 8 N.J.A.R. 475 (1982), affirmed per curiam Dkt. No. A-291-82 (App.Div.1983).

#### 8:85-3.21 Appeals process

(a) When a NF believes that, owing to an unusual situation, the application of these rules results in an inequity (except for the application of N.J.A.C. 8:85-3.2(f)), two levels of appeals are available: a Level I appeal heard by representatives of the Department; and a Level II appeal heard before an Administrative Law Judge.

1. A request for a Level I appeal shall be submitted in writing to the Department of Health and Senior Services, Nursing Facility Rate Setting and Reimbursement, PO Box 715, Trenton, NJ, 08625-0715.

i. Requests for Level I appeals shall be submitted in writing within 60 days of the receipt of notification of the rate by the facility and shall include as follows:

(1) A letter requesting a Level I appeal from the facility and/or from the facility's designated representative;

(2) A specific description of each appeal issue; and

(3) Appropriate documentation that will be sufficient for the Department to understand the nature of each issue of the appeal. No issues other than the specific issues identified in the original Level I appeal shall be heard at the Level II hearing.

ii. Adjustments resulting from the Level I appeal submitted in accordance with (a)1i above shall be effective as follows:

(1) At the beginning of the prospective reimbursement period if either an error in computation was made by the Department or the appeal was submitted within the specified period.

(2) On the first day<sup>4</sup> of the month following the date of appeal for non-computational matters if the appeal is submitted after the specified period.

iii. The date of submission shall be defined as the date received by the Department of Health and Senior Services.

2. If the NF is not satisfied with the results of the Level I appeal, the NF may request a hearing before an Administrative Law Judge. No issues other than the specific issues identified in the original Level I appeal shall be heard at the Level II hearing.

i. Request for an administrative hearing must be submitted in writing to the Department of Health and Senior Services, Nursing Facility Rate Setting and Reimbursement, PO Box 715, Trenton, NJ 08625-0715.

ii. Requests for an Administrative hearing will be considered timely filed if they are submitted within 20 days from the mailing of the ruling in the Level I appeal.

iii. The Administrative hearing will be scheduled by the Office of Administrative Law and the facility will be notified accordingly.

iv. At the Level II hearing, the burden is upon the NF to demonstrate entitlement to cost adjustments under CARE Guidelines (Cost Accounting and Rate Evaluation System). A complete set of CARE Guidelines may be obtained from: New Jersey State Department of Health and Senior Services, Nursing Facility Rate Setting and Reimbursement, PO Box 715, Trenton, NJ 08625-0715.

As amended, R.1983 d.11, effective February 7, 1983, operative March 1, 1983.

See: 14 N.J.R. 269(a), 15 N.J.R. 156(a).

Language added concerning Level II hearing being an Administrative Law hearing.

Recodified from 10:63-3.20 and amended by R.1994 d.624, effective January 3, 1995.

See: 26 N.J.R. 3614(a), 27 N.J.R. 156(a).

Prior text at 10:63-3.21, Medicaid Occupancy Initiative, repealed by R.1994 d.213, effective May 2, 1994. See: 26 N.J.R. 1840(a).

Amended by R.1995 d.174, effective March 20, 1995 (operative April 1, 1995).

See: 27 N.J.R. 281(a), 27 N.J.R. 1307(a).

Recodified from N.J.A.C. 10:63-3.21 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

Rewrote the section.

#### Case Notes

Refused to grant nursing home an open-ended lease pass-through was protected by qualified immunity. *Stratford Nursing and Convalescent Center, Inc. v. Kilstein*, D.N.J.1991, 802 F.Supp. 1158, affirmed 972 F.2d 1332.

Exercise of quasi-judicial function in limiting application of state appellate court decision to specific years encompassed therein; judicial immunity from civil rights liability. *Stratford Nursing and Convalescent Center, Inc. v. Kilstein*, D.N.J.1991, 802 F.Supp. 1158, affirmed 972 F.2d 1332.

Presumption of reasonableness of agency's rate methodology not rebutted by sufficient evidence; burden of proof improperly shifted to agency at hearing (Director's Final Decision) (citing former regulation). *Morris View Nursing Home v. Div. of Medical Assistance and Health Services*, 8 N.J.A.R. 561 (1983), affirmed per curiam Dkt. No. A-973-83 (App.Div.1985).

Administrator's salary as calculated using the N.J.A.C. 10:63-3.5 regression analysis formula was reasonable; actual salary paid was unreasonable; management fee payments to individual not actively engaged in day-to-day facility operation disallowed as not shown to be cost of doing business or an expense related to facility activities (citing former regulation). In re: *Cranford Hall Nursing Home*, 8 N.J.A.R. 463 (1982), affirmed per curiam Dkt. No. A-1641-82 (App.Div.1984).

#### 8:85-3.22 Transfer of ownership

(a) The following applies to the transfer of ownership of a nursing facility, as defined in N.J.A.C. 8:85-1.2:

1. For any facility that transfers ownership, the new owner shall receive a provisional per diem rate for the first year of operation based on the previous owner's per diem rate. After the first full year of operation, a new rate or rates based on actual costs incurred by the facility shall be calculated from the transfer of ownership date through the first prospective rate period.

2. For any facility that transfers ownership, the maintenance and replacement carryunder or carryover shall not be applicable to the new owner. After a first year of actual costs are incurred by the new owner, a maintenance and replacement carryunder or carryover shall be calculated based on N.J.A.C. 8:85-3.14(a)7i.

New Rule, R.2001 d.1, effective January 2, 2001.

See: 32 N.J.R. 2859(a), 33 N.J.R. 54(a).

Recodified from N.J.A.C. 10:63-3.25 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

Changed N.J.A.C. 10:63 reference to N.J.A.C. 8:85 throughout. Former N.J.A.C. 10:63-3.22, Transitional relief for salary region adjustment; State Fiscal Year 1993, repealed.

#### 8:85-3.23 (Reserved)

Recodified from N.J.A.C. 10:63-3.23 and repealed by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

Section was, Transitional relief for salary region adjustment; State Fiscal Year 1994.

#### 8:85-3.24 (Reserved)

Recodified from N.J.A.C. 10:63-3.24 and repealed by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

Section was, Transitional relief for salary region adjustment; State Fiscal Year 1995.

### SUBCHAPTER 4. AUDIT

#### 8:85-4.1 Audit cycle

(a) Any cost report submitted by a Medicaid participating nursing facility (NF) which is selected for audit on or after February 7, 1983 may be audited within three years of the due date of the cost report or the date it is filed, whichever is later. This requirement shall be satisfied if the on-site audit of the NF is initiated within the three-year period and completed

within a reasonable time thereafter. If a NF audit is not initiated within this time limit, the appropriate cost report or cost reports shall be excluded from the audit, subject to the conditions set forth in the balance of this subsection and the waiver provisions set forth in (b) below. Exclusion is subject to the following conditions:

1. Failure to initiate a timely audit shall not preclude the Department from collecting overpayments, interest or other penalties if the overpayments are identified by an agency other than the Department.

2. When a timely audit is conducted and additional overpayments are discovered by another agency, the Department shall not be precluded from collecting such overpayments together with any applicable interest or other penalties.

(b) The Department shall not be precluded from waiving the three-year limitation for good cause, and good cause shall include, but not be limited to, the following circumstances:

1. The overpayments involved in the audit were generated as a result of fraudulent activity by the NF or NF-related party, whether or not that fraudulent activity has been the subject of a criminal investigation and/or prosecution;

2. The NF, its agents or employees have failed to cooperate in the initiation or conduct of the audit;

3. The Department could not have reasonably discovered by audit any evidence of the overpayment within the three-year period;

4. The audit could not be initiated within the three-year period because of delay or cessation of the audit resulting from a request by a law enforcement agency or an administrative agency with jurisdiction over the facility.

i. This provision shall not apply if the NF's records are available and no request for delay or cessation of the audit has been made by any of these agencies.

(c) Notice must be given to the NF when the three year requirement is waived together with the reasons for such action. The NF may request a hearing on any waiver by the Department to the extent authorized by applicable statutes, rules and regulations.

Amended by R.1981 d.23, effective February 1, 1981.

See: 12 N.J.R. 701(b), 13 N.J.R. 146(a).

Administrative change, recodified from N.J.A.C. 10:63-1.21.

See: 24 N.J.R. 3728(b).

Amended by R.1995 d.174, effective March 20, 1995 (operative April 1, 1995).

See: 27 N.J.R. 281(a), 27 N.J.R. 1307(a).

Recodified from N.J.A.C. 10:63-4.1 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

Substituted "Department" for "Division" throughout; substituted "report" for "study" throughout.

## 8:85-4.2 Audits

(a) For the exclusive purpose of calculating interest, under N.J.S.A. 30:4D-17(f), "completion of the field audit" for nursing facility providers shall be defined in the following manner:

1. For all such audits and audit recovery cases pending on February 7, 1983, it shall mean the date that field work is completed, or the date information requested from the provider during the course of that field work is received, whichever is later;

2. For all such audits and audit recovery cases pending on March 1, 1983, which are, have been or will be referred either to the Legal Action Committee, or to the Division of Criminal Justice or other agency for criminal investigation, it shall mean the date the Division of Medical Assistance and Health Services (DMAHS), Office of Program Integrity Administration (OPIA), receives authorization to take administrative action.

3. For all such audits initiated on or after February 7, 1983, it shall mean the date the exit conference is completed or the date information requested from the provider during the course of the exit conference is received, whichever is later.

(b) Notwithstanding any of the previous subsections, if after the screening of any nursing facility provider audit the Assistant Director, OPIA, determines with reasonable justification that an act or omission on the part of the provider requires additional field work, for the exclusive purpose of calculating interest under N.J.S.A. 30:4D-17, the field audit shall be considered completed when the additional field work is completed.

(c) Notwithstanding any of the previous subsections, if after the screening of any nursing facility provider audit the Assistant Director, OPIA, determines with reasonable justification that an act or omission on the part of the provider requires that additional information or documentation be obtained from the provider, then a completed field audit shall, for the exclusive purpose of calculating interest, be considered reopened and interest shall again accrue for the period beginning 20 days from the date that the request for such information or documentation is received by the provider and ending on the date that all of the requested information or documentation is received by the agency making the request.

(d) Notwithstanding any of the previous subsections, if all or part of any nursing facility provider audit initiated on or after the effective date of this subsection is referred to the Division of Criminal Justice or other agency for criminal investigation:

1. In the event no criminal action results from the referral the field audit shall be considered completed one year from the date the decision was made to refer the matter for criminal investigation;

2. In the event criminal action does result from the referral, the field audit shall be considered completed on the date OPIA receives authorization to take administrative action.

Amended by R.1983 d.5, effective February 7, 1983 (operative March 1, 1983).

See: 14 N.J.R. 1031(a), 15 N.J.R. 155(a).

Amended by R.1985 d.177, effective April 15, 1985.

See: 16 N.J.R. 2413(a), 17 N.J.R. 966(a).

(a)2 added; (a)2 recodified to (a)3.

Correction: (a)3 was inadvertently omitted from code. It has been added.

See: 18 N.J.R. 1205(c).

Administrative change, recodified from N.J.A.C. 10:63-1.22.

See: 24 N.J.R. 3728(b).

Amended by R.1995 d.174, effective March 20, 1995 (operative April 1, 1995).

See: 27 N.J.R. 281(a), 27 N.J.R. 1307(a).

Recodified from N.J.A.C. 10:63-4.2 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

In (a)2, added "Division of Medical Assistance and Health Services (DMAHS)".

### 8:85-4.3 Final audited rate calculation

(a) The Department will calculate final per diem rates based on audit adjustment reports.

(b) The final per diem rates determined based on (a) above cannot exceed the prospective rates previously paid.

(c) Settlement after final rate calculation will be for fraud and/or abuse collections or recoveries of payments when the final rate is lower than the original rate.

(d) The basis for establishing guidelines for the prospective per diem rates, and costs which may be reported, are the CARE (Cost Accounting and Rate Evaluation System) Guidelines which appear at N.J.A.C. 8:85-3.

(e) This section applies to all current, pending or future audits for rate years on or after March 20, 1995.

Amended by R.1984 d.572, effective December 16, 1984.

See: 16 N.J.R. 2335(a), 16 N.J.R. 3436(b).

Administrative change, recodified from N.J.A.C. 10:63-1.23.

See: 24 N.J.R. 3728(b).

Amended by R.1995 d.174, effective March 20, 1995 (operative April 1, 1995).

See: 27 N.J.R. 281(a), 27 N.J.R. 1307(a).

Recodified from N.J.A.C. 10:63-4.3 and amended by R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

In (a), substituted "Department" for "Division of Medical Assistance and Health Services"; in (d), changed N.J.A.C. 10:63 reference to N.J.A.C. 8:85.

APPENDIX D

STATE OF NEW JERSEY

DEPARTMENT OF HEALTH AND SENIOR SERVICES

COST STUDY FOR NURSING FACILITY

SCHEDULE 1

D.H.S.S. Number: _____	Provider Name: _____	Provider Telephone: _____
Unisys Number: _____		
12 month reporting period: _____	01/01/2003 to: 12/31/2003	Number of Months: 12

**GENERAL ADMINISTRATIVE INFORMATION**

(Check all applicable blocks)

A. TYPE OF FACILITY

- 1.  Hospital: \_\_\_\_\_
- 2.  Nursing Facility
- 3.  Residential Unit
- 4.  Medical Day Care
- 5.  Special Care: \_\_\_\_\_  
UNISYS Number: \_\_\_\_\_
- 6.  Special Care: \_\_\_\_\_  
UNISYS Number: \_\_\_\_\_
- 7.  Special Care: \_\_\_\_\_  
UNISYS Number: \_\_\_\_\_
- 8.  Other - Specify: \_\_\_\_\_  
UNISYS Number: \_\_\_\_\_

B. TYPE OF OWNERSHIP

- 1.  Proprietary
- 2.  Voluntary
- 3.  Governmental
- 4.  Other - Specify: \_\_\_\_\_

Building                      Land

- Owned by Operator                      5.                       8.
- Leased from Related Organization                      6.                       9.
- Leased from Unrelated Organization                      7.                       10.
- Name of Licensee Corporation Owning Facility: \_\_\_\_\_
- Name of Organization Operating Facility: \_\_\_\_\_

**EXPENSES**

**SCHEDULE A**

Provider Name: \_\_\_\_\_ Period Ending: 12/31/01

D.H.S.S. Number: \_\_\_\_\_ Unisys Number: \_\_\_\_\_

DO NOT CHANGE PRE-PRINTED  
WORDING ON THIS SCHEDULE.

		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	Cost Center	Hours	Salaries & Fringe Benefits	Fees And Other Expenses	Recovery and Eliminations	Net (1) Routine Expenses	Expenses Applicable To NF	Expenses Applicable To Non-NF (5)	Allocation Basis <i>(Per Sch. A-5)</i>
1	GFRB General Fringe Benefits, A-7	//////////	0	//////////	0	0	0	0	AA=0

**GENERAL SERVICES**

2	MGMT Management, Per Sch. A-1	0	0	0	0	0	0	0	AA=0
3	ADM Administrator, Per Sch. A-1	0	0	0	0	0	0	0	AA=0
4	ASAD Assistant Administrator, A-1	0	0	0	0	0	0	0	AA=0
5	OADM Other Administrative, A-2	0	0	0	0	0	0	0	AA=0
6	DIET Dietary (2)	0	0	0	0	0	0	0	AA=0
7	FOOD Food	//////////	//////////	0	0	0	0	0	AA=0
8	LDLI Laundry and Linen	0	0	0	0	0	0	0	AA=0
9	HSKP Housekeeping	0	0	0	0	0	0	0	AA=0
10	OGSR Other General Services, A-7	0	0	0	0	0	0	0	AA=0
11	Total General Services	0	0	0	0	0	0	0	

**PROPERTY OPERATING (3)**

12	MAIN Maintenance (exclude auto)	0	0	0	0	0	0	0	AA=0
13	PTXL Property Taxes (Land)	//////////	//////////	0	0	0	0	0	AA=0
14	PTXB Property Taxes (Building)	//////////	//////////	0	0	0	0	0	AA=0
15	UTIL Utilities, Per Sch. A-7	//////////	//////////	0	0	0	0	0	AA=0
16	PRIN Property Insurance	//////////	//////////	0	0	0	0	0	AA=0
17	Total Property, Operating	0	0	0	0	0	0	0	

**PROPERTY CAPITAL (3)**

18	DPAM Depreciation and Amortization	//////////	//////////	0	0	0	0	0	AA=0
19	RTLE Net Rentals and Leases	//////////	//////////	0	0	0	0	0	AA=0
20	INTR Allowable Interest	//////////	//////////	0	0	0	0	0	AA=0
21	Total Property Capital	//////////	//////////	0	0	0	0	0	

**EXPENSES**

**SCHEDULE A**

Provider Name: \_\_\_\_\_

Period Ending: 12/31/01

D.H.S.S. Number: \_\_\_\_\_

Unisys Number \_\_\_\_\_

DO NOT CHANGE PRE-PRINTED WORDING ON THIS SCHEDULE.

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Cost Center	Hours	Salaries & Fringe Benefits	Fees And Other Expenses	Recovery and Eliminations	Net (1) Routine Expenses	Expenses Applicable To NF	Expenses Applicable To Non-NF (5)	Allocation Basis (Per Sch. A-5)
<b>PATIENT CARE</b>								
22	Reserved	//////////	//////////	//////////	//////////	//////////	//////////	
23	RNS Nursing, RN's - Salaried	0	0	//////////	0	0	0	AA=0
24	RNCT Nursing, RN's - Contracted	0	0	//////////	0	0	0	AA=0
25	LPNS Nursing, LPN's - Salaried	0	0	//////////	0	0	0	AA=0
26	LPCT Nursing, LPN's - Contracted	0	0	//////////	0	0	0	AA=0
27	OSAL Nursing, Other - Salaried	0	0	//////////	0	0	0	AA=0
28	OSCT Nursing, Other - Contracted	0	0	//////////	0	0	0	AA=0
29	MDDR Medical Director	0	0	0	0	0	0	AA=0
30	PTAC Patient Activities	0	0	0	0	0	0	AA=0
31	PHCS Pharmaceutical Consultant	0	0	0	0	0	0	AA=0
32	NLDG Non-Legend Drugs	//////////	//////////	0	0	0	0	AA=0
33	MDSP Medical Supplies	//////////	//////////	0	0	0	0	AA=0
34	SOSR Social Services	0	0	0	0	0	0	AA=0
35	OXYG Oxygen	//////////	//////////	0	0	0	0	AA=0
36	Total Patient Care	0	0	0	0	0	0	
37	NRNA Non-Routine/Non-Allowable Expenses (per Schedule A-3)	0	0	0	0	0	0	
38	TOT Total Expenses	0	0	0	0	0	0	

- (1) See instructions for definition and instructions.
- (2)  Check this block if Dietary is 100% contracted.
- (3) Amounts paid by lessor for property operating, should be netted from line 19 and reported on line(s) 12, 13, 14, 15, and 16, as applicable. For related lease, report depreciation and interest on lines 18 and 20.
- (4) Report nursing contracted service under Column A for hours and Column B for cost. For all other contracted services report the cost only, under Column C.
- (5) Defined as "Expenses Applicable to Residential, Sheltered, Medical Day Care, Other or Special Care Programs".

85-79

Supp. 1-17-06

**MANAGEMENT AND ADMINISTRATION**

**SCHEDULE A-1**

Provider Name: \_\_\_\_\_ Period Ending: 12/31/01

D.H.S.S. Number: \_\_\_\_\_ Unisys Number: \_\_\_\_\_

DO NOT CHANGE PRE-PRINTED WORDING ON THIS SCHEDULE.

(A)	(B)	(C)	(D)	(E)
Hours	Salaries & Fringe Benefits	Fees And Other Expenses	Recovery and Eliminations	Net Routine Expenses

**A Details of Management**

1	Management Fees and Related Expenses	0	0	0	0	0
2	Home Office Costs, Not in Line 1 above.	0	0	0	0	0
3	Director's Fees and Expenses (Limit \$1,000)	////////	0	0	0	0
4	Related Party Compensation	0	0	0	0	0
5	Auto Leasing and Depreciation	////////	////////	0	0	0
6	Other Auto Expenses	////////	////////	0	0	0
7	Out of State Travel	////////	////////	0	0	0
8	General Fringe Benefits *	////////	////////	0	0	0
9	Special Fringe Benefits	////////	0	0	0	0
10	Dues	////////	////////	0	0	0
11	Other: Executive Director	0	0	0	0	0
12	Total to Schedule A, Line 2	0	0	0	0	0

**B Details of Administrator's Costs**

13	Salary	0	0	0	0	0
14	General Fringe Benefits *	////////	////////	0	0	0
15	Special Fringe Benefits	////////	0	0	0	0
16	Out of State Travel	////////	////////	0	0	0
17	Dues	////////	////////	0	0	0
18	Auto Depreciation and Leasing	////////	////////	0	0	0
19	Other Auto Expenses	////////	////////	0	0	0
20	Other:	0	0	0	0	0
21	Total to Schedule A, Line 3	0	0	0	0	0

**C Details of Assistant Administrator's Costs**

22	Salary	0	0	0	0	0
23	General Fringe Benefits *	////////	////////	0	0	0
24	Special Fringe Benefits	////////	0	0	0	0
25	Out of State Travel	////////	////////	0	0	0
26	Dues	////////	////////	0	0	0
27	Auto Depreciation and Leasing	////////	////////	0	0	0
28	Other Auto Expenses	////////	////////	0	0	0
29	Other:	0	0	0	0	0
30	Total to Schedule A, Line 4	0	0	0	0	0

Check if Management Costs include Home Office Costs. A separate Schedule of Home Office Costs must be attached.

Check if actual Fringe Benefits are reported on Management, Administrator, and/or Assistant Administrator Salary. Salary and Actual Fringe Benefits must be reported in Column C, Fees and Other Expenses.

**NOTE:** The cost of related parties who work at the facility less than 20 hours per week should be reported in the Management Cost Center.

\* If General Fringe Benefits are not reported on Schedule A, Line 1.

**DETAILS OF OTHER ADMINISTRATIVE**

**SCHEDULE A-2**

Provider Name: \_\_\_\_\_

Period Ending: 12/31/01

D.H.S.S. Number: \_\_\_\_\_

Unisys Number: \_\_\_\_\_

DO NOT CHANGE PRE-PRINTED  
WORDING ON THIS SCHEDULE.

	(A) Hours	(B) Salaries & Fringe Benefits	(C) Fees And Other Expenses	(D) Recovery and Eliminations	(E) Net Routine Expenses
1 Home Office/Management Fees	0	0	0	0	0
2 Office Personnel	0	0	0	0	0
3 Office Supplies and Expenses	///////	///////	0	0	0
4 Telephone	0	0	0	0	0
5 License and Dues #	///////	///////	0	0	0
6 Data Processing	0	0	0	0	0
7 Insurance not related to property or employees	///////	///////	0	0	0
8 Business Taxes	///////	///////	0	0	0
9 Travel	///////	///////	0	0	0
10 Accounting Fees *	///////	///////	0	0	0
11 Legal Fees *	///////	///////	0	0	0
12 Other Administrative Fees *	///////	///////	0	0	0
13 Seminars	0	0	0	0	0
14 Medical Records	0	0	0	0	0
15 Allowable Contributions	///////	///////	0	0	0
16 Help Wanted Ads	///////	///////	0	0	0
17 Services and Supplies Sold, Per Schedule A-4	///////	///////	///////	0	0
18 Purchase Discounts and Rebates, Per Schedule A-4	///////	///////	///////	0	0
19 Other OADM Recoveries, Schedule A-4, Lines 14 - 16	///////	///////	///////	0	0
20 Amortization of Start-Up Costs **	///////	///////	0	0	0
21 Nursing Administration, Per Schedule A-7, Line 22	0	0	0	0	0
22 Allowable Employee Gifts and Party	0	0	0	0	0
23 Other:	0	0	0	0	0
24 Other:	0	0	0	0	0
25 Other:	0	0	0	0	0
26 Other:	0	0	0	0	0
27 Total To Schedule A, Line 5	0	0	0	0	0

\* See Instructions for Schedule A-2.

\*\* Amount not reported in other cost centers.

# Exclude Line 10, Line 17, and Line 26, Schedule A-1.

**NON-ROUTINE/NON-ALLOWABLE EXPENSES**

**SCHEDULE A-3**

Provider Name: \_\_\_\_\_ Period Ending: 12/31/01

D.H.S.S. Number: \_\_\_\_\_ Unisys Number: \_\_\_\_\_

Report all Non-Routine/Non-Allowable Expenses only on this Schedule. Totals are brought forward to Schedule A, Line 37.

DO NOT CHANGE PRE-PRINTED WORDING ON THIS SCHEDULE.

	(A) Hours	(B) Salaries & Fringe Benefits	(C) Fees And Other Expenses	(D) Revenues
1 Personal Expenses	0	0	0	0
2 Interest Assessed by DMAHS	////////	////////	0	0
3 Fines, Penalties and Non-Allowable Interest	////////	////////	0	0
4 Amortization of Organization Cost	////////	////////	0	0
5 Prescribed Drugs	////////	////////	0	0
6 Laboratory and X-Ray	0	0	0	0
7 Payments to Physicians (exclude Medical Director)	0	0	0	0
8 Physical, Speech, Hearing and Occupational Therapy	0	0	0	0
9 Income Taxes, including N.J. Corporate Business Tax on Net Income and subsequent years liability	////////	////////	////////	0
10 Gift Shop and Snack Bar	0	0	0	0
11 Barber and Beauty Shop	0	0	0	0
12 Contributions, except for Voluntary Fire and First Aid Companies in the vicinity of the Nursing Home	////////	////////	////////	0
13 Collection cost for over due private patient accounts. (1)	////////	////////	0	0
14 Promotional and Directory advertising except for bold print yellow page ads.	////////	////////	////////	0
15 Expenses relating to future expansion, to include Architect Fees	////////	////////	////////	0
16 Fund Raising Expenses	0	0	0	0
17 Utilization Review	0	0	0	0
18 Dental Services	0	0	0	0
19 Employee Gifts and Party (including Christmas Party)	0	0	0	0
20 Home Office/Management Fees	0	0	0	0
21 Bad Debts (2)	////////	////////	////////	0
22 Other:	0	0	0	0
23 Other:	0	0	0	0
24 Other:	0	0	0	0
25 Other:	0	0	0	0
26 Other:	0	0	0	0
27 Total of Columns A, B, and C to Schedule A, Line 37	0	0	0	0

**NOTE: (1)** Collection Agency costs only.

**NOTE: (2)** Bad debts are not expense items, but reductions to income. (Do not include in costs.)



**BASIS OF ALLOCATION SCHEDULE**

**SCHEDULE A-5**

Provider Name: \_\_\_\_\_

Period End: 12/31/01  No  100% Nursing Facility

D.H.S.S. Number: \_\_\_\_\_

Unisys Num: \_\_\_\_\_  No  Special Care Program(s)

PLEASE COMPLETE FOR ALLOCATION BASIS USED:

DO NOT CHANGE PRE-PRINTED WORDING ON THIS SCHEDULE.

CODE (Report on Sch A., Col. H)	BASIS	Applicable To NF	Applicable To Non-NF	Total	Percent Applicable To NF
A = 1	Patient Days	0	0	0	0.0000%
B = 2	Accumulated Costs	0	0	0	0.0000%
C = 3	Number of Meals Served	0	0	0	0.0000%
D = 4	Pounds of Laundry	0	0	0	0.0000%
E = 5	Square Feet	0	0	0	0.0000%
F = 6	Other:	0	0	0	0.0000%
G = 7	Other:	0	0	0	0.0000%
H = 8	Other:	0	0	0	0.0000%
I = 9	Other:	0	0	0	0.0000%
J = 10	Other:	0	0	0	0.0000%
K = 11	Other:	0	0	0	0.0000%
L = 12	Other:	0	0	0	0.0000%
M = 13	Other:	0	0	0	0.0000%
N = 14	Other:	0	0	0	0.0000%
O = 15	Other:	0	0	0	0.0000%
P = 16	Other:	0	0	0	0.0000%
Q = 17	Other:	0	0	0	0.0000%
R = 18	Other:	0	0	0	0.0000%
S = 19	Other:	0	0	0	0.0000%
T = 20	Other:	0	0	0	0.0000%
U = 21	Other:	0	0	0	0.0000%
V = 22	Other:	0	0	0	0.0000%
W = 23	Other:	0	0	0	0.0000%
X = 24	Other:	0	0	0	0.0000%
Y = 25	Other:	0	0	0	0.0000%
Z = 26	Other:	0	0	0	0.0000%
AA = 0	DEFAULT	//////////	//////////	//// ///////////	0.0000%

Informational Accumulated Costs, Sched. A Total	0	0	0	0.0000%
---	---	---	---	---------

The following allocation bases are acceptable. Only one allocation base may be used per line. This form MUST be completed for ALL applicable lines. Use of any other basis MUST BE accompanied by a letter of approval from the Medicaid Bureau of Institutional and Provider Reimbursement.

<u>COST CENTER</u>	<u>Allocation Basis</u>
1. General Fringe Benefits, Management, Administrator, Assistant Administrator, Other Administrative	Patient Days or Accumulated Costs (Schedule A, Lines 6-38)
2. Dietary, Food	Patient Days or Number of Meals Served
3. Laundry	Patient Days or Pounds of Laundry
4. Housekeeping, Other General Services, All Property Operating and Fixed Property Cost Centers	Square Feet
5. Nursing, All Special Patient Care Cost Centers	Patient Days or Actual Cost

**OTHER COST DETAILS**

**SCHEDULE A-7**

Provider Name: \_\_\_\_\_  
 D.H.S.S. Number: \_\_\_\_\_

Period Ending: 12/31/01  
 Unisys Number: \_\_\_\_\_

DO NOT CHANGE PRE-PRINTED  
 WORDING ON THIS SCHEDULE.

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
<u>Cost Center</u>	<u>Hours</u>	<u>Salaries</u>	<u>Supplies</u>	<u>Contracted Services</u>	<u>Other Expenses</u>	<u>Recovery and Eliminations</u>	<u>Total Applicable Expenses</u>
<b>UTIL</b> <u>Utilities</u>							
1 Electric	////////	////////	////////	////////	0	0	0
2 Fuel Oil	////////	////////	////////	////////	0	0	0
3 Natural Gas	////////	////////	////////	////////	0	0	0
4 Water & Sewage	////////	////////	////////	////////	0	0	0
5 Total: (To Schedule A, Line 15)	////////	////////	////////	////////	0	0	0
<b>GFRB</b> <u>General Fringe Benefits</u>							
6 FICA - OASDI	////////	////////	////////	////////	0	0	0
7 FICA - Medicare	////////	////////	////////	////////	0	0	0
8 Workers' Compensation	////////	////////	////////	////////	0	0	0
9 Unemployment Insurance	////////	////////	////////	////////	0	0	0
10 Disability Insurance	////////	////////	////////	////////	0	0	0
11 Medical Insurance	////////	////////	////////	////////	0	0	0
12 Life and Other Insurance	////////	////////	////////	////////	0	0	0
13 Other: (Specify)	////////	////////	////////	////////	0	0	0
14 Other: (Specify)	////////	////////	////////	////////	0	0	0
15 Other: (Specify)	////////	////////	////////	////////	0	0	0
16 General Fringe Benefit Recovery, A-4	////////	////////	////////	////////	////////	0	0
17 Total: (To Schedule A, Line 1)	////////	////////	////////	////////	0	0	0
<b>NADM</b> <u>Nursing Administration</u>							
18 Inservice Coordinator	0	0	0	0	0	0	0
19 Quality Assurance	0	0	0	0	0	0	0
20 Ward Clerk	0	0	0	0	0	0	0
21 Other: (Specify)	0	0	0	0	0	0	0
22 Total: (To Schedule A-2, Line 21)	0	0	0	0	0	0	0
<b>OGSR</b> <u>Other General Services</u>							
23 Disposal Service	0	0	0	0	0	0	0
24 Exterminating Service	0	0	0	0	0	0	0
25 Grounds Maintenance	0	0	0	0	0	0	0
26 Medical Library	0	0	0	0	0	0	0
27 Motor Pool	0	0	0	0	0	0	0
28 Plant Security	0	0	0	0	0	0	0
29 Snow Removal	0	0	0	0	0	0	0
30 Other: (Specify)	0	0	0	0	0	0	0
31 Total: (To Schedule A, Line 10)	0	0	0	0	0	0	0

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Supp. 1-17-06

**THERAPY EXPENSES**

**SCNF SUPPLEMENT  
SCHEDULE A-8**

Provider Name: SAMPLE SCNF HOME

Period Ending: 12/31/2001

NF D.H.S.S. Number: 00000

NF Unisys Number: 0000000

SCNF D.H.S.S. Number: 00000

SCNF Unisys Number: 0000000

(A)	(B)	(C)	(D)
Salaries	Fees And Other Expenses ***	Recoveries For Medicaid Patients	Net Routine Expenses

**RESPIRATORY THERAPY**

1 Respiratory Therapists	RESP			
2 Other Respiratory Expenses	MDSP	//////////		
3 Other Respiratory Expenses	NLDG	//////////		
4 Other Respiratory Expenses	MAIN			
5 Other Respiratory Expenses	DPAM	//////////		
6 Other Respiratory Expenses	RTLE	//////////		
7 Other Respiratory Expenses	INTR	//////////		
8 Other Respiratory Expenses				
9 Other Respiratory Expenses				
10 Other Respiratory Expenses				
11 Other Respiratory Expenses				
12 Other Respiratory Expenses				
13 Capitalized M & R		//////////		
14 Leased Moveable Equipment		//////////		

**REHABILITATIVE SERVICES FOR MEDICAID PATIENTS ONLY \***

15 Physical Therapy				
16 Occupational Therapy				
17 Speech/Language Pathology				
18 Cognitive Or Remedial **				
19 Total Rehabilitative Services				

\* As defined by N.J.A.C. 10:63-2.4

\*\* Including Neuropsychological Treatment

\*\*\* Therapy fees, therapy supplies, and therapy equipment

**INPUT DATA**

FACILITY INFORMATION: (Limit of 20 Characters)	
Facility Name:	
D.O.H. Number:	
Unisys Number:	
Period Beginning:	01/01/01
Period Ending:	12/31/01
Facility Phone:	
100% LTC?:	0
Enter "1" if Yes, "2" if No	
Do Management Costs include Home Office Costs?	
Enter "1" if Yes, "2" if No	0
Are actual Fringe Benefits reported on Schedule A-1?	
Enter "1" if Yes, "2" if No	0
Provide Medical Day Care?	
Enter Days if "Yes"	
(Limit of 11 Characters)	
Special Program #1? Specify:	
Unisys Number if "Yes"	
Program Square Feet:	
Special Program #2? Specify:	
Unisys Number if "Yes"	
Program Square Feet:	
Special Program #3? Specify:	
Unisys Number if "Yes"	
Program Square Feet:	
Other Special Program? Specify:	
Unisys Number if "Yes"	
Is Facility a Chapter 83 or SHARE Hospital?	
Enter "Chapter 83" if "Chapter 83", "SHARE" if "SHARE"	
Is Dietary 100% Contracted?	0
Enter "1" if Yes, "2" if No	
Administrator Related?	0
Enter "1" if Yes, "2" if No	
Assistant Administrator Related?	0
Enter "1" if Yes, "2" if No	
Nursing Director Salary	0
Nursing Director Hours	0
Nursing Director Fees	0
Nursing Director Other	0
Financial Statement Prepared and	
Enter "1" if Yes, "2" if No	0

TYPE OF FACILITY (Enter "1" if Yes, "0" if No)	
Hospital	0
Nursing Facility	0
Residential Unit	0
Medical Day Care	0

TYPE OF OWNERSHIP (Enter "1" if Yes, "0" if No)	
Proprietary	0
Voluntary	0
Governmental	0
Other - Specify [*]	0
Specify: [*]	

BUILDING OWNERSHIP (Enter "1" if Yes, "0" if No)	
Building Owned by Operator?	0
Building Leased from Related Org.?	0
Building Leased from Unrelated Org.?	0

LAND OWNERSHIP (Enter "1" if Yes, "0" if No)	
Land Owned by Operator?	0
Land Leased from Related Org.?	0
Land Leased from Unrelated Org.?	0

FACILITY INFORMATION:	
Facility Owner:	
Organization Operating Facility:	
Facility Officer Name Signing Report:	
Facility Officer Title Signing Report:	
Facility Street Address:	
Facility City:	
Facility Zip Code: (Enter " " first)	
Date Signed By Facility:	

PREPARER INFORMATION:	
Name of Preparer:	
Preparer Firm Name:	
Preparer Address Line 1:	
Preparer Address Line 2:	
Preparer Address Line 3:	
Preparer Telephone:	
Date Signed By Preparer:	

\* NOTE: 501 (c) 3 or 501 (c) 4 should be reported as "VOLUNTARY".

VERSION 5.0 02/04/98

**PATIENT DAYS AND ROUTINE REVENUES**

**SCHEDULE B**

Provider Name: \_\_\_\_\_ Period Ending: 12/31/01

D.H.S.S. Number: \_\_\_\_\_ Unisys Number: \_\_\_\_\_

DO NOT CHANGE ANY  
PRE-PRINTED WORDING  
ON THIS SCHEDULE.

**ACTUAL BASE PERIOD PATIENT DAYS**

From: 01/01/01 To: 12/31/01

**A. PATIENT DAYS**

1. Private
2. Medicaid
3. Medicare
4. Therapeutic Leave
5. Other:
6. Sub Total
7. Medicaid Bed Hold Days
8. Other Bed Hold Days
9. Total
10. Medical Day Care Days

(A) Nursing Facility NF	(B) Residential/ Shelter	(C) Special Program #1:	(D) Special Program #2:	(E) Special Program #3:	(F) Other Hospital: **	(G) Total
0	0	0	0	0	0	0
0	///////	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0

**B. GROSS REVENUES**

**FROM ROUTINE SERVICES**

11. Private
12. Medicaid
13. Medicare
14. Other:
15. Other:
16. Other:
17. Total

**ROUTINE REVENUES**

0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0

**C. MAXIMUM BED DAYS**

**18. Licensed LTC Beds \***

(A) Number Of Beds	(B) Number Of Days In Period	(C) Maximum Bed Days
From: To:	0	0
From: To:	0	0
From: To:	0	0
From: To:	0	0
From: To:	0	0
From: To:	0	0
From: To:	0	0

(D) TOTAL NF BEDS
-------------------------

**19. Quiet Beds**

0	0	0
---	---	---

(D) WEIGHTED NF BEDS
----------------------------

**20. Acute Care Hospital Beds \*\***

0	///////	///////
---	---------	---------

**21. Sheltered/Residential Beds**

0	///////	///////
---	---------	---------

**22. Special Program #1 Beds \***

From: To:	0	0
From: To:	0	0

**23. Special Program #2 Beds \***

From: To:	0	0
From: To:	0	0

**24. Special Program #3 Beds \***

From: To:	0	0
From: To:	0	0

**25. Total**

0	0	0
---	---	---

PROGRAM #1 BEDS
--------------------

PROGRAM #2 BEDS
--------------------

PROGRAM #3 BEDS
--------------------

\* If there has been a change in Licensed Beds during this reporting period, report data on the appropriate lines and refer to Schedule B Instructions for the calculation. ATTACH D.O.H. Licensing approval letter(s).

\*\* Use this section ONLY if hospital costs are reported on Schedule A.

**NURSING SERVICES CLASSIFICATION**

**SCHEDULE B-1**

Page 1 of 3

Provider Name: **SAMPLE HEALTH CARE FACILITY**

Period Ending: **Dec 31, 2003**

D.H.S.S. Number: **00000**

Unisys Number: **0000000**

Report Period From: **Jan 1, 2003** Through: **Dec 31, 2003**

Additional Nursing Services

Sum of Total Acutities Reported

**ACUITY OF CARE**

- 1. Tracheostomy Care
- 2. Use of Respirator
- 3. Head Trauma
- 4. Intravenous Therapy
- 5. Wound Care
- 6. Oxygen Therapy
- 7. N/G Tube Feeding

	<u>Jan-03</u>	<u>Feb-03</u>	<u>Mar-03</u>	<u>Apr-03</u>	<u>May-03</u>	<u>Jun-03</u>	<u>Jul-03</u>	<u>Aug-03</u>	<u>Sep-03</u>	<u>Oct-03</u>	<u>Nov-03</u>	<u>Dec-03</u>	<u>Totals</u>
1. Tracheostomy Care	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Use of Respirator	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Head Trauma	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Intravenous Therapy	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Wound Care	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Oxygen Therapy	0	0	0	0	0	0	0	0	0	0	0	0	0
7. N/G Tube Feeding	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Totals</b>	0	0	0	0	0	0	0	0	0	0	0	0	0

*Note: Completion of this Schedule will be used in setting of facility rate and is subject to Clinical Audit.*

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Supp. 1-17-06

**NURSING SERVICES CLASSIFICATION**

**SCHEDULE B-1**

Page 2 of 3

Provider Name: **SAMPLE HEALTH CARE FACILITY**

Period Ending: **Dec 31, 2003**

D.H.S.S. Number: **00000**

Unisys Number: **0000000**

Report Period From: **Jan 1, 2003** Through: **Dec 31, 2003**

Additional Nursing Services

Medicare

**ACUITY OF CARE**

- 1. Tracheostomy Care
- 2. Use of Respirator
- 3. Head Trauma
- 4. Intravenous Therapy
- 5. Wound Care
- 6. Oxygen Therapy
- 7. N/G Tube Feeding
- Totals**

	<u>Jan-03</u>	<u>Feb-03</u>	<u>Mar-03</u>	<u>Apr-03</u>	<u>May-03</u>	<u>Jun-03</u>	<u>Jul-03</u>	<u>Aug-03</u>	<u>Sep-03</u>	<u>Oct-03</u>	<u>Nov-03</u>	<u>Dec-03</u>	<u>Totals</u>
1. Tracheostomy Care	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Use of Respirator	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Head Trauma	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Intravenous Therapy	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Wound Care	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Oxygen Therapy	0	0	0	0	0	0	0	0	0	0	0	0	0
7. N/G Tube Feeding	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Totals</b>	0	0	0	0	0	0	0	0	0	0	0	0	0

Additional Nursing Services

Medicaid

**ACUITY OF CARE**

- 1. Tracheostomy Care
- 2. Use of Respirator
- 3. Head Trauma
- 4. Intravenous Therapy
- 5. Wound Care
- 6. Oxygen Therapy
- 7. N/G Tube Feeding
- Totals**

	<u>Jan-03</u>	<u>Feb-03</u>	<u>Mar-03</u>	<u>Apr-03</u>	<u>May-03</u>	<u>Jun-03</u>	<u>Jul-03</u>	<u>Aug-03</u>	<u>Sep-03</u>	<u>Oct-03</u>	<u>Nov-03</u>	<u>Dec-03</u>	<u>Totals</u>
1. Tracheostomy Care	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Use of Respirator	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Head Trauma	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Intravenous Therapy	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Wound Care	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Oxygen Therapy	0	0	0	0	0	0	0	0	0	0	0	0	0
7. N/G Tube Feeding	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Totals</b>	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: Completion of this Schedule will be used in setting of facility rate and is subject to Clinical Audit.

**NURSING SERVICES CLASSIFICATION**

**SCHEDULE B-1**

Page 3 of 3

Provider Name: **SAMPLE HEALTH CARE FACILITY**

Period Ending: **Dec 31, 2003**

Provider Number: **00000**

Unsys Number: **0000000**

Report Period From: **Jan 1, 2003** Through: **Dec 31, 2003**

Additional Nursing Services

*Private*

**ACUITY OF CARE**

- 1. Tracheostomy Care
- 2. Use of Respirator
- 3. Head Trauma
- 4. Intravenous Therapy
- 5. Wound Care
- 6. Oxygen Therapy
- 7. N/G Tube Feeding
- Totals**

	<u>Jan-03</u>	<u>Feb-03</u>	<u>Mar-03</u>	<u>Apr-03</u>	<u>May-03</u>	<u>Jun-03</u>	<u>Jul-03</u>	<u>Aug-03</u>	<u>Sep-03</u>	<u>Oct-03</u>	<u>Nov-03</u>	<u>Dec-03</u>	<u>Totals</u>
1. Tracheostomy Care	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Use of Respirator	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Head Trauma	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Intravenous Therapy	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Wound Care	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Oxygen Therapy	0	0	0	0	0	0	0	0	0	0	0	0	0
7. N/G Tube Feeding	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Totals</b>	0	0	0	0	0	0	0	0	0	0	0	0	0

Additional Nursing Services

*Other*

**ACUITY OF CARE**

- 1. Tracheostomy Care
- 2. Use of Respirator
- 3. Head Trauma
- 4. Intravenous Therapy
- 5. Wound Care
- 6. Oxygen Therapy
- 7. N/G Tube Feeding
- Totals**

	<u>Jan-03</u>	<u>Feb-03</u>	<u>Mar-03</u>	<u>Apr-03</u>	<u>May-03</u>	<u>Jun-03</u>	<u>Jul-03</u>	<u>Aug-03</u>	<u>Sep-03</u>	<u>Oct-03</u>	<u>Nov-03</u>	<u>Dec-03</u>	<u>Totals</u>
1. Tracheostomy Care	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Use of Respirator	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Head Trauma	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Intravenous Therapy	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Wound Care	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Oxygen Therapy	0	0	0	0	0	0	0	0	0	0	0	0	0
7. N/G Tube Feeding	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Totals</b>	0	0	0	0	0	0	0	0	0	0	0	0	0

**Note:** Completion of this Schedule will be used in setting of facility rate and is subject to Clinical Audit.

**MISCELLANEOUS DATA**

**SCHEDULE B-2**

Provider Name: **SAMPLE HEALTH CARE FACILITY**

Period Ending: **Dec 31, 2003**

D.H.S.S. Number: **00000**

Unisys Number: **0000000**

Indicate the number of treatments for Medicaid patients which were unreimbursable by Medicare or other payers:

Physical Therapy	0
Occupational Therapy	0
Speech Therapy	0
Total Therapy Treatments:	0

Indicate the following Medicare information:

Medicare Intermediary: \_\_\_\_\_  
 Medicare Provider Number: \_\_\_\_\_  
 Effective Date of Medicare Rate: \_\_\_\_\_

**Medicare Rate: Attach RUGS Rate Schedule  
(Rate in Effect at end of Fiscal Year)**

**FINANCING DATA**

The Facility Building is Owned by the Operator.

The Facility Land is Owned by the Operator.

*If the Facility is Owned by the Operator, or leased by a related party, please answer the following:*

1. What year was the Facility acquired? \_\_\_\_\_
2. Have you refinanced your debt structure in the last five (5) years?  
(Last Refinancing only)  Yes  No

A. If the answer is *yes*, complete the following:

Date of Refinancing: \_\_\_\_\_  
 Amount of Refinancing: \_\_\_\_\_  
 Interest Rate(s): (Label if more than one) \_\_\_\_\_  
 The Bonds/Notes were underwritten by: \_\_\_\_\_

B. If the answer is *no*, complete the following:

Current Debt: \_\_\_\_\_  
 Interest Rate(s): (Label if more than one) \_\_\_\_\_  
 The Bonds/Notes were underwritten by: \_\_\_\_\_

**ROUTINE REVENUES**

**SCHEDULE B-3**

Provider Name: SAMPLE HEALTH CARE FACILITY

Period Ending: Dec 31, 2003

D.H.S.S. Number: 00000

Unisys Number: 0000000

**ROUTINE REVENUES**

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
<i>REVENUES FROM ROUTINE SERVICES</i>	<i>Nursing Facility NF</i>	<i>Residential/ Shelter</i>	<i>Special Program # 1:</i>	<i>Special Program # 2:</i>	<i>Special Program # 3:</i>	<i>Other Hospital: **</i>	<i>Total</i>
1. Gross Private Revenues							
2. Contractual Allowances							
3. Net Private Revenues							
4. Gross Medicaid Revenues							
5. Contractual Allowances							
6. Net Medicaid Revenues							
7. Gross Medicare Revenues							
8. Contractual Allowances							
9. Net Medicare Revenue							
10. Other Gross Revenues 1 *							
11. Contractual Allowances 1							
12. Other Net Revenues 1							
13. Other Gross Revenues 2 *							
14. Contractual Allowances 2							
15. Other Net Revenues 2							
16. Other Gross Revenues 3 *							
17. Contractual Allowances 3							
18. Other Net Revenues 3							
19. Sum of Gross Revenues							
20. Contractual Allowances Sum							
21. Sum of Net Revenues							

\* SPECIFY:

OTHER Provider 1 \_\_\_\_\_  
 OTHER Provider 2 \_\_\_\_\_  
 OTHER Provider 3 \_\_\_\_\_

\*\* Use this section ONLY if hospital costs are reported on Schedule A.

**NOTES:**

1. Do Not Change ANY Pre-printed Wording On This Schedule
2. Do Not INCLUDE Bad Debts As A Part Of Allowances.
3. Do Not INCLUDE any decimal places (Whole dollars ONLY).
4. Report Allowances As An Absolute Value.

**SELECTED DATA**

**SCHEDULE D**

Provider Name: \_\_\_\_\_

Period Ending: 12/31/01

D.H.S.S. Number: \_\_\_\_\_

Unisys Num: \_\_\_\_\_

**A. NURSING HOURS REQUIREMENT:**

1	Nursing, RN's - Salaried, Schedule A, Line 23
2	Nursing, LPN's - Salaried, Schedule A, Line 25
3	Nursing, Other - Salaried, Schedule A, Line 27
4	Total Nursing - Salaried Hours

TOTAL HOURS PAID REPORTED ON SCH. A COL. A	TOTAL HOURS WORKED	PERCENT WORKED
0	0	
0	0	
0	0	
0	0	

**B. EMPLOYEE MEALS:**

5	Estimated Meals served to Employees per year
6	Estimated Average Price Charged Employees

0
\$0.00

Enter (0) if employees are not charged

**C. CURRENT PROPERTY DATA**

Expenditures		
CAPITALIZED Maintenance & Replacement D	Additions E	Net Rental & Leases F

*Expenditures for Acquisition (Net of Trade-Ins) or Use of Property*

7	Land
8	Land Improvements
9	Buildings including Additions
10	Building Equipment
11	Reimbursable Moveable Equipment
12	Non-Reimbursable Moveable Equipment
13	Motor Vehicles (Other than for Administrator)
14	Leasehold Improvements & Other Amortization Items
15	<b>Special Program:</b>
16	<b>Special Program:</b>
17	<b>Special Program:</b>
18	TOTAL EXPENDITURES

0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0

List referenced expenditures made to comply with Mandated Requirements

19	
20	
21	Total of Line 18 Expenditures Made to Comply

0	0	0
0	0	0
0	0	0

22	Special Program #1 Plant Square Feet
23	Special Program #2 Plant Square Feet
24	Special Program #3 Plant Square Feet

0
0
0

**SCNF SUPPLEMENT  
SCHEDULE D**

**SELECTED DATA**

Provider Name: SAMPLE SCNF HOME Period Ending: 12/31/2001  
 NF D.H.S.S. Number: 00000 NF Unisys Number: 0000000  
 SCNF D.H.S.S. Number: 00000 SCNF Unisys Number: 0000000

SCNF NURSING HOURS REQUIREMENT:		TOTAL HOURS PAID	TOTAL HOURS WORKED	PERCENT WORKED
1	Nursing, RN's - Salaried, Schedule A, Line 23			
2	Nursing, LPN's - Salaried, Schedule A, Line 25			
3	Nursing, Other - Salaried, Schedule A, Line 27			
4	Total Nursing - Salaried Hours			

**B. CURRENT PROPERTY DATA**

	(A) Direct	(B) Cost Subject To Allocation	(C) Allocation Basis *	(D) Allocated Costs	(E) Total
<b>Capitalized Maintenance and Replacements:</b>					
5	Land Improvements				
6	Building Including Additions				
7	Building Additions				
8	Reimbursable Moveable Equipment				
9					
10					
11	Leasehold Improvements				
12	Total	////////	////////	////////	
13	Leased Moveable Equipment				

14 Explanation of allocation calculation for allocated costs in Column D above, show details below as per Schedule A-5.

Line 5 \_\_\_\_\_  
 Line 6 \_\_\_\_\_  
 Line 7 \_\_\_\_\_  
 Line 8 \_\_\_\_\_  
 Line 9 \_\_\_\_\_  
 Line 10 \_\_\_\_\_  
 Line 11 \_\_\_\_\_  
 Line 13 \_\_\_\_\_

\* B = Beds, F = Square Feet

**DATA REGARDING RELATED PARTIES AND SELECTED EMPLOYEES**

**SCHEDULE F**

Provider Name: \_\_\_\_\_

Period Ending: 12/31/01

D.H.S.S. Number: \_\_\_\_\_

Unisys Num: \_\_\_\_\_

*Data Concerning Related Parties other than Employees*

	Related Party Type (2)	Related Party Name	Loans		Equity	Reporting Period Transactions (4)	
			Ending Balance	Annual Interest Rate	Percent of Total	Nature of Transaction(s)	Schedule A Costs
	A	B	C	D	E	F	G
1							
2							
3							
4							
5							

Data regarding selected Employees including Related Parties (3)

Name Of Employee	Live on Premises? Yes/No	Hours Worked	Annual Compensation	Special Fringe Benefits	Auto Expense and Other	Related Party Yes/No
H	I	J	K	L	M	N

(1)	6	Administrator		0	0	0	////	NO
(1)	7	Assistant Administrator		0	0	0	0	NO
(1)	8	Nursing Director		0	0	0	0	
(1)	9							
(1)	10							
(1)	11							

Name of Employee (1)	E. I. Number	Facility Name	Position	Hours worked

(1) Check if Employee works in another facility. The bottom section MUST be completed for any employee listed on Lines 6 - 11 above working at another facility.

(2) Code related parties consistent with this definition (i.e.; Type 1b, 2d, etc.).

(3) Enter data for these three positions and for any other employees who meet either of the following criterib:

Related to facility per instructions for this form.

Compensation exceeds \$25.00 per hour worked. (Does not include Nursing Agency Fees.)

(4) Include compensation, purchases, interest expense, leases and any other transaction affecting data reported on Schedule A.

SCHEDULE G

RECONCILIATION

D.H.S.S. Number: \_\_\_\_\_

Unisys Number: \_\_\_\_\_

EXPENSES	SCHEDULE	COLUMN	LINE	AMOUNT
1 Total Gross Salaries Reported	A	B	11,17,36,37	0
2 Total Gross Salaries per Form 941				0
3 Difference (Line 1 less Line 2)	////////	////////	////////	0
4 Explanations of Line 3:				////////
5				
6				
7				
8 Total Expenses Reported	A	B & C	36	0
9 Total Expenses per Financial Statements				0
10 Difference (Line 8 Line 9)	////////	////////	////////	0
11 Explanations of Line 10:				////////
12				
13				
14				
15				
16				
17				

REVENUES

1 Routine Revenues	B	G	17	0
2 Incidental Revenues	A-4	I	30	0
3 Other Operating Revenues	A-3	D	27	0
4 SCHEDULE	A-7	F		0
5 Total Revenues Reported				0
6 Total Revenues per Financial Statements				0
7 Difference (Line 5 Less Line 6)	////////	////////	////////	0
8 Explanations of Line 7:				////////
9				
10				
11				
12				

D.H.S.S. Number: \_\_\_\_\_ Unisys Number: \_\_\_\_\_ Period Ending: 12/31/01

**SCHEDULE H**

**CERTIFICATION BY TRUSTEE, OWNER, OFFICER, PARTNER OR ADMINISTRATOR OF PROVIDER**

\_\_\_\_\_  
(Name) (Title)

of the \_\_\_\_\_  
(Facility)

\_\_\_\_\_  
(Street Address) (City) (State) (Zip Code)

**MISREPRESENTATION OR FALSIFICATION OF ANY INFORMATION CONTAINED IN THIS COST REPORT  
MAY BE PUNISHABLE BY FINE AND/OR IMPRISONMENT UNDER STATE OR FEDERAL LAW.**

I HEREBY CERTIFY that I have read the above statement and that I have examined the accompanying Cost Report, supporting schedules, and financial information prepared for the \_\_\_\_\_  
(Provider name(s) and numbers) for the Cost Report period beginning 01/01/01 and ending on 12/31/01, and that to the best of my knowledge and belief, it is a true, correct, and complete statement prepared from the books and records of the provider(s) in accordance with applicable instructions, except as noted.

SIGNED: \_\_\_\_\_  
Officer or Administrator of Provider(s)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date Signed

**IF THESE SCHEDULES WERE COMPLETED BY OTHER THAN THE OFFICER OR ADMINISTRATOR OF THE FACILITY, THEN THE PREPARER MUST SIGN THE FOLLOWING STATEMENT:  
TO THE BEST OF MY KNOWLEDGE, ALL THE COSTS CONTAINED IN THESE SCHEDULES REASONABLY RELATE TO PATIENT CARE.**

\_\_\_\_\_  
(Name of Preparer)

\_\_\_\_\_  
(Signature of Preparer)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Telephone Number)

\_\_\_\_\_  
(Date Signed)

**DID AN INDEPENDENT PUBLIC ACCOUNTANT PREPARE FINANCIAL STATEMENTS FOR THE COST REPORTING PERIOD?**  YES  NO  
**IF YES, A COPY MUST BE ATTACHED; IF NO, A COPY OF ALL WORK PAPERS MUST BE ATTACHED.**



State of New Jersey  
DEPARTMENT OF HEALTH AND SENIOR SERVICES  
PO BOX 715  
TRENTON, N.J. 08625-0715

JAMES E. MCGREEVEY  
*Governor*

[www.state.nj.us/health](http://www.state.nj.us/health)

CLIFTON R. LACY, M.D.  
*Commissioner*

**Instructions for the Filing of Cost Reports for  
Nursing Facilities With Fiscal Year Ending  
on or after December 31, 2003**

Each disk contains three master files with the following schedules:

File CCOST1.wkb contains

- Input Data
- Schedule A
- Schedule A-1
- Schedule A-2
- Schedule A-3
- Schedule A-4
- Schedule A-5
- Schedule A-7

File CCOSTANC.wkb contains

- Schedule 1
- Schedule B
- Schedule D
- Schedule F
- Schedule G
- ~~Schedule H~~ (DO NOT SUBMIT)

File NF200312.xls contains

- Schedule B-1
- Schedule B-2
- Schedule B-3
- Schedule B-4
- Schedule H

**Instructions for the Filing of Cost Reports for  
Nursing Facilities on or after December 31, 2003  
Page # 2**

**DO NOT:**

- Create and report the files in a subdirectory.
- Rename any files.
- Zip any files.
- Add or remove any files not on the original diskette.

**The Cost Report diskette labels *must* contain only:**

- Facility Name
- DHSS Number
- Unisys Number
- End of Reporting Period

Please note that the Schedule H in the Baler files should not be submitted; rather, the Schedule H in the Excel spreadsheet must be submitted and signed when submitting the Cost Report.

**Special Care Nursing Facility (SCNF)**

Nursing Facilities with a Special Care unit will submit an automated Cost Report in addition to the Nursing Facility Cost Report. Separate diskettes are provided for both Cost Reports.

**Submission Requirements**

Each Nursing Facility (NF) and Special Care Nursing Facility (SCNF) unit shall submit the following:

- Two (2) completed diskettes for each facility and/or SCNF unit.
- Two (2) paper copies of each completed Cost Report, with Schedule H signed in the original by an authorized facility officer and preparer.
- One copy of the facility's current license.
- One copy of the Department's letter(s) approving changes to the facility's number of licensed beds and/or beds temporarily out of service.

**Instructions for the Filing of Cost Reports for  
Nursing Facilities on or after December 31, 2003  
Page # 3**

- One copy of the facility's Audited Financial Statements and a General Ledger Trial Balance covering the reporting period of the Cost Report and any and all additional documentation which supports the information reported in the Cost Report.
- Two copies, as applicable, of the Home Office cost allocation, which indicates the types and amounts being allocated to each facility, the bases used in allocating each cost, and the line on Schedule A, where each of the allocated costs have been reported.
- One copy of each letter approving facility requests for changes in bases used to allocate costs.

Failure to submit these documents and reconciling statements to the details of Schedule A and the audited financial statements/General Ledger Trial Balances will result in the Cost Report not being reviewed and a rate established until they are received. Further, a late filing penalty will also be assessed as of the Original Due Date.

Complete the Input Data, then all subsidiary Schedules (Such as Schedule A-1, Schedule A-2, etc.) first.

**Schedule 1**

Those facilities providing "special care" should provide the special care unit name, using an eleven character field width, and the UNISYS number for the special care Unit. All New Jersey Nursing Facilities have either a type of ownership of Proprietary, Voluntary, Governmental, or Other. All New Jersey Special Care Nursing Facilities should be reported as Other. For facilities where the name of Licensee Corporation Owning the Facility is the same as the Organization operating the Facility, the Corporation owning the Facility should be reported. "Same As Above" should not be used. This Schedule is found in the Baler file *ccostanc.wkb*.

**Instructions for the Filing of Cost Reports for  
Nursing Facilities on or after December 31, 2003  
Page # 4**

**Schedule A**

This Schedule shall be used to report the hours, salaries and fringes, fees and other expenses, recoveries and eliminations, expenses applicable to the NF and to the non-NF, and the basis used to allocate costs among the NF and non-NF(s). Facilities that have a contracted dietary service should *manually* place an "X" on Schedule A, page 2 in the space provided. This Schedule is found in the Baler file *ccost1.wkb*.

**Schedule A-1**

This Schedule shall be used to report the details of Management Costs, Administrator's Costs, and Assistant Administrator's Costs. The amounts on Schedule A-1 will be linked to Schedule A, Lines 2, 3, and 4 respectively. This Schedule is found in the Baler file *ccost1.wkb*.

**Schedule A-2**

This Schedule shall be used to report the details of Other Administrative hours, salaries and fringes, fees and other expenses, recoveries and eliminations, expenses applicable to the NF and to the non-NF, and the basis used to allocate costs among the NF and non-NF(s) Costs, and is linked to Schedule A, Line 5. This Schedule is found in the Baler file *ccost1.wkb*.

**Schedule A-3**

This Schedule shall be used to report the details of Other Administrative report the hours, salaries and fringes, fees and other expenses, recoveries and eliminations, which links to Schedule A, Line 37. Revenue related to the items on Schedule A-3 shall be reported on Column D. Bad Debts should be reported in Column D *Revenues*. This Schedule is found in the Baler file *ccost1.wkb*.

**Schedule A-4**

This schedule shall be used to report the details of Recoveries and Eliminations and is reported on Schedule A, Column D. This Schedule is found in the Baler file *ccost1.wkb*.

**Instructions for the Filing of Cost Reports for  
Nursing Facilities on or after December 31, 2003  
Page # 5**

**Schedule A-5**

This Schedule is to be used to report the basis of allocation that are used in allocating costs among the Nursing Facility and Non-Nursing Facility entities for facilities that are not 100% Nursing Facility.

Allocation of expenses using a basis not identified (pre-printed) on Schedule A-5, or a change from the basis previously approved by the Department, requires the prospective written approval by the Department. A copy of these approved allocation basis letters **must be** included with the Cost Report. This Schedule is found in the Baler file *ccost1.wkb*.

**Schedule A-6**

Schedule A-6 no longer is filed for a Nursing Facility providing Medical Day Care services. A computerized Adult and Pediatric Day Health Service Center Cost Report must now be filed.

**Schedule A-7**

This Schedule shall be used to report the detail of:

- Utility Costs, and reports to Schedule A, Line 15.
- General Fringe Benefits, and reports to Schedule A, Line 1.
- Nursing Administration, and reports to Schedule A-2, Line 21.
- and Other General Services, which is reported on Schedule A, Line 10. This Schedule is found in the Baler file *ccost1.wkb*.

**Schedule A-8 (SCNF Supplement)**

Respiratory Expenses shall be reported on Line 1. Lines 8 through 12 allow for the insertion of a manually specified cost center.

**Instructions for the Filing of Cost Reports for  
Nursing Facilities on or after December 31, 2003  
Page # 6**

Rehabilitative Services for Medicaid Patients only is reported at the bottom of this Schedule. Both portions of the Schedule are to be completed. This Schedule is found in the Excel file *SCNF200312.xls*.

**Schedule B**

This Schedule shall be used to report patient days, gross routine revenues, and licensed bed information, for the Reporting Facility, SCNF units of the Facility, and/or other entities whose costs are reflected on Schedule A. This Schedule is found in the Baler file *ccostanc.wkb*.

The Windows Excel (NF200312.xls) file may be printed by using the following commands: *File, Print, From 2 To 5, Entire Workbook, Okay.*

**Schedule B-1 (New)**

This new Schedule shall be used to report all changes in the Department's approval of changes in the number of beds in services during the reporting period. This Schedule is found in the Excel file *NF200312.xls*.

**Schedule B-2 (Formerly Schedule B-1)**

This Schedule shall be used by Nursing Facilities only to report patient acuity data for Medicare, Medicaid, Private, and Other patients. This Schedule is found in the Excel file *NF200312.xls*.

**Schedule B-3 (Formerly Schedule B-2)**

This Schedule is found in the Excel file *NF200312.xls* and is used to report:

- Number of Physical Therapy, Occupational Therapy, and Speech Therapy treatments for Medicaid patients which have been determined to be unreimbursable by Medicare or Other Payors.

**Instructions for the Filing of Cost Reports for  
Nursing Facilities on or after December 31, 2003  
Page # 7**

- The reporting entity's Medicare Intermediary, Medicare Provider Number, and the effective date of current Medicare rates. A copy of the current RUGs shall be attached.
- Financial, Ownership, and debt data.

**Schedule B-4 (Formerly Schedule B-3)**

This Schedule shall be used to report gross revenues and contractual allowances, by payor, and in total, for each of the reporting entity's components. This Schedule is found in the Excel file *NF200312.xls*.

**Schedule D (NF)**

This Schedule shall be used to report nursing hours paid and worked, number of employee meals served, average price of each employee meal, and current property data. This Schedule is found in the Baler file *ccostanc.wkb*.

**Schedule D (SCNF Supplement)**

This Schedule shall be used to report **ONLY** the Special Care Nursing Facility (SCNF) total hours paid and total hours worked for nursing. **DO NOT INCLUDE NON-SCNF DATA**. Current property data for Capitalized maintenance and Replacement for the SCNF shall be reported with the appropriate allocation basis. Totals for the section shall be included in Column E, Lines 12 and 13. This Schedule is found in the Excel file *SCNF200312.xls*.

**Schedule F**

This Schedule shall be used to report data regarding related parties and selected employees. The E. I. Number shall be reported as the last four (4) digits of the Social Security number. This Schedule is found in the Baler file *ccostanc.wkb*.

**Instructions for the Filing of Cost Reports for  
Nursing Facilities on or after December 31, 2003  
Page # 8**

**Schedule G**

This Schedule shall be used to reconcile the salaries, other expenses, and revenues reported on the Cost Report with the financial statements. This Schedule is found in the Baler file *ccostanc.wkb*.

**Schedule H**

DO NOT complete and submit the Schedule H found within the "Baler" file. This Schedule is to be used to indicate a certification by an Officer or Administrator of the facility, and the preparer, if prepared by someone other than an Officer or Administrator of the facility, that the data reported in the Cost Report has been prepared from the records of the reporting entity and are reasonably related to patient care. This Schedule is found in the Excel file *NF200312.xls*.

STATE OF NEW JERSEY

DEPARTMENT OF HEALTH AND SENIOR SERVICES

COST STUDY FOR NURSING FACILITY

SCHEDULE 1

D.H.S.S. Number:	Provider Name:	Provider Telephone:
Unisys Number:		
12 month reporting period :	01/01/2001 to: 12/31/2001	Number of Months: 12

GENERAL ADMINISTRATIVE INFORMATION

(Check all applicable blocks)

A. TYPE OF FACILITY

- 1.  Hospital: \_\_\_\_\_
- 2.  Nursing Facility
- 3.  Residential Unit
- 4.  Medical Day Care
- 5.  Special Care: \_\_\_\_\_  
UNISYS Number: \_\_\_\_\_
- 6.  Special Care: \_\_\_\_\_  
UNISYS Number: \_\_\_\_\_
- 7.  Special Care: \_\_\_\_\_  
UNISYS Number: \_\_\_\_\_
- 8.  Other - Specify: \_\_\_\_\_  
UNISYS Number: \_\_\_\_\_

B. TYPE OF OWNERSHIP

- 1.  Proprietary
  - 2.  Voluntary
  - 3.  Governmental
  - 4.  Other - Specify: \_\_\_\_\_
- |                                    | Building                    | Land                         |
|------------------------------------|-----------------------------|------------------------------|
| Owned by Operator                  | 5. <input type="checkbox"/> | 8. <input type="checkbox"/>  |
| Leased from Related Organization   | 6. <input type="checkbox"/> | 9. <input type="checkbox"/>  |
| Leased from Unrelated Organization | 7. <input type="checkbox"/> | 10. <input type="checkbox"/> |
- Name of Licensee Corporation Owning Facility: \_\_\_\_\_
- Name of Organization Operating Facility: \_\_\_\_\_

VERSION 5.0  
02/04/98

These documents have been prepared by the Department of Health And Senior Services.

## INPUT DATA

FACILITY INFORMATION: <span style="float: right; font-size: small;">(Limit of 20 Characters)</span>	
Facility Name:	
D.O.H. Number:	
Unisys Number:	
Period Beginning:	01/01/01
Period Ending:	12/31/01
Facility Phone:	
100% LTC?:	0
Enter "1" if Yes, "2" if No	
Do Management Costs include Home Office Costs?	
Enter "1" if Yes, "2" if No	0
Are actual Fringe Benefits reported on Schedule A-1?	
Enter "1" if Yes, "2" if No	0
Provide Medical Day Care?	
Enter Days if "Yes"	
(Limit of 11 Characters)	
Special Program #1? Specify:	
Unisys Number if "Yes"	
Program Square Feet:	
Special Program #2? Specify:	
Unisys Number if "Yes"	
Program Square Feet:	
Special Program #3? Specify:	
Unisys Number if "Yes"	
Program Square Feet:	
Other Special Program? Specify:	
Unisys Number if "Yes"	
Is Facility a Chapter 83 or SHARE Hospital?	
Enter "Chapter 83" if "Chapter 83", "SHARE" if "SHARE"	
Is Dietary 100% Contracted?	0
Enter "1" if Yes, "2" if No	
Administrator Related?	0
Enter "1" if Yes, "2" if No	
Assistant Administrator Related?	0
Enter "1" if Yes, "2" if No	
Nursing Director Salary	0
Nursing Director Hours	0
Nursing Director Fees	0
Nursing Director Other	0
Financial Statement Prepared and S	
Enter "1" if Yes, "2" if No	0

TYPE OF FACILITY <span style="float: right; font-size: small;">(Enter "1" if Yes, "0" if No)</span>	
Hospital	0
Nursing Facility	0
Residential Unit	0
Medical Day Care	0

TYPE OF OWNERSHIP <span style="float: right; font-size: small;">(Enter "1" if Yes, "0" if No)</span>	
Proprietary	0
Voluntary	0
Governmental	0
Other - Specify [*]	0
Specify: [*]	

BUILDING OWNERSHIP <span style="float: right; font-size: small;">(Enter "1" if Yes, "0" if No)</span>	
Building Owned by Operator?	0
Building Leased from Related Org.?	0
Building Leased from Unrelated Org.?	0

LAND OWNERSHIP <span style="float: right; font-size: small;">(Enter "1" if Yes, "0" if No)</span>	
Land Owned by Operator?	0
Land Leased from Related Org.?	0
Land Leased from Unrelated Org.?	0

FACILITY INFORMATION:	
Facility Owner:	
Organization Operating Facility:	
Facility Officer Name Signing Report:	
Facility Officer Title Signing Report:	
Facility Street Address:	
Facility City:	
Facility Zip Code: (Enter " " first)	
Date Signed By Facility:	

PREPARER INFORMATION:	
Name of Preparer:	
Preparer Firm Name:	
Preparer Address Line 1:	
Preparer Address Line 2:	
Preparer Address Line 3:	
Preparer Telephone:	
Date Signed By Preparer:	

\* NOTE: 501 (c) 3 or 501 (c) 4 should be reported as "VOLUNTARY".

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**EXPENSES**

**SCHEDULE A**

Page 1 of 2 Pages.

Provider Name: \_\_\_\_\_ Period Ending: 12/31/01

DO NOT CHANGE PRE-PRINTED

D.H.S.S. Number: \_\_\_\_\_ Unisys Number: \_\_\_\_\_

WORDING ON THIS SCHEDULE.

		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	<u>Cost Center</u>	<u>Hours</u>	<u>Salaries &amp; Fringe Benefits</u>	<u>Fees And Other Expenses</u>	<u>Recovery and Eliminations</u>	<u>Net (1) Routine Expenses</u>	<u>Expenses Applicable To NF</u>	<u>Expenses Applicable To Non-NF (5)</u>	<u>Allocation Basis (Per Sch. A-5)</u>
1	GFRB General Fringe Benefits, A-7	//////////	0	//////////	0	0	0	0	AA=0

**GENERAL SERVICES**

2	MGMT Management, Per Sch. A-1	0	0	0	0	0	0	0	AA=0
3	ADM Administrator, Per Sch. A-1	0	0	0	0	0	0	0	AA=0
4	ASAD Assistant Administrator, A-1	0	0	0	0	0	0	0	AA=0
5	OADM Other Administrative, A-2	0	0	0	0	0	0	0	AA=0
6	DIET Dietary (2)	0	0	0	0	0	0	0	AA=0
7	FOOD Food	//////////	//////////	0	0	0	0	0	AA=0
8	LDLI Laundry and Linen	0	0	0	0	0	0	0	AA=0
9	HSKP Housekeeping	0	0	0	0	0	0	0	AA=0
10	OGSR Other General Services, A-7	0	0	0	0	0	0	0	AA=0
11	Total General Services	0	0	0	0	0	0	0	

**PROPERTY OPERATING (3)**

12	MAIN Maintenance (exclude auto)	0	0	0	0	0	0	0	AA=0
13	PTXL Property Taxes (Land)	//////////	//////////	0	0	0	0	0	AA=0
14	PTXB Property Taxes (Building)	//////////	//////////	0	0	0	0	0	AA=0
15	UTIL Utilities, Per Sch. A-7	//////////	//////////	0	0	0	0	0	AA=0
16	PRIN Property Insurance	//////////	//////////	0	0	0	0	0	AA=0
17	Total Property, Operating	0	0	0	0	0	0	0	

**PROPERTY CAPITAL (3)**

18	DPAM Depreciation and Amortization	//////////	//////////	0	0	0	0	0	AA=0
19	RTLE Net Rentals and Leases	//////////	//////////	0	0	0	0	0	AA=0
20	INTR Allowable Interest	//////////	//////////	0	0	0	0	0	AA=0
21	Total Property Capital	//////////	//////////	0	0	0	0	0	

VERSION 5.0 02/04/98

85-109

Supp. 1-17-06

**EXPENSES**

**SCHEDULE A**

Provider Name: \_\_\_\_\_

Period Ending: 12/31/01

D.H.S.S. Number: \_\_\_\_\_

Unisys Number \_\_\_\_\_

DO NOT CHANGE PRE-PRINTED WORDING ON THIS SCHEDULE.

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Cost Center	Hours	Salaries & Fringe Benefits	Fees And Other Expenses	Recovery and Eliminations	Net (1) Routine Expenses	Expenses Applicable To NF	Expenses Applicable To Non-NF (5)	Allocation Basis (Per Sch. A-5)
<b>PATIENT CARE</b>								
22	Reserved	//////////	//////////	//////////	//////////	//////////	//////////	
23	RNS Nursing, RN's - Salaried	0	0	//////////	0	0	0	AA=0
24	RNCT Nursing, RN's - Contracted	0	0	//////////	0	0	0	AA=0
25	LPNS Nursing, LPN's - Salaried	0	0	//////////	0	0	0	AA=0
26	LPCT Nursing, LPN's - Contracted	0	0	//////////	0	0	0	AA=0
27	OSAL Nursing, Other - Salaried	0	0	//////////	0	0	0	AA=0
28	OSCT Nursing, Other - Contracted	0	0	//////////	0	0	0	AA=0
29	MDDR Medical Director	0	0	0	0	0	0	AA=0
30	PTAC Patient Activities	0	0	0	0	0	0	AA=0
31	PHCS Pharmaceutical Consultant	0	0	0	0	0	0	AA=0
32	NLDG Non-Legend Drugs	//////////	//////////	0	0	0	0	AA=0
33	MDSP Medical Supplies	//////////	//////////	0	0	0	0	AA=0
34	SOSR Social Services	0	0	0	0	0	0	AA=0
35	OXYG Oxygen	//////////	//////////	0	0	0	0	AA=0
36	Total Patient Care	0	0	0	0	0	0	
37	NRNA Non-Routine/Non-Allowable Expenses (per Schedule A-3)	0	0	0	0	0	0	
38	TOT Total Expenses	0	0	0	0	0	0	

(1) See Instructions for definition and instructions.

(2)  Check this block if Dietary is 100% contracted.

(3) Amounts paid by lessor for property operating, should be netted from line 19 and reported on line(s) 12, 13, 14, 15, and 16, as applicable. For related lease, report depreciation and interest on lines 18 and 20.

(4) Report nursing contracted service under Column A for hours and Column B for cost. For all other contracted services report the cost only, under Column C.

(5) Defined as "Expenses Applicable to Residential, Sheltered, Medical Day Care, Other or Special Care Programs".

**MANAGEMENT AND ADMINISTRATION**

**SCHEDULE A-1**

Provider Name: \_\_\_\_\_ Period Ending: 12/31/01

D.H.S.S. Number: \_\_\_\_\_ Unisys Number: \_\_\_\_\_

DO NOT CHANGE PRE-PRINTED WORDING ON THIS SCHEDULE.

(A)	(B)	(C)	(D)	(E)
Hours	Salaries & Fringe Benefits	Fees And Other Expenses	Recovery and Eliminations	Net Routine Expenses

**A Details of Management**

1	Management Fees and Related Expenses	0	0	0	0	0
2	Home Office Costs, Not in Line 1 above.	0	0	0	0	0
3	Director's Fees and Expenses (Limit \$1,000)	////////	0	0	0	0
4	Related Party Compensation	0	0	0	0	0
5	Auto Leasing and Depreciation	////////	////////	0	0	0
6	Other Auto Expenses	////////	////////	0	0	0
7	Out of State Travel	////////	////////	0	0	0
8	General Fringe Benefits *	////////	////////	0	0	0
9	Special Fringe Benefits	////////	0	0	0	0
10	Dues	////////	////////	0	0	0
11	Other: Executive Director	0	0	0	0	0
12	Total to Schedule A, Line 2	0	0	0	0	0

**B Details of Administrator's Costs**

13	Salary	0	0	0	0	0
14	General Fringe Benefits *	////////	////////	0	0	0
15	Special Fringe Benefits	////////	0	0	0	0
16	Out of State Travel	////////	////////	0	0	0
17	Dues	////////	////////	0	0	0
18	Auto Depreciation and Leasing	////////	////////	0	0	0
19	Other Auto Expenses	////////	////////	0	0	0
20	Other:	0	0	0	0	0
21	Total to Schedule A, Line 3	0	0	0	0	0

**C Details of Assistant Administrator's Costs**

22	Salary	0	0	0	0	0
23	General Fringe Benefits *	////////	////////	0	0	0
24	Special Fringe Benefits	////////	0	0	0	0
25	Out of State Travel	////////	////////	0	0	0
26	Dues	////////	////////	0	0	0
27	Auto Depreciation and Leasing	////////	////////	0	0	0
28	Other Auto Expenses	////////	////////	0	0	0
29	Other:	0	0	0	0	0
30	Total to Schedule A, Line 4	0	0	0	0	0

Check if Management Costs include Home Office Costs. A separate Schedule of Home Office Costs must be attached.

Check if actual Fringe Benefits are reported on Management, Administrator, and/or Assistant Administrator Salary. Salary and Actual Fringe Benefits must be reported in Column C, Fees and Other Expenses.

**NOTE:** The cost of related parties who work at the facility less than 20 hours per week should be reported in the Management Cost Center.

\* If General Fringe Benefits are not reported on Schedule A, Line 1.

**DETAILS OF OTHER ADMINISTRATIVE**

**SCHEDULE A-2**

Provider Name: \_\_\_\_\_

Period Ending: 12/31/01

D.H.S.S. Number: \_\_\_\_\_

Unisys Number: \_\_\_\_\_

DO NOT CHANGE PRE-PRINTED  
WORDING ON THIS SCHEDULE.

	(A)	(B)	(C)	(D)	(E)
	Hours	Salaries & Fringe Benefits	Fees And Other Expenses	Recovery and Eliminations	Net Routine Expenses
1 Home Office/Management Fees	0	0	0	0	0
2 Office Personnel	0	0	0	0	0
3 Office Supplies and Expenses	////////	////////	0	0	0
4 Telephone	0	0	0	0	0
5 License and Dues #	////////	////////	0	0	0
6 Data Processing	0	0	0	0	0
7 Insurance not related to property or employees	////////	////////	0	0	0
8 Business Taxes	////////	////////	0	0	0
9 Travel	////////	////////	0	0	0
10 Accounting Fees *	////////	////////	0	0	0
11 Legal Fees *	////////	////////	0	0	0
12 Other Administrative Fees *	////////	////////	0	0	0
13 Seminars	0	0	0	0	0
14 Medical Records	0	0	0	0	0
15 Allowable Contributions	////////	////////	0	0	0
16 Help Wanted Ads	////////	////////	0	0	0
17 Services and Supplies Sold, Per Schedule A-4	////////	////////	////////	0	0
18 Purchase Discounts and Rebates, Per Schedule A-4	////////	////////	////////	0	0
19 Other OADM Recoveries, Schedule A-4, Lines 14 - 16	////////	////////	////////	0	0
20 Amortization of Start-Up Costs **	////////	////////	0	0	0
21 Nursing Administration, Per Schedule A-7, Line 22	0	0	0	0	0
22 Allowable Employee Gifts and Party	0	0	0	0	0
23 Other:	0	0	0	0	0
24 Other:	0	0	0	0	0
25 Other:	0	0	0	0	0
26 Other:	0	0	0	0	0
27 Total To Schedule A, Line 5	0	0	0	0	0

\* See Instructions for Schedule A-2.

\*\* Amount not reported in other cost centers.

# Exclude Line 10, Line 17, and Line 26, Schedule A-1.

VERSION 5.0 02/04/98

**NON-ROUTINE/NON-ALLOWABLE EXPENSES**

**SCHEDULE A-3**

Provider Name: \_\_\_\_\_ Period Ending: 12/31/01

D.H.S.S. Number: \_\_\_\_\_ Unisys Number: \_\_\_\_\_

Report all Non-Routine/Non-Allowable Expenses only on this Schedule. Totals are brought forward to Schedule A, Line 37.

DO NOT CHANGE PRE-PRINTED WORDING ON THIS SCHEDULE.

	(A) Hours	(B) Salaries & Fringe Benefits	(C) Fees And Other Expenses	(D) Revenues
1 Personal Expenses	0	0	0	0
2 Interest Assessed by DMAHS	////////	////////	0	0
3 Fines, Penalties and Non-Allowable Interest	////////	////////	0	0
4 Amortization of Organization Cost	////////	////////	0	0
5 Prescribed Drugs	////////	////////	0	0
6 Laboratory and X-Ray	0	0	0	0
7 Payments to Physicians (exclude Medical Director)	0	0	0	0
8 Physical, Speech, Hearing and Occupational Therapy	0	0	0	0
9 Income Taxes, including N.J. Corporate Business Tax on Net Income and subsequent years liability	////////	////////	////////	0
10 Gift Shop and Snack Bar	0	0	0	0
11 Barber and Beauty Shop	0	0	0	0
12 Contributions, except for Voluntary Fire and First Aid Companies in the vicinity of the Nursing Home	////////	////////	////////	0
13 Collection cost for over due private patient accounts. (1)	////////	////////	0	0
14 Promotional and Directory advertising except for bold print yellow page ads.	////////	////////	////////	0
15 Expenses relating to future expansion, to include Architect Fees	////////	////////	////////	0
16 Fund Raising Expenses	0	0	0	0
17 Utilization Review	0	0	0	0
18 Dental Services	0	0	0	0
19 Employee Gifts and Party (including Christmas Party)	0	0	0	0
20 Home Office/Management Fees	0	0	0	0
21 Bad Debts (2)	////////	////////	////////	0
22 Other:	0	0	0	0
23 Other:	0	0	0	0
24 Other:	0	0	0	0
25 Other:	0	0	0	0
26 Other:	0	0	0	0
27 Total of Columns A, B, and C to Schedule A, Line 37	0	0	0	0

**NOTE: (1)** Collection Agency costs only.

**NOTE: (2)** Bad debts are not expense items, but reductions to income. (Do not include in costs.)



**BASIS OF ALLOCATION SCHEDULE**

**SCHEDULE A-5**

Provider Name: \_\_\_\_\_  
 D.H.S.S. Number: \_\_\_\_\_

Period End: 12/31/01  No  100% Nursing Facility  
 Unisys Num: \_\_\_\_\_  No  Special Care Program(s)

PLEASE COMPLETE FOR ALLOCATION BASIS USED:

DO NOT CHANGE PRE-PRINTED WORDING ON THIS SCHEDULE.

CODE (Report on Sch A., Col. H)	BASIS	Applicable To NF	Applicable To Non-NF	Total	Percent Applicable To NF	
A=1	Patient Days	0	0	0	0.0000%	
B=2	Accumulated Costs	0	0	0	0.0000%	
C=3	Number of Meals Served	0	0	0	0.0000%	
D=4	Pounds of Laundry	0	0	0	0.0000%	
E=5	Square Feet	0	0	0	0.0000%	
F=6	Other:	0	0	0	0.0000%	
G=7	Other:	0	0	0	0.0000%	
H=8	Other:	0	0	0	0.0000%	
I=9	Other:	0	0	0	0.0000%	
J=10	Other:	0	0	0	0.0000%	
K=11	Other:	0	0	0	0.0000%	
L=12	Other:	0	0	0	0.0000%	
M=13	Other:	0	0	0	0.0000%	
N=14	Other:	0	0	0	0.0000%	
O=15	Other:	0	0	0	0.0000%	
P=16	Other:	0	0	0	0.0000%	
Q=17	Other:	0	0	0	0.0000%	
R=18	Other:	0	0	0	0.0000%	
S=19	Other:	0	0	0	0.0000%	
T=20	Other:	0	0	0	0.0000%	
U=21	Other:	0	0	0	0.0000%	
V=22	Other:	0	0	0	0.0000%	
W=23	Other:	0	0	0	0.0000%	
X=24	Other:	0	0	0	0.0000%	
Y=25	Other:	0	0	0	0.0000%	
Z=26	Other:	0	0	0	0.0000%	
AA=0	DEFAULT	//////////	//////////	//////	//////////	0.0000%

Informational Accumulated Costs, Sched. A Total	0	0	0	0.0000%
---	---	---	---	---------

The following allocation bases are acceptable. Only one allocation base may be used per line. This form MUST be completed for ALL applicable lines. Use of any other basis MUST BE accompanied by a letter of approval from the Medicaid Bureau of Institutional and Provider Reimbursement.

<u>COST CENTER</u>	<u>Allocation Basis</u>
1. General Fringe Benefits, Management, Administrator, Assistant Administrator, Other Administrative	Patient Days or Accumulated Costs (Schedule A, Lines 6-36)
2. Dietary, Food	Patient Days or Number of Meals Served
3. Laundry	Patient Days of Pounds of Laundry
4. Housekeeping, Other General Services, All Property Operating and Fixed Property Cost Centers	Square Feet
5. Nursing, All Special Patient Care Cost Centers	Patient Days or Actual Cost

**OTHER COST DETAILS**

**SCHEDULE A-7**

Provider Name: \_\_\_\_\_  
 D.H.S.S. Number: \_\_\_\_\_

Period Ending: 12/31/01  
 Unisys Number: \_\_\_\_\_

DO NOT CHANGE PRE-PRINTED  
 WORDING ON THIS SCHEDULE.

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
<u>Cost Center</u>	<u>Hours</u>	<u>Salaries</u>	<u>Supplies</u>	<u>Contracted Services</u>	<u>Other Expenses</u>	<u>Recovery and Eliminations</u>	<u>Total Applicable Expenses</u>
<b>UTIL Utilities</b>							
1 Electric	//////////	//////////	//////////	//////////	0	0	0
2 Fuel Oil	//////////	//////////	//////////	//////////	0	0	0
3 Natural Gas	//////////	//////////	//////////	//////////	0	0	0
4 Water & Sewage	//////////	//////////	//////////	//////////	0	0	0
5 Total: (To Schedule A, Line 15)	//////////	//////////	//////////	//////////	0	0	0
<b>GFRB General Fringe Benefits</b>							
6 FICA - OASDI	//////////	//////////	//////////	//////////	0	0	0
7 FICA - Medicare	//////////	//////////	//////////	//////////	0	0	0
8 Workers' Compensation	//////////	//////////	//////////	//////////	0	0	0
9 Unemployment Insurance	//////////	//////////	//////////	//////////	0	0	0
10 Disability Insurance	//////////	//////////	//////////	//////////	0	0	0
11 Medical Insurance	//////////	//////////	//////////	//////////	0	0	0
12 Life and Other Insurance	//////////	//////////	//////////	//////////	0	0	0
13 Other: (Specify)	//////////	//////////	//////////	//////////	0	0	0
14 Other: (Specify)	//////////	//////////	//////////	//////////	0	0	0
15 Other: (Specify)	//////////	//////////	//////////	//////////	0	0	0
16 General Fringe Benefit Recovery, A-4	//////////	//////////	//////////	//////////	//////////	0	0
17 Total: (To Schedule A, Line 1)	//////////	//////////	//////////	//////////	0	0	0
<b>NADM Nursing Administration</b>							
18 Inservice Coordinator	0	0	0	0	0	0	0
19 Quality Assurance	0	0	0	0	0	0	0
20 Ward Clerk	0	0	0	0	0	0	0
21 Other: (Specify)	0	0	0	0	0	0	0
22 Total: (To Schedule A-2, Line 21)	0	0	0	0	0	0	0
<b>OGSR Other General Services</b>							
23 Disposal Service	0	0	0	0	0	0	0
24 Exterminating Service	0	0	0	0	0	0	0
25 Grounds Maintenance	0	0	0	0	0	0	0
26 Medical Library	0	0	0	0	0	0	0
27 Motor Pool	0	0	0	0	0	0	0
28 Plant Security	0	0	0	0	0	0	0
29 Snow Removal	0	0	0	0	0	0	0
30 Other: (Specify)	0	0	0	0	0	0	0
31 Total: (To Schedule A, Line 10)	0	0	0	0	0	0	0

**OTHER COST DETAILS**

**SCHEDULE A-7**

Provider Name: \_\_\_\_\_  
D.H.S.S. Number: \_\_\_\_\_

Period Ending: 12/31/01  
Unisys Number: \_\_\_\_\_

DO NOT CHANGE PRE-PRINTED  
WORDING ON THIS SCHEDULE.

Cost Center	(A) Hours	(B) Salaries	(C) Supplies	(D) Contracted Services	(E) Other Expenses	(F) Recovery and Eliminations	(G) Total Applicable Expenses
<b>UTIL Utilities</b>							
1 Electric	////////	////////	////////	////////	0	0	0
2 Fuel Oil	////////	////////	////////	////////	0	0	0
3 Natural Gas	////////	////////	////////	////////	0	0	0
4 Water & Sewage	////////	////////	////////	////////	0	0	0
5 Total: (To Schedule A, Line 15)	////////	////////	////////	////////	0	0	0
<b>GFRB General Fringe Benefits</b>							
6 FICA - OASDI	////////	////////	////////	////////	0	0	0
7 FICA - Medicare	////////	////////	////////	////////	0	0	0
8 Workers' Compensation	////////	////////	////////	////////	0	0	0
9 Unemployment Insurance	////////	////////	////////	////////	0	0	0
10 Disability Insurance	////////	////////	////////	////////	0	0	0
11 Medical Insurance	////////	////////	////////	////////	0	0	0
12 Life and Other Insurance	////////	////////	////////	////////	0	0	0
13 Other: (Specify)	////////	////////	////////	////////	0	0	0
14 Other: (Specify)	////////	////////	////////	////////	0	0	0
15 Other: (Specify)	////////	////////	////////	////////	0	0	0
16 General Fringe Benefit Recovery, A-4	////////	////////	////////	////////	////////	0	0
17 Total: (To Schedule A, Line 1)	////////	////////	////////	////////	0	0	0
<b>NADM Nursing Administration</b>							
18 Inservice Coordinator	0	0	0	0	0	0	0
19 Quality Assurance	0	0	0	0	0	0	0
20 Ward Clerk	0	0	0	0	0	0	0
21 Other: (Specify)	0	0	0	0	0	0	0
22 Total: (To Schedule A-2, Line 21)	0	0	0	0	0	0	0
<b>OGSR Other General Services</b>							
23 Disposal Service	0	0	0	0	0	0	0
24 Exterminating Service	0	0	0	0	0	0	0
25 Grounds Maintenance	0	0	0	0	0	0	0
26 Medical Library	0	0	0	0	0	0	0
27 Motor Pool	0	0	0	0	0	0	0
28 Plant Security	0	0	0	0	0	0	0
29 Snow Removal	0	0	0	0	0	0	0
30 Other: (Specify)	0	0	0	0	0	0	0
31 Total: (To Schedule A, Line 10)	0	0	0	0	0	0	0

**THERAPY EXPENSES**

**SCNF SUPPLEMENT  
SCHEDULE A-8**

Provider Name: SAMPLE SCNF HOME

Period Ending: 12/31/2001

NF D.H.S.S. Number: 00000

NF Unisys Number: 0000000

SCNF D.H.S.S. Number: 00000

SCNF Unisys Number: 0000000

(A)	(B)	(C)	(D)
Salaries	Fees And Other Expenses ***	Recoveries For Medicaid Patients	Net Routine Expenses

**RESPIRATORY THERAPY**

1 Respiratory Therapists	RESP			
2 Other Respiratory Expenses	MDSP	//////////		
3 Other Respiratory Expenses	NLDG	//////////		
4 Other Respiratory Expenses	MAIN			
5 Other Respiratory Expenses	DPAM	//////////		
6 Other Respiratory Expenses	RTLE	//////////		
7 Other Respiratory Expenses	INTR	//////////		
8 Other Respiratory Expenses				
9 Other Respiratory Expenses				
10 Other Respiratory Expenses				
11 Other Respiratory Expenses				
12 Other Respiratory Expenses				
13 Capitalized M & R		//////////		
14 Leased Moveable Equipment		//////////		

**REHABILITATIVE SERVICES FOR MEDICAID PATIENTS ONLY \***

15 Physical Therapy				
16 Occupational Therapy				
17 Speech/Language Pathology				
18 Cognitive Or Remedial **				
19 Total Rehabilitative Services				

\* As defined by N.J.A.C. 10:63-2.4

\*\* Including Neuropsychological Treatment

\*\*\* Therapy fees, therapy supplies, and therapy equipment



**NURSING SERVICES CLASSIFICATION**

**SCHEDULE B-1**

Page 1 of 3

Provider Name: **SAMPLE HEALTH CARE FACILITY**

Period Ending: **Dec/31,/2001**

D.H.S.S. Number: **00000**

Unisys Number: **0000000**

Report Period From: **#####** Through: **#####**

**Additional Nursing Services**

**Sum of Total Acuties Reported**

**ACUITY OF CARE**

- 1. Tracheostomy Care
- 2. Use of Respirator
- 3. Head Trauma
- 4. Intravenous Therapy
- 5. Wound Care
- 6. Oxygen Therapy
- 7. N/G Tube Feeding

	<u>Jan-01</u>	<u>Feb-01</u>	<u>Mar-01</u>	<u>Apr-01</u>	<u>May-01</u>	<u>Jun-01</u>	<u>Jul-01</u>	<u>Aug-01</u>	<u>Sep-01</u>	<u>Oct-01</u>	<u>Nov-01</u>	<u>Dec-01</u>	<u>Totals</u>
1. Tracheostomy Care	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Use of Respirator	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Head Trauma	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Intravenous Therapy	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Wound Care	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Oxygen Therapy	0	0	0	0	0	0	0	0	0	0	0	0	0
7. N/G Tube Feeding	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Totals</b>	0	0	0	0	0	0	0	0	0	0	0	0	0

**Note:** Completion of this Schedule will be used in setting of facility rate and is subject to Clinical Audit.

**NURSING SERVICES CLASSIFICATION**

**SCHEDULE B-1**

Page 2 of 3

Provider Name: **SAMPLE HEALTH CARE FACILITY**

Period Ending: **Dec/31,/2001**

D.H.S.S. Number: **00000**

Unisys Number: **0000000**

Report Period From: **#####** Through: **#####**

*Additional Nursing Services*

*Medicare*

**ACUITY OF CARE**

- 1. Tracheostomy Care
- 2. Use of Respirator
- 3. Head Trauma
- 4. Intravenous Therapy
- 5. Wound Care
- 6. Oxygen Therapy
- 7. N/G Tube Feeding

**Totals**

<u>Jan-01</u>	<u>Feb-01</u>	<u>Mar-01</u>	<u>Apr-01</u>	<u>May-01</u>	<u>Jun-01</u>	<u>Jul-01</u>	<u>Aug-01</u>	<u>Sep-01</u>	<u>Oct-01</u>	<u>Nov-01</u>	<u>Dec-01</u>	<u>Totals</u>
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0

*Additional Nursing Services*

*Medicaid*

**ACUITY OF CARE**

- 1. Tracheostomy Care
- 2. Use of Respirator
- 3. Head Trauma
- 4. Intravenous Therapy
- 5. Wound Care
- 6. Oxygen Therapy
- 7. N/G Tube Feeding

**Totals**

<u>Jan-01</u>	<u>Feb-01</u>	<u>Mar-01</u>	<u>Apr-01</u>	<u>May-01</u>	<u>Jun-01</u>	<u>Jul-01</u>	<u>Aug-01</u>	<u>Sep-01</u>	<u>Oct-01</u>	<u>Nov-01</u>	<u>Dec-01</u>	<u>Totals</u>
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0

**Note:** Completion of this Schedule will be used in setting of facility rate and is subject to Clinical Audit.

**NURSING SERVICES CLASSIFICATION**

**SCHEDULE B-1**

Page 3 of 3

Provider Name: **SAMPLE HEALTH CARE FACILITY**

Period Ending: **Dec/31,2001**

Provider Number: **00000**

Unisys Number: **0000000**

Report Period From: **#####** Through: **#####**

Additional Nursing Services

Private

**ACUITY OF CARE**

- 1. Tracheostomy Care
- 2. Use of Respirator
- 3. Head Trauma
- 4. Intravenous Therapy
- 5. Wound Care
- 6. Oxygen Therapy
- 7. N/G Tube Feeding

	<u>Jan-01</u>	<u>Feb-01</u>	<u>Mar-01</u>	<u>Apr-01</u>	<u>May-01</u>	<u>Jun-01</u>	<u>Jul-01</u>	<u>Aug-01</u>	<u>Sep-01</u>	<u>Oct-01</u>	<u>Nov-01</u>	<u>Dec-01</u>	<u>Totals</u>
1. Tracheostomy Care	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Use of Respirator	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Head Trauma	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Intravenous Therapy	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Wound Care	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Oxygen Therapy	0	0	0	0	0	0	0	0	0	0	0	0	0
7. N/G Tube Feeding	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Totals</b>	0	0	0	0	0	0	0	0	0	0	0	0	0

Additional Nursing Services

Other

**ACUITY OF CARE**

- 1. Tracheostomy Care
- 2. Use of Respirator
- 3. Head Trauma
- 4. Intravenous Therapy
- 5. Wound Care
- 6. Oxygen Therapy
- 7. N/G Tube Feeding

	<u>Jan-01</u>	<u>Feb-01</u>	<u>Mar-01</u>	<u>Apr-01</u>	<u>May-01</u>	<u>Jun-01</u>	<u>Jul-01</u>	<u>Aug-01</u>	<u>Sep-01</u>	<u>Oct-01</u>	<u>Nov-01</u>	<u>Dec-01</u>	<u>Totals</u>
1. Tracheostomy Care	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Use of Respirator	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Head Trauma	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Intravenous Therapy	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Wound Care	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Oxygen Therapy	0	0	0	0	0	0	0	0	0	0	0	0	0
7. N/G Tube Feeding	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Totals</b>	0	0	0	0	0	0	0	0	0	0	0	0	0

**Note:** Completion of this Schedule will be used in setting of facility rate and is subject to Clinical Audit.

**SELECTED DATA**

**SCHEDULE D**

Provider Name: \_\_\_\_\_

Period Ending: 12/31/01

D.H.S.S. Number: \_\_\_\_\_

Unisys Num: \_\_\_\_\_

**A. NURSING HOURS REQUIREMENT:**

1	Nursing, RN's - Salaried, Schedule A, Line 23
2	Nursing, LPN's - Salaried, Schedule A, Line 25
3	Nursing, Other - Salaried, Schedule A, Line 27
4	Total Nursing - Salaried Hours

TOTAL HOURS PAID REPORTED ON SCH. A COL. A	TOTAL HOURS WORKED	PERCENT WORKED
0	0	
0	0	
0	0	
0	0	

**B. EMPLOYEE MEALS:**

5	Estimated Meals served to Employees per year
6	Estimated Average Price Charged Employees

0
\$0.00

Enter (0) if employees are not charged

**C. CURRENT PROPERTY DATA**

Expenditures		
CAPITALIZED Maintenance & Replacement D	Additions E	Net Rental & Leases F

*Expenditures for Acquisition (Net of Trade-Ins) or Use of Property*

7	Land
8	Land Improvements
9	Buildings including Additions
10	Building Equipment
11	Reimbursable Moveable Equipment
12	Non-Reimbursable Moveable Equipment
13	Motor Vehicles (Other than for Administrator)
14	Leasehold Improvements & Other Amortization Items
15	<i>Special Program:</i>
16	<i>Special Program:</i>
17	<i>Special Program:</i>
18	TOTAL EXPENDITURES

0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0

List referenced expenditures made to comply with Mandated Requirements

19	
20	
21	Total of Line 18 Expenditures Made to Comply

0	0	0
0	0	0
0	0	0

22	Special Program #1 Plant Square Feet
23	Special Program #2 Plant Square Feet
24	Special Program #3 Plant Square Feet

0
0
0

**SCNF SUPPLEMENT  
SCHEDULE D**

**SELECTED DATA**

Provider Name: SAMPLE SCNF HOME Period Ending: 12/31/2001  
 NF D.H.S.S. Number: 00000 NF Unisys Number: 0000000  
 SCNF D.H.S.S. Number: 00000 SCNF Unisys Number: 0000000

SCNF NURSING HOURS REQUIREMENT:		TOTAL HOURS PAID	TOTAL HOURS WORKED	PERCENT WORKED
1	Nursing, RN's - Salaried, Schedule A, Line 23			
2	Nursing, LPN's - Salaried, Schedule A, Line 25			
3	Nursing, Other - Salaried, Schedule A, Line 27			
4	Total Nursing - Salaried Hours			

**B. CURRENT PROPERTY DATA**

	(A) <u>Direct</u>	(B) <u>Cost Subject To Allocation</u>	(C) <u>Allocation Basis *</u>	(D) <u>Allocated Costs</u>	(E) <u>Total</u>
<b>Capitalized Maintenance and Replacements:</b>					
5	Land Improvements				
6	Building Including Additions				
7	Building Additions				
8	Reimbursable Moveable Equipment				
9					
10					
11	Leasehold Improvements				
12	Total	//////////	//////////	//////////	
13	Leased Moveable Equipment				

14 Explanation of allocation calculation for allocated costs in Column D above, show details below as per Schedule A-5.

Line 5			
Line 6			
Line 7			
Line 8			
Line 9			
Line 10			
Line 11			
Line 13			

\* B = Beds, F = Square Feet

**DATA REGARDING RELATED PARTIES AND SELECTED EMPLOYEES**

**SCHEDULE F**

Provider Name: \_\_\_\_\_

Period Ending: 12/31/01

D.H.S.S. Number: \_\_\_\_\_

Unisys Num: \_\_\_\_\_

*Data Concerning Related Parties other than Employees*

	Related Party Type (2)	Related Party Name	Loans		Equity	Reporting Period Transactions (4)	
			Ending Balance	Annual Interest Rate	Percent of Total	Nature of Transaction(s)	Schedule A Costs
	A	B	C	D	E	F	G
1							
2							
3							
4							
5							

Data regarding selected Employees including Related Parties (3)

Name Of Employee	Live on Premises? Yes/No	Hours Worked	Annual Compensation	Special Fringe Benefits	Auto Expense and Other	Related Party Yes/No
H	I	J	K	L	M	N

<input type="checkbox"/> (1)	6	Administrator		0	0	0	////	NO
<input type="checkbox"/> (1)	7	Assistant Administrator		0	0	0	0	NO
<input type="checkbox"/> (1)	8	Nursing Director		0	0	0	0	
<input type="checkbox"/> (1)	9							
<input type="checkbox"/> (1)	10							
<input type="checkbox"/> (1)	11							

Name of Employee (1)	E. I. Number	Facility Name	Position	Hours worked

- (1) Check if Employee works in another facility. The bottom section MUST be completed for any employee listed on Lines 6 - 11 above working at another facility.
- (2) Code related parties consistent with this definition (i.e.; Type 1b, 2d, etc.).
- (3) Enter data for these three positions and for any other employees who meet either of the following criterib:  
 Related to facility per instructions for this form.  
 Compensation exceeds \$25.00 per hour worked.(Does not include Nursing Agency Fees.)
- (4) Include compensation, purchases, interest expense, leases and any other transaction affecting data reported on Schedule A.

SCHEDULE G

RECONCILIATION

D.H.S.S. Number: \_\_\_\_\_

Unisys Number: \_\_\_\_\_

EXPENSES	SCHEDULE	COLUMN	LINE	AMOUNT
1 Total Gross Salaries Reported	A	B	11,17,36,37	0
2 Total Gross Salaries per Form 941				0
3 Difference (Line 1 less Line 2)	////////	////////	////////	0
4 Explanations of Line 3:				////////
5				
6				
7				
8 Total Expenses Reported	A	B & C	38	0
9 Total Expenses per Financial Statements				0
10 Difference (Line 8 Line 9)	////////	////////	////////	0
11 Explanations of Line 10:				////////
12				
13				
14				
15				
16				
17				

REVENUES

1 Routine Revenues	B	G	17	0
2 Incidental Revenues	A-4	I	30	0
3 Other Operating Revenues	A-3	D	27	0
4 SCHEDULE	A-7	F		0
5 Total Revenues Reported				0
6 Total Revenues per Financial Statements				0
7 Difference (Line 5 Less Line 6)	////////	////////	////////	0
8 Explanations of Line 7:				////////
9				
10				
11				
12				

D.H.S.S. Number: \_\_\_\_\_ Unisys Number: \_\_\_\_\_ Period Ending: 12/31/01

**SCHEDULE H**

**CERTIFICATION BY TRUSTEE, OWNER, OFFICER, PARTNER OR ADMINISTRATOR OF PROVIDER**

\_\_\_\_\_, \_\_\_\_\_  
(Name) (Title)

of the \_\_\_\_\_  
(Facility)

\_\_\_\_\_  
(Street Address) (City) (State) (Zip Code)

**MISREPRESENTATION OR FALSIFICATION OF ANY INFORMATION CONTAINED IN THIS COST REPORT  
MAY BE PUNISHABLE BY FINE AND/OR IMPRISONMENT UNDER STATE OR FEDERAL LAW.**

I HEREBY CERTIFY that I have read the above statement and that I have examined the accompanying Cost Report, supporting schedules, and financial information prepared for the \_\_\_\_\_  
(Provider name(s) and numbers) for the Cost Report period beginning 01/01/01 and ending on 12/31/01, and that to the best of my knowledge and belief, it is a true, correct, and complete statement prepared from the books and records of the provider(s) in accordance with applicable instructions, except as noted.

SIGNED: \_\_\_\_\_  
Officer or Administrator of Provider(s)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date Signed

IF THESE SCHEDULES WERE COMPLETED BY OTHER THAN THE OFFICER OR ADMINISTRATOR OF THE FACILITY, THEN THE PREPARER MUST SIGN THE FOLLOWING STATEMENT:  
TO THE BEST OF MY KNOWLEDGE, ALL THE COSTS CONTAINED IN THESE SCHEDULES REASONABLY RELATE TO PATIENT CARE.

\_\_\_\_\_  
(Name of Preparer)

\_\_\_\_\_  
(Signature of Preparer)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Telephone Number)

\_\_\_\_\_  
(Date Signed)

DID AN INDEPENDENT PUBLIC ACCOUNTANT PREPARE FINANCIAL STATEMENTS FOR THE COST REPORTING PERIOD?  YES  NO  
IF YES, A COPY MUST BE ATTACHED; IF NO, A COPY OF ALL WORK PAPERS MUST BE ATTACHED.

New Rule, R.2005 d.389, effective January 17, 2006.  
See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).  
Former N.J.A.C. 10:63, Appendix D, repealed.

APPENDIX I

PSYCHIATRIC EVALUATION
(NJ DIVISION OF MENTAL HEALTH & HOSPITALS 1994)

CLIENT'S NAME: LAST FIRST M.I.

1 CLIENT LOCATION AND IDENTIFIERS - TO BE COMPLETED BY PERSON REFERRING CLIENT FOR EVALUATION
1.1 CODE OF COUNTY WHERE CLIENT IS TODAY (2 DIGITS; USE CODES AT RIGHT):
NOTE: FOR ANCORA, ENTER CODE 04. FOR CLIENTS OUTSIDE NJ, ENTER COUNTY CODE WHERE MEDICAID OFFICE WAS CONTACTED AND/OR WHERE CLIENT WILL RESIDE.
NEW JERSEY COUNTY CODES
01 - ATLANTIC 08 - GLOUCESTER 15 - OCEAN
02 - BERGEN 09 - HUDSON 16 - PASSAIC
03 - BURLINGTON 10 - HUNTERDON 17 - SALEM
04 - CAMDEN 11 - MERCER 18 - SOMERSET
05 - CAPE MAY 12 - MIDDLESEX 19 - SUSSEX
06 - CUMBERLAND 13 - MONMOUTH 20 - UNION
07 - ESSEX 14 - MORRIS 21 - WARREN
1.2 ORGANIZATION REFERRING THE CLIENT FOR A PSYCHIATRIC EVALUATION. CHECK HERE IF CLIENT IS IN THE COMMUNITY NOW.
1.3 TYPE OF ASSESSMENT A. INITIAL B. ANNUAL RESIDENT REVIEW
C. CHANGE IN BEHAVIOR (NURSING FACILITY RESIDENTS) D. OTHER (SPECIFY)
1.4 MEDICAID NUMBER (12 DIGITS) CHECK HERE IF NO MEDICAID NUMBER ASSIGNED
1.5 SOCIAL SECURITY NUMBER (9 DIGITS)
1.6 DATE OF BIRTH 1.7 ADMISSION DATE
1.8 DOES THE CLIENT USE A PRIMARY LANGUAGE OTHER THAN ENGLISH?
A. NO B. YES (SPECIFY)
C. IF "YES," PLEASE DESCRIBE HOW LANGUAGE NEEDS WERE MET TO CONDUCT THE PSYCHIATRIC EVALUATION.

2 HEALTH AND ILLNESS - TO BE COMPLETED BY PERSON CONDUCTING THE PSYCHIATRIC EVALUATION
2.1 WHAT IS THE PRESENTING PROBLEM AND CHIEF COMPLAINT?
2.2 WHAT IS THE HISTORY OF THE PRESENT PSYCHIATRIC ILLNESS?

PSYCHIATRIC EVALUATION  
(NJ DIVISION OF MENTAL HEALTH & HOSPITALS 1994)

CLIENT'S NAME: (LAST) [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] (FIRST) [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] (M.I.) [ ] [ ]

2 HEALTH AND ILLNESS (CONTINUED FROM PAGE 1)

2.3 WHAT IS KNOWN ABOUT THE PAST PSYCHIATRIC HISTORY; COURSE OF ILLNESS; AND MEDICAL HISTORY?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2.4 PLEASE DESCRIBE PERTINENT CLIENT AND FAMILY HISTORY. INCLUDE THE CLIENT'S AGE, SEX, MARITAL STATUS, LIVING SITUATION AND PRIOR VOCATIONS. ALSO INCLUDE THE CLIENT'S RACIAL/ETHNIC, GEOGRAPHIC, AND RELIGIOUS BACKGROUND AND AFFILIATIONS.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2.5 DID A LEGAL REPRESENTATIVE, FAMILY MEMBER, AND/OR SIGNIFICANT OTHER PARTICIPATE IN THE EVALUATION?

A.  YES (SPECIFY): \_\_\_\_\_

B.  NO (PLEASE EXPLAIN): \_\_\_\_\_

\_\_\_\_\_

2.6 WHAT SIGNIFICANT CLINICAL CHANGES HAVE OCCURRED IN THE PAST SIX MONTHS, I.E., IN SOCIAL FUNCTIONING AND/OR MENTAL AND PHYSICAL STATUS?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3 MENTAL STATUS EXAMINATION

3.1 APPEARANCE AND ATTIRE: \_\_\_\_\_

3.2 ATTITUDE AND BEHAVIOR: \_\_\_\_\_

3.3 AFFECT AND MOOD: \_\_\_\_\_

3.4 ASSOCIATION AND THOUGHT PROCESS: \_\_\_\_\_

3.5 HALLUCINATIONS/DELUSIONS: \_\_\_\_\_

3.6 SUICIDAL/HOMICIDAL: \_\_\_\_\_

3.7 PERCEPTION: \_\_\_\_\_

PSYCHIATRIC EVALUATION  
(NJ DIVISION OF MENTAL HEALTH & HOSPITALS 1994)

CLIENT'S NAME: (LAST) [ ] (FIRST) [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] (M.I.) [ ] [ ]

3 MENTAL STATUS EXAMINATION (CONT. FROM PAGE 2)  
3.8 SENSORIUM, MEMORY AND ORIENTATION: \_\_\_\_\_  
3.9 INTELLECTUAL FUNCTIONING: \_\_\_\_\_  
3.10 INSIGHT AND JUDGEMENT: \_\_\_\_\_

4 REVIEW OF SYSTEMS  
4.1 H.E.E.N.T.: \_\_\_\_\_  
4.2 CARDIOVASCULAR: \_\_\_\_\_  
4.3 PULMONARY: \_\_\_\_\_  
4.4 GASTROINTESTINAL: \_\_\_\_\_  
4.5 GENITOURINARY/OB-GYN: \_\_\_\_\_  
4.6 NEUROMUSCULAR: \_\_\_\_\_  
4.7 SKIN: \_\_\_\_\_

5 NEUROLOGICAL FINDINGS:  
5.1 CRANIAL NERVES: \_\_\_\_\_  
5.2 MOTOR SYSTEM: \_\_\_\_\_  
5.3 SENSORY SYSTEM: \_\_\_\_\_  
5.4 DEEP TENDON REFLEXES AND PLANTAR REFLEXES (BABINSKI) OR OTHER PATHOLOGICAL REFLEXES: \_\_\_\_\_  
5.5 STATION AND GAIT: \_\_\_\_\_  
5.6 TREMORS/ABNORMAL MOVEMENT: \_\_\_\_\_  
5.7 OTHER PERTINENT FINDINGS: \_\_\_\_\_



PSYCHIATRIC EVALUATION  
(N.J. DIVISION OF MENTAL HEALTH & HOSPITALS 1994)

CLIENT'S NAME: (LAST) [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] (FIRST) [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] (M.I.) [ ] [ ]

8 MEDICATIONS, TESTS, AND STUDIES (CONTINUED FROM PAGE 4)

8.1 SUMMARIZE BELOW RESULTS OF ANY SIGNIFICANT LABORATORY TESTS OR SPECIAL NEUROLOGICAL DIAGNOSTIC STUDIES.

\_\_\_\_\_  
\_\_\_\_\_

8.3 ARE PSYCHOTROPIC MEDICATIONS PRESCRIBED? A.  NO (SKIP TO SECTION B. ON PAGE 6) B.  YES (GO TO 9 BELOW)

9 PSYCHOTROPIC MEDICATIONS

9.1	NAME OF MEDICATION	DAILY DOSAGE	TYPE OF THERAPY (CHECK ONE)	TYPE OF ADMINISTRATION (CHECK ONE)
A.	_____	_____	<input type="checkbox"/> ACTIVE <input type="checkbox"/> MAINTENANCE	<input type="checkbox"/> VOLUNTARY <input type="checkbox"/> FORCED
B.	_____	_____	<input type="checkbox"/> ACTIVE <input type="checkbox"/> MAINTENANCE	<input type="checkbox"/> VOLUNTARY <input type="checkbox"/> FORCED
C.	_____	_____	<input type="checkbox"/> ACTIVE <input type="checkbox"/> MAINTENANCE	<input type="checkbox"/> VOLUNTARY <input type="checkbox"/> FORCED
D.	_____	_____	<input type="checkbox"/> ACTIVE <input type="checkbox"/> MAINTENANCE	<input type="checkbox"/> VOLUNTARY <input type="checkbox"/> FORCED
E.	_____	_____	<input type="checkbox"/> ACTIVE <input type="checkbox"/> MAINTENANCE	<input type="checkbox"/> VOLUNTARY <input type="checkbox"/> FORCED

9.2 ARE MEDICATIONS GIVEN TO AUGMENT THE ACTION OF MEDICATIONS ABOVE? A.  NO B.  YES (LIST NAMES, DOSAGES)

\_\_\_\_\_

9.3 SIDE EFFECTS OF MEDICATIONS ABOVE

- A.  NONE ARE KNOWN
- B.  AKATHISIA
- C.  AKINESIA
- D.  ANTICHOLINERGIC SYMPTOMS
- E.  EXTRA-PYRAMIDAL SYMPTOMS
- F.  PARKINSONIAN SYMPTOMS
- G.  POSTURAL HYPOTENSION
- H.  SEDATION
- I.  TARDIVE DYSKINESIA
- J.  OTHER/OR ELABORATION ON SIDE EFFECT

9.4 MEDICATIONS NOW PRESCRIBED TO CONTROL THESE SYMPTOMS

- A.  NONE
- B. \_\_\_\_\_
- C. \_\_\_\_\_
- D. \_\_\_\_\_
- E. \_\_\_\_\_
- F. \_\_\_\_\_
- G. \_\_\_\_\_
- H. \_\_\_\_\_
- I. \_\_\_\_\_
- J. \_\_\_\_\_

9.5 BASED ON THE SEVERITY OF SIDE EFFECTS, OR FOR OTHER REASONS, SHOULD MEDICATIONS OR DOSAGES BE ADJUSTED?

A.  NO B.  YES (PLEASE EXPLAIN): \_\_\_\_\_  
\_\_\_\_\_

PSYCHIATRIC EVALUATION  
(NJ DIVISION OF MENTAL HEALTH & HOSPITALS 1994)

NOTE: THIS DOCUMENT SERVES AS A ONE-PAGE NOTIFICATION LETTER FOR OFFICIAL PURPOSES. NURSING FACILITIES RECEIVING THIS LETTER ARE REQUIRED TO PLACE A COPY IN THE CLIENT'S MEDICAL RECORD.

SECTION A. - TO BE COMPLETED BY PERSON REFERRING CLIENT FOR EVALUATION.

FAX OR MAIL FINDINGS TO:

A.1 FOR ANNUAL RESIDENT REVIEWS ONLY, ENTER FULL NAME OF NURSING FACILITY (NF) WHERE CLIENT RESIDES. FOR ALL OTHER PSYCHIATRIC EVALUATIONS, ENTER NAME (NOT CODE) OF NJ COUNTY SELECTED ON PAGE 1, ITEM 1.1.

[Grid for entering facility name or county]

A.2 PERSON REFERRING CLIENT FOR EVALUATION: NAME ORGANIZATION OR RELATIONSHIP TO CLIENT

MAILING ADDRESS FOR REFERRAL SOURCE:

VOICE PHONE: ( ) FAX PHONE: ( )

SENDER: Richard J. Mergen, M.S. PASRR Coordinator, DMHS - VOICE (609) 777-0725 FAX (609) 777-0662

RE: CLIENT'S NAME: (LAST) (FIRST) (M.I.)

A.3 CLIENT'S DATE OF BIRTH MONTH DAY YEAR

A.4 CHECK HERE FOR A "RUSH" IN PROCESSING THIS EVALUATION  
A.5 CHECK HERE IF THE CLIENT USES A PRIMARY LANGUAGE OTHER THAN ENGLISH (SPECIFY):

SECTION B. - TO BE COMPLETED BY THE PERSON CONDUCTING THE PSYCHIATRIC EVALUATION

HAVING ASSESSED THIS CLIENT AND THE AVAILABLE CLINICAL RECORDS, IT IS MY PROFESSIONAL OPINION THAT THE CLIENT:

B.1 NO YES HAS AN ACTIVE PSYCHOSIS

B.2 NO YES HAS A MAJOR MENTAL ILLNESS

B.3 NO YES HAS MENTAL HEALTH TREATMENT NEEDS THAT CAN BE MET IN A NURSING FACILITY (NF)  
NOTE: B.3 AND B.4 CANNOT BOTH BE "YES," SINCE THE NF CANNOT PROVIDE SPECIALIZED SERVICES.

B.4 NO YES NEEDS "SPECIALIZED SERVICES" (FORMERLY KNOWN AS "ACTIVE TREATMENT") FOR BEHAVIORAL SYMPTOMS THAT REQUIRE 24-HOUR PSYCHIATRIC INPATIENT CARE.

B.5 FUTURE NEEDS FOR LESS THAN SPECIALIZED SERVICES (CHECK ALL THAT APPLY):

- MEDICATION MONITORING LABORATORY TESTING (SPECIFY):
SUPPORTIVE COUNSELING FOLLOW-UP FOR CHEMICAL DEPENDENCY OR ABUSE
FOLLOW-UP CONSULTATIONS (SPECIFY):

SIGNATURE AND TITLE OF EXAMINER: EXAM DATE: MONTH DAY YEAR

PRINT NAME AND TITLE: PHONE: ( )

SECTION C. - TO BE COMPLETED BY PSYCHIATRIST AT THE NEW JERSEY DIVISION OF MENTAL HEALTH & HOSPITALS

C.1 NO YES THIS CLIENT NEEDS "SPECIALIZED SERVICES" (SEE B.4 ABOVE)

C.2 NO YES THIS CLIENT NEEDS AN ANNUAL RESIDENT REVIEW FOR SERIOUS MENTAL ILLNESS

SIGNATURE: REVIEW DATE: MONTH DAY YEAR

New Rule, R.2005 d.389, effective January 17, 2006.  
See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).  
Former N.J.A.C. 10:63, Appendix I, repealed.

## APPENDIX J

## AT-RISK CRITERIA FOR NURSING FACILITY PLACEMENT

The following is a list of "at-risk" criteria to assist the hospital determining if a referral for long term care services, either in a nursing facility or in the community, is indicated.

- I. **Medical** - Has the patient experienced any of the following:
  1. Catastrophic Illness requiring major changes in life style and/or living conditions, i.e. Multiple Sclerosis, Stroke, Multiple Trauma, AIDS, Amputation, Neurological Disease, Cancer, Birth Defect(s), End Stage Renal Disease.
  2. Debilitation and/or Chronic Illness causing progressive deterioration of self-care skills, i.e. Diabetes, Fractures, Progressive Pulmonary Disease, Severe Chronic Diseases, Spina Bifida.
  3. Multiple Hospital Admissions within the past six (6) months. (Do not refer patients admitted directly from nursing facilities.)
  4. Previous Nursing Facility Admissions within the past two (2) years.
  5. Major Health Needs, i.e. tube feedings, special equipment or treatments, rehabilitative/restorative services.
  
- II. **Social** - In addition to the medical criteria, does patient meet any of the following social situations:
  1. Homeless
  2. Lives alone and/or has no immediate support system.
  3. Primary caregiver is not able to provide required care services.
  4. Lack of adequate support systems.
  
- III. **Financial** (as of 01/01/94)-Does the patient meet any of the following income/assets tests:
  1. Currently eligible for Medicaid.
  2. Monthly income at/or below the current [ (as of 01/01/94) ] Medicaid institutional cap [of \$1,338.00] and:
    - a) Has no spouse in the community and resources no greater than \$2,000.00 (plus \$1,500.00 burial fund), or
    - b) Has no spouse in the community and resources at/or below [\$26,000.00] \$36,000.00 (plus \$1,500.00 burial fund). This is an indication that the patient may become Medicaid eligible within the next six (6) months by spending down assets in a nursing facility as private pay, or
    - c) Has a spouse in the community with combined countable resources at/or below [\$52,000.00] \$72,000.00 (plus \$1,500.00 burial fund). This allows for calculation of the community spouse's resources under the Medicare Catastrophic Coverage Act of 1988.
  3. Monthly income at/or below the current New Jersey Care ... Special Medicaid Programs maximum monthly income limit [of \$581.00] and:
    - a) Has no spouse in the community and resources no greater than \$4,000.00 (plus \$1,500.00 burial fund), or
    - b) Has no spouse in the community and resources at/or below [\$28,000.00] \$38,000.00 (plus \$1,500.00 burial fund). This is an indication that the patient may become Medicaid eligible within the next six (6) months by spending down assets in a nursing facility as private pay, or
    - c) Has a spouse in the community with combined countable resources at/or below [\$56,000.00] \$76,000.00 (plus \$1,500.00 burial fund). This allows for calculation of the community spouse's resources under the Medicare Catastrophic Coverage Act of 1988.

New Rule, R.2005 d.389, effective January 17, 2006.  
See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).  
Former N.J.A.C. 10:63, Appendix J, repealed.

APPENDIX K

STATE OF NEW JERSEY  
DEPARTMENT OF HUMAN SERVICES  
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES  
PREADMISSION SCREENING ASSESSMENT

AUTHORIZATION LEVEL MOS	LOCUS OF CARE	SPECIAL CARE SERVICES
1	<input type="checkbox"/> TRACK I—LONG-TERM PLACEMENT	<input type="checkbox"/> RESPIRATORY
2	<input type="checkbox"/> TRACK II—SHORT TERM PLACEMENT	<input type="checkbox"/> COMA
3	<input type="checkbox"/> TRACK III—COMMUNITY PLACEMENT	<input type="checkbox"/> NEUROLOGICALLY
	<input type="checkbox"/> CCPED (MODEL WAIVER)	<input type="checkbox"/> IMPAIRED YOUNG ADULT
	<input type="checkbox"/> ACCAP	<input type="checkbox"/> PEDIATRIC/LTC
	<input type="checkbox"/> COMMUNITY	<input type="checkbox"/> AIDS/LTC
	<input type="checkbox"/> DENIAL OF SERVICES	<input type="checkbox"/> MR/MI

Date Ref. to DDD/DMH&M

APPLICANT'S NAME (Last, First, Middle)	B.O.B.	SEX	MARITAL STATUS
ADDRESS	TELEPHONE NUMBER		
MEDICARE NUMBER	SSA NUMBER	N.E.P. (Nonelderly) Case Number	

RACE/ETHNICITY CODE (For Case Collection Purposes Only)

1 = American Indian/Alaskan Native	4 = Hispanic
2 = Asian or Pacific Islander	5 = White/Angle, Non-Hispanic
3 = Black, Non-Hispanic Origin.	6 = Other: _____

NAME OF FACILITY (Current)	DATE OF ADMISSION	FLOOR WARD BLDG
ADDRESS	ROOM NUMBER	

INITIALLY ADMITTED FROM	NAME AND ADDRESS
Home ( ) Facility or Other ( )	

ATTENDING PHYSICIAN, TITLE	TELEPHONE NO.	RSN	ASSESSMENT DATE
ATTENDING PHYSICIAN, TITLE	TELEPHONE NO.	RSN	ASSESSMENT DATE
ATTENDING PHYSICIAN, TITLE	TELEPHONE NO.	RSN	ASSESSMENT DATE

PRIOR HOSPITALIZATIONS.

- 
- 
- 

<input type="checkbox"/> Preadmission Level of Care Determination	<input type="checkbox"/> Admission Level of Care Determination
<input type="checkbox"/> Community Care Evaluation	<input type="checkbox"/> Periodic Review for Level of Care
<input type="checkbox"/> Psychiatric Hospital	<input type="checkbox"/> Request for Change in Level of Care
<input type="checkbox"/> ICF/MR (Developmental Disabilities)	<input type="checkbox"/> Other: _____

PAS-1 10/83

New Rule, R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

Former N.J.A.C. 10:63, Appendix L, repealed.

APPENDIX M



State of New Jersey

DEPARTMENT OF HEALTH AND SENIOR SERVICES

PO BOX 722  
TRENTON, N.J. 08625-0722

www.state.nj.us/health

JAMES E. MCGREEVEY  
Governor

CLIFTON R. LACY, M.D.  
Acting Commissioner

Reply to: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

SS#: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dear \_\_\_\_\_

The \_\_\_\_\_ Long Term Care Field Office (LTCFO) has recently assessed your health care needs and reviewed your medical, nursing and social records during the pre-admission screening or periodic reassessment process. The evaluation process has resulted in the following determination:

You are approved for Track III home care services.

You are approved for Community-Based Waiver Services.

Program: \_\_\_\_\_

A care manager will contact you to arrange services.

Although you have been approved to participate in the \_\_\_\_\_ community-based waiver program, there are no openings currently available to serve you.

You are approved for nursing facility placement.

Track I long-term placement

Track II short-term placement

You are approved for placement in \_\_\_\_\_ which is a special care unit of a nursing facility.

Please present this letter to the nursing facility admission's office as proof of authorization for your care in a nursing facility. After your admission to the nursing facility, you will be visited by a Community Choice Counselor to discuss discharge planning.

**NOTE: THE APPROVAL CHECKED ABOVE IS CONTINGENT UPON THE FINANCIAL ELIGIBILITY DETERMINATION FOR MEDICAID BY YOUR COUNTY WELFARE AGENCY/BOARD OF SOCIAL SERVICES.**



NEW JERSEY

Many Faces. One Family.

The form PR-1 (Statement of Availability Income for Medicaid Payment), informing you of your financial obligation will be sent to you by the County Welfare Agency/Board of Social Services. You may be required to contribute towards the cost of your nursing facility/community care from your monthly income. For questions regarding this statement, please contact the County Welfare Agency/Board of Social Services at (\_\_\_\_) \_\_\_\_\_-\_\_\_\_\_.

Further, as a Medicaid recipient residing in a nursing facility or participating in a community-based waiver, you are entitled to an amount of money each month for your personal needs. The personal needs allowance (PNA) comes from your monthly income and is your money to spend as you wish. If you have sufficient income, you may be able to maintain your supplemental insurance (i.e. Blue Cross/Blue Shield) and to have premiums deducted from your monthly income. Medicaid will pay your Medicare medical insurance premium (Medicare Part B) if you are eligible for such coverage. If you have any questions about your PNA, contact the social worker or case manager in the nursing facility/community residence or call the local LTCFO in your county.

If you have any questions concerning the Medicaid Program or this letter, please contact this LTCFO at (\_\_\_\_) \_\_\_\_\_-\_\_\_\_\_.

Sincerely,

\_\_\_\_\_  
Community Choice Counselor

New Rule, R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

Former N.J.A.C. 10:63, Appendix M, repealed.

APPENDIX N



State of New Jersey

DEPARTMENT OF HEALTH AND SENIOR SERVICES

PO BOX 722  
TRENTON, N.J. 08625-0722

www.state.nj.us/health

JAMES E. MCGREEVEY  
Governor

CLIFTON R. LACY, M.D.  
Acting Commissioner

Reply to: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

SS#: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dear \_\_\_\_\_

The \_\_\_\_\_ Long Term Care Field Office has recently reviewed your medical, nursing and social history during the Preadmission Screening process. Based upon the available evidence during this review:

- You do not meet the requirements for nursing facility care as defined by the New Jersey Health Services Program and set forth in N.J.A.C. 10:63-1.2 and 10:63-2.
- You no longer meet the requirements for nursing facility care as defined by the New Jersey Health Services Program and set forth in N.J.A.C. 10:63-1.2 and 10:63-2. Medicaid payment for your care in a nursing facility will continue until discharge, but not beyond twenty (20) days from the date of this letter.

If you or your family wish to exercise your right to appeal this decision, you or someone authorized to act on your behalf, may submit a request for a fair hearing in accordance with N.J.A.C. 10:49-10.3 to:

Office of Legal and Regulatory Liaison  
Division of Medical Assistance and Health Services  
PO Box 712  
Trenton, New Jersey 08625-0712



NEW JERSEY  
Many Faces. One Family.

-2-

Such requests must be submitted in writing within twenty (20) days from the date of this letter. If a hearing is granted and you are currently Medicaid eligible, Medicaid will continue to pay for your care until a final decision is made. If you do not prevail, the Department may recover monies spent during the fair hearing process.

Please be advised you may represent yourself, obtain legal counsel or authorize a friend, relative, or other spokesperson to represent you at the hearing.

Sincerely,

---

Community Choice Counselor

c: County Welfare Agency/Board of Social Services

LTC-14A  
JAN 02

New Rule, R.2005 d.389, effective January 17, 2006.  
See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).  
Former N.J.A.C. 10:63, Appendix N, repealed.

**APPENDIX O**

(RESERVED)

Appendix O, repealed by R.2005 d.389, effective January 17, 2006.  
See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

APPENDIX R



State of New Jersey

DEPARTMENT OF HEALTH AND SENIOR SERVICES

DIVISION OF AGING AND COMMUNITY SERVICES

PO BOX 807

TRENTON, N.J. 08625-0807

www.nj.gov/health

RICHARD J. CODEY  
Acting Governor

FRED M. JACOBS, M.D., J.D.  
Commissioner

Date: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dear \_\_\_\_\_

During your Pre-Admission Screening Assessment for nursing facility placement, the staff from the \_\_\_\_\_ Long Term Care Field Office Office reviewed clinical documentation which indicates a diagnosis of mental illness as defined in 42 CFR 483.102. Therefore, you are being referred to the State Mental Health Authority for a Level II Pre-Admission Screen and Resident Review (PASARR) screening. This screening must be completed before you can be approved for admission to a nursing facility.

The reason for this additional screening is to determine if you require any specialized services for your mental illness.

If you have any questions, please call the \_\_\_\_\_ Long Term Care Field Office at \_\_\_\_\_.

Sincerely,

\_\_\_\_\_  
Community Choice Counselor

LTC-L6a  
FEB 05

New Rule, R.2005 d.389, effective January 17, 2006.

See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

APPENDIX S



State of New Jersey

DEPARTMENT OF HEALTH AND SENIOR SERVICES  
DIVISION OF AGING AND COMMUNITY SERVICES  
PO BOX 807  
TRENTON, N.J. 08625-0807  
www.nj.gov/health

RICHARD J. CODEY  
Acting Governor

FRED M. JACOBS, M.D., J.D.  
Commissioner

Date: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dear \_\_\_\_\_

During your Pre-Admission Screening Assessment for nursing facility placement, the staff from the \_\_\_\_\_ Long Term Care Field Office reviewed clinical documentation which indicates a diagnosis of mental retardation or a related condition as defined in 42 CFR 483.102. Therefore, you are being referred to the State Developmental Disabilities Authority for a Level II Pre-Admission Screen and Resident Review (PASARR) screening. This screening must be completed before you can be approved for admission to a nursing facility.

The reason for this additional screening is to determine if you require any specialized services for your mental retardation or related condition.

If you have any questions, please call the \_\_\_\_\_ Long Term Care Field Office at \_\_\_\_\_.

Sincerely,

\_\_\_\_\_  
Community Choice Counselor

LTC-L7a  
FFR 05

New Rule, R.2005 d.389, effective January 17, 2006.  
See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).

APPENDIX T

New Jersey Department of Health and Senior Services  
Division of Aging and Community Services  
Office of Long Term Care Options

HOSPITAL PREADMISSION SCREENING REFERRAL\*

PLEASE PRINT

Hospital \_\_\_\_\_ Date \_\_\_\_\_  
Referred By \_\_\_\_\_  
Telephone Number \_\_\_\_\_

PATIENT INFORMATION

Name \_\_\_\_\_ (Last) (First) (MI) \_\_\_\_\_ DOB \_\_\_\_\_  
Sex  Male  Female  
HSP # \_\_\_\_\_ SS# \_\_\_\_\_  
Home Address \_\_\_\_\_

Responsible Party \_\_\_\_\_  
Home Telephone No. ( ) \_\_\_\_\_ Work Telephone No. ( ) \_\_\_\_\_

ADMISSION INFORMATION

Date of Admission \_\_\_\_\_ Floor \_\_\_\_\_  
Admitted From \_\_\_\_\_ Room # \_\_\_\_\_  
Primary Admitting Diagnosis \_\_\_\_\_  
Secondary Admitting Diagnosis \_\_\_\_\_  
Date Referred to D/C Planner/Soc. Serv. \_\_\_\_\_  
Date Pt. Met At-Risk Criteria \_\_\_\_\_

ELIGIBILITY STATUS

Currently Medicaid Eligible  Application in Process  180 Days Potentially Eligible  
Date Referred to CWA \_\_\_\_\_

\*Form may be used to FAX information or as written confirmation of telephone referral to LTCFO.

LTC-4  
MAR 04

New Rule, R.2005 d.389, effective January 17, 2006.  
See: 36 N.J.R. 4700(a), 37 N.J.R. 1185(a), 38 N.J.R. 674(a).