

CHAPTER 76

AN ACT concerning pediatric rehabilitation hospitals and amending P.L.2001, c.393.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. Section 2 of P.L.2001, c.393 (C.30:4D-7h) is amended to read as follows:

C.30:4D-7h Reimbursement by State Medicaid program, rates; other costs.

2. a. A pediatric rehabilitation hospital licensed pursuant to P.L.1971, c.136 (C.26:2H-1 et seq.) with 30 or fewer beds shall be reimbursed 100% of its Medicaid allowable reimbursable costs as defined by Medicare Principles of Reimbursement, subject to the "Tax Equity and Fiscal Responsibility Act of 1982" (TEFRA), Pub.L.97-248 as amended, and adjusted for occupancy, if applicable.

Any 2001, 2002 or 2003 Medicare cost reports that are not settled for Medicaid reimbursement on or before July 1, 2004 shall be prospectively settled, based on Medicaid allowable reimbursable costs as defined by Medicare Principles of Reimbursement, subject to TEFRA, and adjusted for occupancy, if applicable.

b. A pediatric rehabilitation hospital licensed pursuant to P.L.1971, c.136 (C.26:2H-1 et seq.) with more than 30 beds shall be reimbursed a prospective per diem rate by the State Medicaid program for Medicaid fee-for-service recipients.

The initial prospective per diem rate shall be based on the total allowable cost for Medicaid patients divided by the total Medicaid days from the calendar year 1999 Medicare/Medicaid cost report, and shall be considered the base year rate. If the hospital has been in operation less than two full years prior to fiscal year 1999, the prospective per diem rate will be set using its first finalized audited fiscal year 2000 Medicaid/Medicare cost report. The base year rate shall be updated each year by the economic factor specified in N.J.A.C.10:52-5.13.

The Commissioner of Human Services shall adopt regulations to permit a pediatric rehabilitation hospital to seek rate relief or to seek a new base year rate in the event the hospital has experienced an increase in its operating costs which would impact the existing per diem rate, net of capital costs, greater than 5%. The hospital shall furnish evidence of that increase in costs to the Division of Medical Assistance and Health Services in the Department of Human Services and request an adjustment to its prospective inpatient reimbursement rate.

c. A pediatric rehabilitation hospital licensed pursuant to P.L.1971, c.136 (C.26:2H-1 et seq.) shall be:

(1) reimbursed its outpatient costs based on applicable cost-based Medicare Principles of Reimbursement through the Medicare/Medicaid cost report, and shall not receive final reimbursement based on an outpatient prospective reimbursement methodology. If necessary, the Department of Human Services shall adopt regulations to specify an interim claims processing and payment methodology;

(2) entitled to a per diem adjustment to account for increases in its capital expenditures. Adjusted per diem payments shall begin upon project completion and facility operation. The adjustment shall be calculated based on the Medicaid share of the inpatient costs for any capital expenditures made on or after December 31, 2003. Utilizing data from the Medicare/Medicaid Cost Report, the Medicaid share shall be determined by dividing the combined total of Medicaid fee-for-service days and Medicaid managed care days by the total number of inpatient days; and the inpatient costs for capital expenditures shall be determined by dividing the hospital's inpatient costs by its total costs and multiplying that number by its total additional capital costs; and

(3) entitled to receive a per diem adjustment for its graduate medical education program, with the adjustment to be based on the Medicaid share of the costs incurred by the graduate medical education program. The Medicaid share shall be determined by dividing the Medicaid inpatient days by the total number of inpatient days and multiplying that number by the total amount of graduate medical education costs as reported on the Medicare/Medicaid cost report.

2. This act shall take effect immediately.

Approved July 1, 2004.