



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

NEWSLETTER

Volume 8 No. 13

March 1998

TO: Licensed, Certified Home Health Agencies - For Action
Health Maintenance Organizations - Information Only

SUBJECT: **New Effective Date for Surety Bond Requirement for Home Health Agencies**

EFFECTIVE: Claims with service dates on or after February 27, 1998

PURPOSE: To notify providers of home health services participating in the New Jersey Medicaid program of a postponement in the effective date for implementation of the surety bond requirement, in accordance with Section 4724(b) of the Federal Balanced Budget Act of 1997. Also, to provide an acceptable surety bond form to support this requirement.

BACKGROUND: The New Jersey Division of Medical Assistance and Health Services (DMAHS), in the Medicaid Newsletter Volume 7, No. 72, dated December 1997, notified providers of home health services of a new requirement for a \$50,000 surety bond. For additional information concerning this new requirement, providers are encouraged to reference this Newsletter.

The initial Newsletter indicated that these requirements would apply to claims with service dates on or after January 1, 1998. Based on a recent decision by the Health Care Financing Administration (HCFA), the effective date for these requirements has been postponed from January 1, 1998, to February 27, 1998.

ACTION: Providers of home health services who participate in the New Jersey Medicaid program are required to post a \$50,000 surety bond prior to February 27, 1998. Additional information and instructions provided in the Medicaid Newsletter Volume 7, No.72, dated December 1997, remain unchanged.

Home health claims with service dates on or after February 27, 1998, submitted by licensed, certified home health agencies that have failed to post the required surety bond will be denied by the New Jersey Medicaid program. In addition, the State may recover any payments determined ineligible for Medicaid reimbursement because a home health agency is not bonded on a date of service.

It is important to note that these requirements are a matter of State policy. Although DMAHS anticipates that HCFA will issue regulations on surety bonds in the near future, the timing of their release by HCFA has no impact on the State's decision to move forward with these requirements. DMAHS intends to implement these requirements for claims with service dates on or after February 27, 1998.

For your use, DMAHS has attached to this Newsletter an acceptable "Medicaid Surety Bond" form which was prepared in cooperation with the marketplace. Please share the bond form with bond agencies and/or insurance carriers who you may contact to post the required surety bond.

If you have any questions concerning this Newsletter, please contact the Chief, Provider Enrollment Unit, at (609) 588-2905 or the Assistant Director, Office of Disabled Affairs, at (609) 588-2622.

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