

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 226

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 27, 2010

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 226 (1R), with committee amendments.

The bill, as amended, directs the State Medicaid program, subject to federal approval and the availability of federal financial participation under Title XIX of the Social Security Act, to establish a three-year Medicaid medical home demonstration project. The demonstration project shall be developed and implemented in consultation with the managed care organizations that contract with the Medicaid program to provide health care services to Medicaid recipients or with other appropriate vendors that contract with the Medicaid program to provide health care services to general public assistance recipients. Subject to the availability of federal funds, the Medicaid program shall begin implementing the demonstration project no later than January 1, 2011.

The Medicaid program shall:

- consider payment methodologies that support care-coordination through multi-disciplinary teams; , including payment for care of patients with chronic diseases and the elderly, and that encourage services such as: (1) patient or family education for patients with chronic diseases; (2) home-based services; (3) telephonic communication; (4) group care; (5) oral health examinations, when applicable; and (6) culturally and linguistically appropriate care. In addition, the payment system shall be structured to reward quality and improved patient outcomes;
- develop a system to support primary care providers in developing an organizational structure necessary to provide a medical home; and
- identify primary care providers for participation in the demonstration project that provide care to their patients using a medical home model, which at a minimum shall include primary care providers utilizing a multi-disciplinary team that provides patient-centered care coordination through the use of health information technology and chronic disease registries across the

patient's life-span and across all domains of the health care system and the patient's community.

The bill specifies that its provisions shall not be construed to limit the choice of a Medicaid or GA recipient who is participating in a medical home demonstration project to directly access a qualified health care provider for family planning services who is not participating in the demonstration project. Further, the bill defines "primary care provider" to mean, but not be limited to, a primary care professional medical practice, a federally qualified or community health center, and a primary care outpatient clinic operated by a general hospital.

The bill provides that the Director of the Division of Medical Assistance and Health Services, which administers the Medicaid program, shall evaluate the demonstration project annually to assess: (1) whether cost savings are achieved through implementation of the medical home project; (2) the rates of health screening; and (3) the outcomes and hospitalization rates for persons with chronic illnesses, and the hospitalization and readmission rates for the frail elderly.

The Commissioner of Human Services is directed to apply for such Medicaid State plan amendments or waivers as may be necessary to implement the provisions of the bill.

The commissioner shall report annually to the Governor, and to the Legislature on his findings and recommendations of the demonstration project.

The bill takes effect on the 180th day after enactment and expires three years after the effective date, but the Commissioner of Human Services is authorized to take such anticipatory administrative action in advance thereof as shall be necessary for the implementation of the bill.

As amended by committee, this bill is identical to Senate Bill No. 665 (1R), as also reported and amended by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amendments clarify that the demonstration project shall be developed and implemented in consultation with the managed care organizations that contract with the Medicaid program to provide health care services to Medicaid recipients or with other appropriate vendors that contract with the Medicaid program to provide health care services to general public assistance recipients.

FISCAL IMPACT:

Initially, Medicaid expenditures related to establishing medical homes will increase as Medicaid reimbursement rates for participating primary care providers will be increased by some amount yet to be determined. This increase in Medicaid primary care provider expenditures may be offset in later years by reductions in other Medicaid health care expenditures, particularly inpatient and

outpatient hospital costs, as primary care providers would devote more time to patients and would be able to identify and treat medical problems before they result in more expensive inpatient or outpatient hospital services.

Whether overall Medicaid expenditures can be reduced as a result of establishing a medical home pilot project and providing greater reimbursement to primary care providers will be determined by the demonstration project.