



State of New Jersey
Department of Human Services
Division of Medical Assistance & Health Services

NEWSLETTER

Volume 27 No. 02

February 2017

TO: Medicaid Nursing Facility and Assisted Living Facility Providers
SUBJECT: Social Security Cost of Living Adjustment (COLA)
EFFECTIVE: January 1, 2017
PURPOSE: **Notification of COLA effect on Cost Share and Payments from Managed Care Organizations**

BACKGROUND: The Social Security Administration has announced a 0.3% Cost of Living Adjustment (COLA) effective January 1, 2017. The NJ Division of Medical Assistance and Health Services (DMAHS) will systemically make this income adjustment to the Personal Responsibility Forms (PR-1 and PR-2) for Nursing Homes and Assisted Living facility Medicaid recipients. The system is unable to send the Medicaid recipients or their representatives an updated PR form, therefore, the cost share amount paid to the facilities will not reflect this change until the individual receives a redetermination of their case. (This income increase is estimated to average between \$2.00 and \$7.00 per month)

Nursing Home and Assisted Living Providers will see a change to the cut back amount in their payments from the Managed Care Organizations (MCOs) and from Molina, if the individual's bills are paid fee for services.

ACTION: There are two options available to the nursing home and assisted living facilities for notifying their Medicaid residents or their authorized representatives of an increase in the cost share amount due: 1) the facility may bill their resident or their authorized representative to begin collecting the COLA amount prior to their redetermination; or, 2) facilities may notify their residents or their authorized representatives that the change is coming to their cost share upon redetermination and that excess income should not be spent by the resident, but saved pending the 2017 PR calculation. The 2017 PR calculations will be created retroactive to January 1, 2017 and therefore, the additional income will be due to the facilities at that time.

This newsletter serves as notice to the systemic change described above. This is not a new process for nursing homes, as DMAHS has made this systemic change before when the last COLA was received back in January of 2015.

Questions regarding this Newsletter should be directed to the Medicaid Member/Provider Hotline at 1-800-356-1561.

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