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FLOOR AMENDMENT STATEMENT:	No
LEGISLATIVE FISCAL ESTIMATE:	Yes
VETO MESSAGE:	Yes (Conditional)
GOVERNOR'S PRESS RELEASE ON SIGNING:	Yes
FOLLOWING WERE PRINTED:	
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REPORTS:	No
HEARINGS:	No
NEWSPAPER ARTICLES:	No

Rwh/cl

P.L. 2019, CHAPTER 275, *approved December 19, 2019*
Assembly, No. 5098 (*Second Reprint*)

1 AN ACT ²**[raising]** concerning² the Medicaid reimbursement rate
2 for personal care services and supplementing and amending
3 P.L.2017, c.239.
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 1. (New section) The Legislature finds and declares that:

9 a. Personal care services are an integral part of providing
10 reliable and accessible healthcare to New Jersey’s elderly, sick, and
11 disabled populations. Such services are provided in the home and
12 include assistance with activities of daily living and household
13 duties essential to the patient’s health and comfort. For the
14 applicable patients, home health care provides greater cost
15 efficiencies, better patient outcomes, and more dignified treatment
16 than care provided in long term care facilities, and is consistent
17 with the 1999 United States Supreme Court decision in ¹**[Olmstead**
18 **v. L.C.]** Olmstead v. L.C., 527 U.S. 581 (1999)¹ and New Jersey
19 public policy.

20 b. ¹**[The current]** In FY 2019, the¹ Medicaid reimbursement
21 rate for personal care services provided in the managed care
22 delivery system is a minimum of \$16.12 per hour. Home ¹**[Health**
23 **Agency Providers]** health agency providers¹ utilize these funds to
24 cover direct and indirect administrative costs, as well as wages for
25 workers.

26 c. New Jersey’s Medicaid reimbursement rate for personal care
27 services is one of the lowest in the United States and on average
28 approximately 25 percent less than neighboring states, despite that
29 the cost of providing these services is similar across the region. For
30 example, Connecticut has a rate of \$19.05 per hour, Pennsylvania
31 has an average rate of \$19.50 per hour, New York has a rate
32 between \$21.00 and \$23.00 per hour, and Massachusetts has a rate
33 of \$24.40 per hour.

34 d. While New Jersey has one of the lowest Medicaid
35 reimbursement rates for personal care services in the entire country,
36 it has one of the highest costs of labor, averaging at 18 percent
37 above the normal wage rate for home health workers. States like

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AAP committee amendments adopted June 18, 2019.

²Assembly amendments adopted in accordance with Governor's
recommendations November 25, 2019.

1 Oklahoma and Mississippi, ¹**[that]** which¹ have Medicaid
2 reimbursement rates at \$16.20 and \$17.64 per hour, respectively,
3 each have substantially lower costs of labor than New Jersey.

4 e. Dictated by this low reimbursement rate, providers cannot
5 offer a competitive wage to the workers who directly provide
6 personal care services, which has led to instability and high
7 turnover within the home health industry. With private companies,
8 such as Amazon, and State hospital systems, such as Cooper
9 University Health Care, paying \$15.00 per hour, there is a
10 significant workforce issue in retaining and recruiting workers to
11 provide personal care services. The recent adoption of a \$15.00 per
12 hour State minimum wage, pursuant to P.L.2019, c.32 ¹(C.34:11-
13 56a4.9 et al.)¹, further amplify the challenges to develop and grow
14 this essential workforce under the current reimbursement rate.

15 f. While the Department of Human Services has focused its
16 efforts on an ongoing multi-year initiative to provide lower-cost
17 community-based services to long-term care Medicaid clients rather
18 than ¹**[to place them in]** providing¹ higher cost ¹care in¹ nursing
19 homes, this effort is dependent on a strong and thriving home health
20 workforce to deliver services in the home. The cost-effectiveness
21 of home and community-based services as a substitute for nursing
22 home use is clear, with community-based services projected to cost
23 \$42,200 per client in FY 2019 and nursing homes services projected
24 to cost \$71,000 ¹in the same fiscal year¹.

25 g. In the coming years, a rapidly growing elder population will
26 increase the demand on the home health system. According to the
27 recent New Jersey Governor's Advisory Council on End-of-Life
28 Care Report and Recommendations, ¹the number of¹ New Jersey
29 residents ¹age¹ 65 and ¹**[over are]** older is¹ expected to grow by 54
30 percent by 2030, leaving 2 million people potentially needing
31 personal care services. The report further stresses the uncertainty in
32 how the current healthcare system will be able to meet the growing
33 needs for chronic, palliative, and end-of-life care. With the current
34 personal care workforce unable to meet the needs of this expanding
35 population, ¹**[it is likely that]**¹ the State will ¹likely¹ experience an
36 ¹**[escalation]** increase¹ in ¹**[high cost]** high-cost¹ hospital and
37 nursing home admissions.

38 h. It is, therefore, in the public interest for the Legislature to set
39 a ²**[minimum]** competitive² Medicaid reimbursement rate for
40 personal care services that reflects the rates of neighboring states
41 and the implementation of a \$15.00 per hour State minimum wage.
42 Affording the employees who directly provide these critical
43 services with a competitive wage will stabilize the home health
44 workforce, maintain the quality of care for personal care service
45 recipients, and deliver cost savings to the State of New Jersey by
46 further rebalancing long-term care services.

1 2. Section 1 of P.L.2017, c.239 (C.30:4D-7n) is amended to
2 read as follows:

3 1. The hourly reimbursement rate for personal care services
4 within the Medicaid program established pursuant to P.L.1968,
5 c.413 (C.30:4D-1 et seq.), whether the services are provided in the
6 Medicaid fee-for-service delivery system or through a managed care
7 delivery system, shall be no less than the established State Medicaid
8 fee-for-service rate. **【Any and all rate increases realized pursuant**
9 **to this section shall be used solely to increase wages for workers**
10 **who directly provide personal care services】** ²**【On January 1 of**
11 **2020 and January 1 of each subsequent year, the reimbursement rate**
12 **shall be increased by an increase in the consumer price index for all**
13 **urban wage earners and clerical workers (CPI-W) as calculated by**
14 **the federal government for the 12 months prior to September 30**
15 **preceding that January 1, except that any of the following rates shall**
16 **apply if it exceeds that rate determined in accordance with the**
17 **applicable CPI-W for the indicated year: on】** ²**On** ²**July 1, 2019, the**
18 **reimbursement rate shall be** ²**【\$20】** ²**\$18** ²**per hour** ²**【; on January 1,**
19 **2020, the reimbursement rate shall be \$21 per hour; and on January**
20 **1 of each year from 2021 to 2024, inclusive, the reimbursement**
21 **shall be increased from the rate of the preceding year by \$1 per**
22 **hour. If the federal minimum hourly wage rate set by section 6 of**
23 **the federal "Fair Labor Standards Act of 1938" (29 U.S.C. s.206), or**
24 **a successor federal law, is raised to a level higher than the State**
25 **minimum wage rate set in section 5 of P.L.1966, c.113 (C.34:11-**
26 **56a4), then the hourly reimbursement rate for personal care services**
27 **established pursuant this section shall be increased by the level of**
28 **the federal minimum wage rate. Subsequent increases based on**
29 **increases in the CPI-W pursuant to this section shall be applied to**
30 **the higher hourly reimbursement rate for personal care services】** ².
31 (cf: P.L.2017, c.239, s.1)

32
33 ¹3. Section 2 of P.L.2017, c.239 (C.30:4D-7o) is amended to
34 read as follows:

35 2. Every provider that receives reimbursement for personal
36 care services pursuant to a Medicaid managed care contract shall
37 annually provide a report to the Division of Medical Assistance and
38 Health Services in the Department of Human Services regarding the
39 use of funds received as reimbursement for personal care services,
40 including **【assurances that the increased funds received pursuant to**
41 **section 1 of P.L.2017, c.239 (C.30:4D-7n) are being used**
42 **exclusively for salary increases for workers who directly provide**
43 **personal care services and】** detailed data on **【the】** any salary
44 increases resulting from section 1 of P.L.2017, c.239 (C.30:4D-7n);
45 including the prior salary, current salary, and other changes to the
46 salary of the workers who directly provide personal care services.¹
47 (cf: P.L. 2017, c.239, s.2)

A5098 [2R]

4

1 ¹~~3.~~^{4.} This act shall take effect ¹~~on July 1, 2019~~
2 immediately¹ and shall apply to services provided on or after the
3 effective date of this act and to any managed care organization
4 contract which provides benefits under the Medicaid program ¹and
5 which is¹ executed or renewed by the Division of Medical
6 Assistance and Health Services in the Department of Human
7 Services on or after the effective date of this act.

ASSEMBLY, No. 5098

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED FEBRUARY 25, 2019

Sponsored by:

Assemblywoman ELIANA PINTOR MARIN

District 29 (Essex)

Assemblywoman ANNETTE CHAPARRO

District 33 (Hudson)

SYNOPSIS

Raises, over time, hourly Medicaid reimbursement rate for personal care services to \$25.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/14/2019)

A5098 PINTOR MARIN, CHAPARRO

2

1 AN ACT raising the Medicaid reimbursement rate for personal care
2 services and supplementing and amending P.L.2017, c.239.

3

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

6

7 1. (New section) The Legislature finds and declares that:

8 a. Personal care services are an integral part of providing
9 reliable and accessible healthcare to New Jersey's elderly, sick, and
10 disabled populations. Such services are provided in the home and
11 include assistance with activities of daily living and household
12 duties essential to the patient's health and comfort. For the
13 applicable patients, home health care provides greater cost
14 efficiencies, better patient outcomes, and more dignified treatment
15 than care provided in long term care facilities, and is consistent
16 with the 1999 United States Supreme Court decision in *Olmstead v.*
17 *L.C.* and New Jersey public policy.

18 b. The current Medicaid reimbursement rate for personal care
19 services provided in the managed care delivery system is a
20 minimum of \$16.12 per hour. Home Health Agency Providers
21 utilize these funds to cover direct and indirect administrative costs,
22 as well as wages for workers.

23 c. New Jersey's Medicaid reimbursement rate for personal care
24 services is one of the lowest in the United States and on average
25 approximately 25 percent less than neighboring states, despite that
26 the cost of providing these services is similar across the region. For
27 example, Connecticut has a rate of \$19.05 per hour, Pennsylvania
28 has an average rate of \$19.50 per hour, New York has a rate
29 between \$21 and \$23 per hour, and Massachusetts has a rate of
30 \$24.40 per hour.

31 d. While New Jersey has one of the lowest Medicaid
32 reimbursement rates for personal care services in the entire country,
33 it has one of the highest costs of labor, averaging at 18 percent
34 above the normal wage rate for home health workers. States like
35 Oklahoma and Mississippi, that have Medicaid reimbursement rates
36 at \$16.20 and \$17.64 per hour, respectively, each have substantially
37 lower costs of labor than New Jersey.

38 e. Dictated by this low reimbursement rate, providers cannot
39 offer a competitive wage to the workers who directly provide
40 personal care services, which has led to instability and high
41 turnover within the home health industry. With private companies,
42 such as Amazon, and State hospital systems, such as Cooper
43 University Health Care, paying \$15 per hour, there is a significant
44 workforce issue in retaining and recruiting workers to provide
45 personal care services. The recent adoption of a \$15 per hour State

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Matter underlined thus is new matter.

1 minimum wage, pursuant to P.L.2019, c.32, further amplify the
2 challenges to develop and grow this essential workforce under the
3 current reimbursement rate.

4 f. While the Department of Human Services has focused its
5 efforts on an ongoing multi-year initiative to provide lower-cost
6 community-based services to long-term care Medicaid clients rather
7 than to place them in higher cost nursing homes, this effort is
8 dependent on a strong and thriving home health workforce to deliver
9 services in the home. The cost-effectiveness of home and
10 community-based services as a substitute for nursing home use is
11 clear, with community-based services projected to cost \$42,200 per
12 client in FY 2019 and nursing homes services projected to cost
13 \$71,000.

14 g. In the coming years, a rapidly growing elder population will
15 increase the demand on the home health system. According to the
16 recent New Jersey Governor's Advisory Council on End-of-Life
17 Care Report and Recommendations, New Jersey residents 65 and
18 over are expected to grow by 54 percent by 2030, leaving 2 million
19 people potentially needing personal care services. The report further
20 stresses the uncertainty in how the current healthcare system will be
21 able to meet the growing needs for chronic, palliative, and end-of-
22 life care. With the current personal care workforce unable to meet
23 the needs of this expanding population, it is likely that the State will
24 experience an escalation in high cost hospital and nursing home
25 admissions.

26 h. It is, therefore, in the public interest for the Legislature to set a
27 minimum Medicaid reimbursement rate for personal care services
28 that reflects the rates of neighboring states and the implementation
29 of a \$15 per hour State minimum wage. Affording the employees
30 who directly provide these critical services with a competitive wage
31 will stabilize the home health workforce, maintain the quality of
32 care for personal care service recipients, and deliver cost savings to
33 the State of New Jersey by further rebalancing long-term care
34 services.

35
36 2. Section 1 of P.L.2017, c.239 (C.30:4D-7n) is amended to
37 read as follows:

38 1. The hourly reimbursement rate for personal care services
39 within the Medicaid program established pursuant to P.L.1968,
40 c.413 (C.30:4D-1 et seq.), whether the services are provided in the
41 Medicaid fee-for-service delivery system or through a managed care
42 delivery system, shall be no less than the established State Medicaid
43 fee-for-service rate. **【Any and all rate increases realized pursuant**
44 **to this section shall be used solely to increase wages for workers**
45 **who directly provide personal care services】** On January 1 of 2020
46 and January 1 of each subsequent year, the reimbursement rate shall
47 be increased by an increase in the consumer price index for all
48 urban wage earners and clerical workers (CPI-W) as calculated by

1 the federal government for the 12 months prior to September 30
2 preceding that January 1, except that any of the following rates shall
3 apply if it exceeds that rate determined in accordance with the
4 applicable CPI-W for the indicated year: on July 1, 2019, the
5 reimbursement rate shall be \$20 per hour; on January 1, 2020, the
6 reimbursement rate shall be \$21 per hour; and on January 1 of each
7 year from 2021 to 2024, inclusive, the reimbursement shall be
8 increased from the rate of the preceding year by \$1 per hour. If the
9 federal minimum hourly wage rate set by section 6 of the federal
10 "Fair Labor Standards Act of 1938" (29 U.S.C. s.206), or a
11 successor federal law, is raised to a level higher than the State
12 minimum wage rate set in section 5 of P.L.1966, c.113 (C.34:11-
13 56a4), then the hourly reimbursement rate for personal care services
14 established pursuant this section shall be increased by the level of
15 the federal minimum wage rate. Subsequent increases based on
16 increases in the CPI-W pursuant to this section shall be applied to
17 the higher hourly reimbursement rate for personal care services.
18 (cf: P.L.2017, c.239, s.1)

19
20 3. This act shall take effect on July 1, 2019 and shall apply to
21 services provided on or after the effective date of this act and to any
22 managed care organization contract which provides benefits under
23 the Medicaid program executed or renewed by the Division of
24 Medical Assistance and Health Services in the Department of
25 Human Services on or after the effective date of this act.

26
27
28 STATEMENT

29
30 This bill raises, over time, the hourly Medicaid reimbursement
31 rate for personal care services to \$25. Providers who receive
32 reimbursement for personal care services utilize those funds to
33 cover direct and indirect administrative costs, as well as wages for
34 workers who directly provide personal care services. Personal care
35 services are provided in the home rather than a long term care
36 facility and include assistance with activities of daily living and
37 household duties essential to the patient's health and comfort.

38 Currently, pursuant to section 1 of P.L.2017, c.239, the
39 reimbursement rate for personal care services within the Medicaid
40 program, whether the services are provided in the Medicaid fee-for-
41 service delivery system or through a managed care delivery system,
42 is required to be no less than the established State Medicaid fee-for-
43 service rate. However, pursuant to the FY 2019 Appropriations Act,
44 the hourly reimbursement rate for fee-for-service personal care
45 services is \$19, while the hourly reimbursement rate for personal care
46 services provided through a managed care delivery system is required
47 to be no less than \$16.

1 Under the bill, the current rate would be maintained until certain
2 provisions are implemented. For example, the bill stipulates that
3 on January 1 of 2020 and January 1 of each subsequent year, the
4 reimbursement rate is required to be increased by an increase in the
5 consumer price index for all urban wage earners and clerical
6 workers (CPI-W) as calculated by the federal government for the 12
7 months prior to September 30 preceding that January 1. The bill
8 also provides for certain increases in the reimbursement rate greater
9 than the increases resulting from CPI-W calculations. Under the
10 bill, the reimbursement rate will be increased to \$20 per hour on
11 July 1, 2019, to \$21 per hour on January 1, 2020, followed by \$1
12 increases each year until the rate reaches a level of \$25 per hour in
13 2024.

14 In addition, if the federal minimum hourly wage rate set by
15 section 6 of the federal "Fair Labor Standards Act of 1938" (29
16 U.S.C. s.206), or a successor federal law, is raised to a level higher
17 than the State minimum wage rate set in section 5 of P.L.1966,
18 c.113 (C.34:11-56a4), then the hourly reimbursement rate for
19 personal care services established pursuant the bill will be increased
20 by the level of the federal minimum wage rate. Subsequent
21 increases based on increases in the CPI-W pursuant to the bill are
22 required to be applied to this higher hourly reimbursement rate for
23 personal care services.

24 Finally, this bill eliminates the current statutory provision
25 requiring any and all rate increases in the hourly reimbursement rate
26 for personal care services to be used solely to increase wages for
27 workers who directly provide personal care services.

28 This bill is intended to ensure that the reimbursement rate for
29 personal care services reflects the rates of neighboring States, such
30 as New York with a reimbursement rate between \$21 and \$23 per
31 hour, and the implementation of a \$15 per hour State minimum
32 wage. It is sponsor's belief that affording the employees who
33 directly provide these critical services with a competitive wage will
34 stabilize the home health workforce, maintain the quality of care for
35 personal care service recipients, and deliver cost savings to the
36 State of New Jersey by further rebalancing long-term care services.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5098

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 18, 2019

The Assembly Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 5098.

As amended by the committee, this bill raises, over time, the hourly Medicaid reimbursement rate for personal care services to \$25. Providers who receive reimbursement for personal care services utilize those funds to cover direct and indirect administrative costs, as well as wages for workers who directly provide personal care services. Personal care services are provided in the home rather than a long term care facility and include assistance with activities of daily living and household duties essential to the patient's health and comfort.

Currently, pursuant to section 1 of P.L.2017, c.239 (C.30:4D-7n), the reimbursement rate for personal care services within the Medicaid program, whether the services are provided in the Medicaid fee-for-service delivery system or through a managed care delivery system, is required to be no less than the established State Medicaid fee-for-service rate. However, pursuant to the FY 2019 Appropriations Act, the hourly reimbursement rate for fee-for-service personal care services is \$19, while the hourly reimbursement rate for personal care services provided through a managed care delivery system is required to be no less than \$16.

As amended by the committee, the bill eliminates a requirement that providers make assurances to the Division of Medical Assistance and Health Services in the Department of Human Services that increased funds realized under P.L.2017, c.239 (C.30:4D-7n et seq.) be used exclusively for salary increases for workers who directly provide personal care services.

As reported, the bill is identical to Senate Bill No. 3491 (1R).

COMMITTEE AMENDMENTS:

The committee amendments amend section 2 of P.L.2017, c.239 (C.30:4D-7o), to remove a requirement that providers make assurances that funds realized under P.L.2017, c.239 (C.30:4D-7n et seq.), which revised the hourly reimbursement rate for personal care services, be used exclusively for salary increases for workers who directly provide personal care services.

The committee amendments revise the effective date to provide that, instead of July 1, 2019, the bill will take effect immediately upon enactment.

The committee amendments make various technical corrections to the findings and declarations section of the bill.

FISCAL IMPACT:

The Office of Legislative Services (OLS) projects that the bill will increase State expenditures by \$131.1 million in FY 2020 and federal Medicaid matching fund revenue by \$65.5 million for a net State expenditure increase of \$65.5 million. The annual impacts will grow in accordance with the bill's phase-in schedule in fiscal years subsequent to FY 2020.

The OLS estimates further that in FY 2025, the first fiscal year in which the \$25 hourly Medicaid reimbursement rate for personal care services will be fully phased in, the State expenditure increase will total \$387.3 million. After deducting \$193.6 million in anticipated federal Medicaid matching funds, the projected net State expenditure growth will equal \$193.6 million in FY 2025.

The table below details the OLS projections by fiscal year. The OLS does not make a projection for FY 2026 and beyond but notes that starting on January 1, 2025 the hourly reimbursement rate will be subject to an annual inflation adjustment.

Fiscal Impact of A-5098 (in \$ Millions)

Fiscal Impact	<u>FY</u> <u>2020</u>	<u>FY</u> <u>2021</u>	<u>FY</u> <u>2022</u>	<u>FY</u> <u>2023</u>	<u>FY</u> <u>2024</u>	<u>FY</u> <u>2025</u>
State Expenditure Increase	\$131.1	\$177.9	\$229.2	\$285.1	\$346.1	\$387.3
State Revenue Increase (Federal Funds)	\$65.5	\$89.0	\$114.6	\$142.6	\$173.0	\$193.6
Net State Expenditure Increase	\$65.5	\$89.0	\$114.6	\$142.6	\$173.0	\$193.6

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 5098

STATE OF NEW JERSEY 218th LEGISLATURE

DATED: JUNE 25, 2019

SUMMARY

- Synopsis:** Raises, over time, hourly Medicaid reimbursement rate for personal care services to \$25.
- Type of Impact:** Annual increases in State expenditures and revenue.
- Agencies Affected:** Department of Human Services.

Office of Legislative Services Estimate (In \$ Million)

Fiscal Impact	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
State Expenditure Increase	\$131.1	\$177.9	\$229.2	\$285.1	\$346.1	\$387.3
State Revenue Increase (Federal Funds)	\$65.5	\$89.0	\$114.6	\$142.6	\$173.0	\$193.6

- The Office of Legislative Services (OLS) projects that the bill will increase State expenditures by \$131.1 million in FY 2020 and federal Medicaid matching fund revenue by \$65.5 million. The projected State share of the additional expenditures will therefore total \$65.5 million. In subsequent fiscal years the annual impacts will grow in accordance with the bill's phase-in schedule.
- The OLS estimates further that the State expenditure increase will total \$387.3 million in FY 2025, the first fiscal year in which the \$25 hourly Medicaid reimbursement rate for personal care services will be fully phased in. After deducting \$193.6 million in anticipated federal Medicaid matching funds, the projected State share of the increased expenditures will equal \$193.6 million.
- The OLS does not make a projection for FY 2026 and beyond but notes that starting on January 1, 2025 the hourly reimbursement rate will be subject to an annual adjustment that will grow the annual fiscal impacts of the legislation further.

BILL DESCRIPTION

This bill raises, over time, the hourly Medicaid reimbursement rate for personal care services until the rate reaches \$25 on January 1, 2024. Thereafter, the rate will be adjusted annually for inflation in direct proportion to the increase in the consumer price index for all urban wage earners and clerical workers (CPI-W).

The phase-in schedule is as follows: \$20 per hour on July 1, 2019; \$21 per hour on January 1, 2020; \$22 per hour on January 1, 2021; \$23 per hour on January 1, 2022; \$24 per hour on January 1, 2023; and \$25 per hour on January 1, 2024. The hourly rate in any given year may be higher if the rate of increase in the CPI-W exceeds the rate of increase of the phase-in schedule. In that case, the hourly rate will be inflated by the rate of change in the CPI-W. In addition, the bill provides for an alternative schedule of increases in the hourly reimbursement rate if the federal minimum wage level exceeds the State minimum wage.

Currently, in FY 2019, the hourly reimbursement rate for personal care services is \$19 for the fee-for-service (FFS) delivery system and a rate not to be less than \$16 for the managed care organization (MCO) delivery system.

Personal care services are provided in the home rather than a long-term care facility and include assistance with activities of daily living and household duties essential to the patient's health and comfort.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS projects that the bill will increase State expenditures by \$131.1 million in FY 2020 and federal Medicaid matching fund revenue by \$65.5 million. The projected State share of the additional expenditures will therefore total \$65.5 million. In subsequent fiscal years the annual impacts will grow in accordance with the bill's phase-in schedule.

The OLS estimates further that the State expenditure increase will total \$387.3 million in FY 2025, the first fiscal year in which the \$25 hourly Medicaid reimbursement rate for personal care services will be fully phased in. After deducting \$193.6 million in anticipated federal Medicaid matching funds, the projected State share of the increased expenditures will equal \$193.6 million.

The OLS does not make a projection for FY 2026 and beyond but notes that starting on January 1, 2025 the hourly reimbursement rate will be subject to an annual adjustment that will inflate the annual fiscal impacts of the legislation further.

The OLS estimate assumes baseline Medicaid reimbursement rates of \$19 per hour for personal care services provided through the FFS delivery system and \$17 per hour for services provided through the MCO delivery system.

This fiscal estimate also utilizes data provided by the Department of Human Services in response to a FY 2020 OLS Discussion Point. The department estimated a \$35.6 million increase in State costs in FY 2020 for every additional dollar by which the reimbursement rate paid to personal care service providers across the MCO delivery system increases, of which \$17.8 million would be offset by additional federal Medicaid matching funds. Currently, 95

percent of Medicaid recipients are served through the MCO system, indicating that the department would incur approximately \$940,000 in FY 2020 for every additional dollar by which the reimbursement rate paid to personal care service providers across the FFS delivery system increases.

Lastly, the OLS assumes a five percent year-over-year increase in service utilization to account for growth in the population receiving personal care services.

Section: Human Services

*Analyst: Sarah Schmidt
Senior Research Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 5098

**STATE OF NEW JERSEY
218th LEGISLATURE**

DATED: DECEMBER 20, 2019

SUMMARY

Synopsis: Establishes \$18 hourly Medicaid reimbursement rate for personal care services.

Type of Impact: No fiscal impact.

Agencies Affected: Department of Human Services, Division of Medical Assistance and Health Services.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure and Revenue	No fiscal impact

- The Office of Legislative Services (OLS) assumes that the bill will have no fiscal impact on the State because the bill does not change the existing Medicaid fee-for-service reimbursement rate for personal care services. As implemented by the Division of Medical Assistance and Health Services (DMAHS) in the Department of Human Services, per the Fiscal Year 2020 Appropriations Act, the current fee-for-service reimbursement rate for personal care services is \$18. Pursuant to existing law, the rate for the Medicaid managed care reimbursement rate is required to be no less than the fee-for-service rate.

BILL DESCRIPTION

This bill establishes an \$18 hourly Medicaid reimbursement rate for personal care services. Personal care services are provided in the home rather than a long term care facility and include assistance with activities of daily living and household duties essential to the patient's health and comfort. The bill also eliminates the current statutory provision requiring any and all rate increases in the hourly reimbursement rate for personal care services to be used solely to increase wages for workers who directly provide personal care services.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS assumes that the bill will have no fiscal impact on the State because the bill does not change the existing Medicaid fee-for-service reimbursement rate for personal care services. As implemented by the DMAHS, per the Fiscal Year 2020 Appropriations Act, the current fee-for-service reimbursement rate for personal care services is \$18. Pursuant to existing law, the rate for the Medicaid managed care reimbursement rate is required to be no less than the fee-for-service rate.

Section: Human Services

*Analyst: Sarah Schmidt
Senior Research Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

SENATE, No. 3491

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED FEBRUARY 21, 2019

Sponsored by:

Senator M. TERESA RUIZ

District 29 (Essex)

Senator RICHARD J. CODEY

District 27 (Essex and Morris)

Co-Sponsored by:

Senators Diegnan and Singleton

SYNOPSIS

Raises, over time, hourly Medicaid reimbursement rate for personal care services to \$25.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/31/2019)

1 AN ACT raising the Medicaid reimbursement rate for personal care
2 services and supplementing and amending P.L.2017, c.239.

3

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

6

7 1. (New section) The Legislature finds and declares that:

8 a. Personal care services are an integral part of providing
9 reliable and accessible healthcare to New Jersey's elderly, sick, and
10 disabled populations. Such services are provided in the home and
11 include assistance with activities of daily living and household
12 duties essential to the patient's health and comfort. For the
13 applicable patients, home health care provides greater cost
14 efficiencies, better patient outcomes, and more dignified treatment
15 than care provided in long term care facilities, and is consistent
16 with the 1999 United States Supreme Court decision in *Olmstead v.*
17 *L.C.* and New Jersey public policy.

18 b. The current Medicaid reimbursement rate for personal care
19 services provided in the managed care delivery system is a
20 minimum of \$16.12 per hour. Home Health Agency Providers
21 utilize these funds to cover direct and indirect administrative costs,
22 as well as wages for workers.

23 c. New Jersey's Medicaid reimbursement rate for personal care
24 services is one of the lowest in the United States and on average
25 approximately 25 percent less than neighboring states, despite that
26 the cost of providing these services is similar across the region. For
27 example, Connecticut has a rate of \$19.05 per hour, Pennsylvania
28 has an average rate of \$19.50 per hour, New York has a rate
29 between \$21 and \$23 per hour, and Massachusetts has a rate of
30 \$24.40 per hour.

31 d. While New Jersey has one of the lowest Medicaid
32 reimbursement rates for personal care services in the entire country,
33 it has one of the highest costs of labor, averaging at 18 percent
34 above the normal wage rate for home health workers. States like
35 Oklahoma and Mississippi, that have Medicaid reimbursement rates
36 at \$16.20 and \$17.64 per hour, respectively, each have substantially
37 lower costs of labor than New Jersey.

38 e. Dictated by this low reimbursement rate, providers cannot
39 offer a competitive wage to the workers who directly provide
40 personal care services, which has led to instability and high
41 turnover within the home health industry. With private companies,
42 such as Amazon, and State hospital systems, such as Cooper
43 University Health Care, paying \$15 per hour, there is a significant
44 workforce issue in retaining and recruiting workers to provide
45 personal care services. The recent adoption of a \$15 per hour State

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 minimum wage, pursuant to P.L.2019, c.32, further amplify the
2 challenges to develop and grow this essential workforce under the
3 current reimbursement rate.

4 f. While the Department of Human Services has focused its
5 efforts on an ongoing multi-year initiative to provide lower-cost
6 community-based services to long-term care Medicaid clients rather
7 than to place them in higher cost nursing homes, this effort is
8 dependent on a strong and thriving home health workforce to deliver
9 services in the home. The cost-effectiveness of home and
10 community-based services as a substitute for nursing home use is
11 clear, with community-based services projected to cost \$42,200 per
12 client in FY 2019 and nursing homes services projected to cost
13 \$71,000.

14 g. In the coming years, a rapidly growing elder population will
15 increase the demand on the home health system. According to the
16 recent New Jersey Governor's Advisory Council on End-of-Life
17 Care Report and Recommendations, New Jersey residents 65 and
18 over are expected to grow by 54 percent by 2030, leaving 2 million
19 people potentially needing personal care services. The report further
20 stresses the uncertainty in how the current healthcare system will be
21 able to meet the growing needs for chronic, palliative, and end-of-
22 life care. With the current personal care workforce unable to meet
23 the needs of this expanding population, it is likely that the State will
24 experience an escalation in high cost hospital and nursing home
25 admissions.

26 h. It is, therefore, in the public interest for the Legislature to set a
27 minimum Medicaid reimbursement rate for personal care services
28 that reflects the rates of neighboring states and the implementation
29 of a \$15 per hour State minimum wage. Affording the employees
30 who directly provide these critical services with a competitive wage
31 will stabilize the home health workforce, maintain the quality of
32 care for personal care service recipients, and deliver cost savings to
33 the State of New Jersey by further rebalancing long-term care
34 services.

35
36 2. Section 1 of P.L.2017, c.239 (C.30:4D-7n) is amended to
37 read as follows:

38 1. The hourly reimbursement rate for personal care services
39 within the Medicaid program established pursuant to P.L.1968,
40 c.413 (C.30:4D-1 et seq.), whether the services are provided in the
41 Medicaid fee-for-service delivery system or through a managed care
42 delivery system, shall be no less than the established State Medicaid
43 fee-for-service rate. **【Any and all rate increases realized pursuant**
44 **to this section shall be used solely to increase wages for workers**
45 **who directly provide personal care services】** On January 1 of 2020
46 and January 1 of each subsequent year, the reimbursement rate shall
47 be increased by an increase in the consumer price index for all
48 urban wage earners and clerical workers (CPI-W) as calculated by

1 the federal government for the 12 months prior to September 30
2 preceding that January 1, except that any of the following rates shall
3 apply if it exceeds that rate determined in accordance with the
4 applicable CPI-W for the indicated year: on July 1, 2019, the
5 reimbursement rate shall be \$20 per hour; on January 1, 2020, the
6 reimbursement rate shall be \$21 per hour; and on January 1 of each
7 year from 2021 to 2024, inclusive, the reimbursement shall be
8 increased from the rate of the preceding year by \$1 per hour. If the
9 federal minimum hourly wage rate set by section 6 of the federal
10 "Fair Labor Standards Act of 1938" (29 U.S.C. s.206), or a
11 successor federal law, is raised to a level higher than the State
12 minimum wage rate set in section 5 of P.L.1966, c.113 (C.34:11-
13 56a4), then the hourly reimbursement rate for personal care services
14 established pursuant this section shall be increased by the level of
15 the federal minimum wage rate. Subsequent increases based on
16 increases in the CPI-W pursuant to this section shall be applied to
17 the higher hourly reimbursement rate for personal care services.
18 (cf: P.L.2017, c.239, s.1)

19
20 3. This act shall take effect on July 1, 2019 and shall apply to
21 services provided on or after the effective date of this act and to any
22 managed care organization contract which provides benefits under
23 the Medicaid program executed or renewed by the Division of
24 Medical Assistance and Health Services in the Department of
25 Human Services on or after the effective date of this act.

26
27
28 STATEMENT

29
30 This bill raises, over time, the hourly Medicaid reimbursement
31 rate for personal care services to \$25. Providers who receive
32 reimbursement for personal care services utilize those funds to
33 cover direct and indirect administrative costs, as well as wages for
34 workers who directly provide personal care services. Personal care
35 services are provided in the home rather than a long term care
36 facility and include assistance with activities of daily living and
37 household duties essential to the patient's health and comfort.

38 Currently, pursuant to section 1 of P.L.2017, c.239, the
39 reimbursement rate for personal care services within the Medicaid
40 program, whether the services are provided in the Medicaid fee-for-
41 service delivery system or through a managed care delivery system,
42 is required to be no less than the established State Medicaid fee-for-
43 service rate. However, pursuant to the FY 2019 Appropriations Act,
44 the hourly reimbursement rate for fee-for-service personal care
45 services is \$19, while the hourly reimbursement rate for personal care
46 services provided through a managed care delivery system is required
47 to be no less than \$16.

1 Under the bill, the current rate would be maintained until certain
2 provisions are implemented. For example, the bill stipulates that
3 on January 1 of 2020 and January 1 of each subsequent year, the
4 reimbursement rate is required to be increased by an increase in the
5 consumer price index for all urban wage earners and clerical
6 workers (CPI-W) as calculated by the federal government for the 12
7 months prior to September 30 preceding that January 1. The bill
8 also provides for certain increases in the reimbursement rate greater
9 than the increases resulting from CPI-W calculations. Under the
10 bill, the reimbursement rate will be increased to \$20 per hour on
11 July 1, 2019, to \$21 per hour on January 1, 2020, followed by \$1
12 increases each year until the rate reaches a level of \$25 per hour in
13 2024.

14 In addition, if the federal minimum hourly wage rate set by
15 section 6 of the federal "Fair Labor Standards Act of 1938" (29
16 U.S.C. s.206), or a successor federal law, is raised to a level higher
17 than the State minimum wage rate set in section 5 of P.L.1966,
18 c.113 (C.34:11-56a4), then the hourly reimbursement rate for
19 personal care services established pursuant the bill will be increased
20 by the level of the federal minimum wage rate. Subsequent
21 increases based on increases in the CPI-W pursuant to the bill are
22 required to be applied to this higher hourly reimbursement rate for
23 personal care services.

24 Finally, this bill eliminates the current statutory provision
25 requiring any and all rate increases in the hourly reimbursement rate
26 for personal care services to be used solely to increase wages for
27 workers who directly provide personal care services.

28 This bill is intended to ensure that the reimbursement rate for
29 personal care services reflects the rates of neighboring States, such
30 as New York with a reimbursement rate between \$21 and \$23 per
31 hour, and the implementation of a \$15 per hour State minimum
32 wage. It is sponsor's belief that affording the employees who
33 directly provide these critical services with a competitive wage will
34 stabilize the home health workforce, maintain the quality of care for
35 personal care service recipients, and deliver cost savings to the
36 State of New Jersey by further rebalancing long-term care services.

SENATE HEALTH, HUMAN SERVICES AND SENIOR
CITIZENS COMMITTEE

STATEMENT TO
SENATE, No. 3491

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 3, 2019

The Senate Health, Human Services and Senior Citizens Committee reports favorably and with committee amendments Senate Bill No. 3491.

As amended by the committee, this bill raises, over time, the hourly Medicaid reimbursement rate for personal care services to \$25. Providers who receive reimbursement for personal care services utilize those funds to cover direct and indirect administrative costs, as well as wages for workers who directly provide personal care services. Personal care services are provided in the home rather than a long term care facility and include assistance with activities of daily living and household duties essential to the patient's health and comfort.

Currently, pursuant to section 1 of P.L.2017, c.239 (C.30:4D-7n), the reimbursement rate for personal care services within the Medicaid program, whether the services are provided in the Medicaid fee-for-service delivery system or through a managed care delivery system, is required to be no less than the established State Medicaid fee-for-service rate. However, pursuant to the FY 2019 Appropriations Act, the hourly reimbursement rate for fee-for-service personal care services is \$19, while the hourly reimbursement rate for personal care services provided through a managed care delivery system is required to be no less than \$16.

As amended by the committee, the bill eliminates a requirement that providers make assurances to the Division of Medical Assistance and Health Services in the Department of Human Services that increased funds realized under P.L.2017, c.239 (C.30:4D-7n et seq.) be used exclusively for salary increases for workers who directly provide personal care services.

COMMITTEE AMENDMENTS:

The committee amendments amend section 2 of P.L.2017, c.239 (C.30:4D-7o), to remove a requirement that providers make assurances that funds realized under P.L.2017, c.239 (C.30:4D-7n et seq.), which revised the hourly reimbursement rate for personal care services, be

used exclusively for salary increases for workers who directly provide personal care services.

The committee amendments revise the effective date to provide that, instead of July 1, 2019, the bill will take effect immediately upon enactment.

The committee amendments make various technical corrections to the findings and declarations section of the bill.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 3491 STATE OF NEW JERSEY 218th LEGISLATURE

DATED: JUNE 26, 2019

SUMMARY

- Synopsis:** Raises, over time, hourly Medicaid reimbursement rate for personal care services to \$25.
- Type of Impact:** Annual increases in State expenditures and revenue.
- Agencies Affected:** Department of Human Services.

Office of Legislative Services Estimate (In \$ Million)

Fiscal Impact	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
State Expenditure Increase	\$131.1	\$177.9	\$229.2	\$285.1	\$346.1	\$387.3
State Revenue Increase (Federal Funds)	\$65.5	\$89.0	\$114.6	\$142.6	\$173.0	\$193.6

- The Office of Legislative Services (OLS) projects that the bill will increase State expenditures by \$131.1 million in FY 2020 and federal Medicaid matching fund revenue by \$65.5 million. The projected State share of the additional expenditures will therefore total \$65.5 million. In subsequent fiscal years the annual impacts will grow in accordance with the bill's phase-in schedule.
- The OLS estimates further that the State expenditure increase will total \$387.3 million in FY 2025, the first fiscal year in which the \$25 hourly Medicaid reimbursement rate for personal care services will be fully phased in. After deducting \$193.6 million in anticipated federal Medicaid matching funds, the projected State share of the increased expenditures will equal \$193.6 million.
- The OLS does not make a projection for FY 2026 and beyond but notes that starting on January 1, 2025 the hourly reimbursement rate will be subject to an annual adjustment that will grow the annual fiscal impacts of the legislation further.

BILL DESCRIPTION

This bill raises, over time, the hourly Medicaid reimbursement rate for personal care services until the rate reaches \$25 on January 1, 2024. Thereafter, the rate will be adjusted annually for inflation in direct proportion to the increase in the consumer price index for all urban wage earners and clerical workers (CPI-W).

The phase-in schedule is as follows: \$20 per hour on July 1, 2019; \$21 per hour on January 1, 2020; \$22 per hour on January 1, 2021; \$23 per hour on January 1, 2022; \$24 per hour on January 1, 2023; and \$25 per hour on January 1, 2024. The hourly rate in any given year may be higher if the rate of increase in the CPI-W exceeds the rate of increase of the phase-in schedule. In that case, the hourly rate will be inflated by the rate of change in the CPI-W. In addition, the bill provides for an alternative schedule of increases in the hourly reimbursement rate if the federal minimum wage level exceeds the State minimum wage.

Currently, in FY 2019, the hourly reimbursement rate for personal care services is \$19 for the fee-for-service (FFS) delivery system and a rate not to be less than \$16 for the managed care organization (MCO) delivery system.

Personal care services are provided in the home rather than a long-term care facility and include assistance with activities of daily living and household duties essential to the patient's health and comfort.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS projects that the bill will increase State expenditures by \$131.1 million in FY 2020 and federal Medicaid matching fund revenue by \$65.5 million. The projected State share of the additional expenditures will therefore total \$65.5 million. In subsequent fiscal years the annual impacts will grow in accordance with the bill's phase-in schedule.

The OLS estimates further that the State expenditure increase will total \$387.3 million in FY 2025, the first fiscal year in which the \$25 hourly Medicaid reimbursement rate for personal care services will be fully phased in. After deducting \$193.6 million in anticipated federal Medicaid matching funds, the projected State share of the increased expenditures will equal \$193.6 million.

The OLS does not make a projection for FY 2026 and beyond but notes that starting on January 1, 2025 the hourly reimbursement rate will be subject to an annual adjustment that will inflate the annual fiscal impacts of the legislation further.

The OLS estimate assumes baseline Medicaid reimbursement rates of \$19 per hour for personal care services provided through the FFS delivery system and \$17 per hour for services provided through the MCO delivery system.

This fiscal estimate also utilizes data provided by the Department of Human Services in response to a FY 2020 OLS Discussion Point. The department estimated a \$35.6 million increase in State costs in FY 2020 for every additional dollar by which the reimbursement rate paid to personal care service providers across the MCO delivery system increases, of which

\$17.8 million would be offset by additional federal Medicaid matching funds. Currently, 95 percent of Medicaid recipients are served through the MCO system, indicating that the department would incur approximately \$940,000 in FY 2020 for every additional dollar by which the reimbursement rate paid to personal care service providers across the FFS delivery system increases.

Lastly, the OLS assumes a five percent year-over-year increase in service utilization to account for growth in the population receiving personal care services.

Section: Human Services

*Analyst: Sarah Schmidt
Senior Research Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

ASSEMBLY BILL NO. 5098
(First Reprint)

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 5098 (First Reprint) with my recommendations for reconsideration.

Personal care service workers provide critical support to the elderly, sick and disabled living at home. These workers assist with daily tasks such as bathing, dressing, and meal preparation, enabling many of our most vulnerable residents to remain in their homes and live independently. Importantly, home-based care not only allows individuals who would otherwise be unable to continue living at home to remain in their communities, but is also more cost-effective than care provided in hospitals and nursing homes. As our population continues to age, and medical advancements enable people to live longer and with chronic conditions, the demand for personal care services will increase. New Jersey needs a robust workforce capable of meeting this demand.

Currently, the hourly Medicaid reimbursement rate for personal care services is just over \$16. I agree with my legislative colleagues that this is inadequate, particularly when compared to our peer states. Competitive wages are critical to recruiting and retaining quality workers and ensuring consistent, high-quality care. That is why my proposed budget increased the hourly reimbursement rate to \$17. While relatively modest, this increase recognized the need to stabilize the home health care workforce, and did so responsibly and within available resources. Importantly, the increase contained in my proposed budget was fully supported by offsetting revenues.

This bill would increase the hourly reimbursement rate for

personal care services to \$20 on July 1, 2019, and to \$21 on January 1, 2020. Over the next five years, the hourly rate would increase to \$25. Curiously, this bill and the budget passed by the Legislature, which were delivered to me on the same day, do not align. The Legislature's budget increases the hourly rate to \$19 for Fiscal Year 2020 - a full dollar below the rate prescribed in the bill for the first half of this fiscal year and two dollars below the rate prescribed for the second half. Even more perplexingly, the Legislature endorsed the rate increases outlined in this bill in spite of the fact that their budget provides just half the funding necessary to cover the cost of the \$19 hourly rate, further widening the gap between promised spending and available funding created by their budget. Indeed, the fiscal note prepared by the Office of Legislative Services ("OLS") accompanying this bill estimates a State cost of \$65.5 million in Fiscal Year 2020, while the Legislature's budget provides just \$21 million in funding. According to OLS' estimates, the bill's costs will grow to nearly \$200 million in Fiscal Year 2025.

Because the Legislature has not provided nearly enough funding to support the \$19 hourly wage contained in its budget, let alone the hourly wages contained in this bill, I cannot support it. Instead, I am recommending revisions to increase the hourly reimbursement rate to \$18, a rate that is supported by the appropriation provided by the Legislature.

I am also recommending revisions to delete the provisions of the bill increasing rates in future fiscal years. The Appropriations Clause of the New Jersey Constitution mandates that the Legislature provide for annual appropriations "in one general appropriation law covering one and the same fiscal year." See N.J. Const. (1947) Article VIII, Section II, paragraph 2. The Debt Limitation Clause of the New Jersey

Constitution similarly prohibits the Legislature from creating liabilities in future fiscal years without voter approval. See N.J. Const. (1947) Article VIII, Section II, paragraph 3. In combination, the Appropriations Clause and Debt Limitation Clause of the New Jersey Constitution interdict the Legislature from creating a debt or liability, in any manner, that binds the State to appropriate funds in future fiscal years. The mandate upon future appropriations contained in this bill is therefore unconstitutional and unenforceable.

Accordingly, I herewith return Assembly Bill No. 5098 (First Reprint) and recommend that it be amended as follows:

<u>Page 2, Title, Line 1:</u>	Delete "raising" and insert "concerning"
<u>Page 3, Section 1, Line 30:</u>	Delete "minimum" and insert "competitive"
<u>Page 4, Section 2, Line 1:</u>	Delete "On January 1 of 2020 and"
<u>Page 4, Section 2, Lines 2-7:</u>	Delete in their entirety
<u>Page 4, Section 2, Line 8:</u>	Delete "applicable CPI-W for the indicated year: on" and insert "On"
<u>Page 4, Section 2, Line 9:</u>	Delete "\$20" and insert "\$18"
<u>Page 4, Section 2, Line 9:</u>	Delete "hour;" and insert "hour."
<u>Page 4, Section 2, Line 9:</u>	Delete "on January 1, 2020, the"
<u>Page 4, Section 2, Lines 10-21:</u>	Delete in their entirety

[seal]

Respectfully,
/s/ Philip D. Murphy
Governor

Attest:

/s/ Matthew J. Platkin
Chief Counsel to the Governor

Governor Murphy Takes Action on Legislation

12/19/2019

TRENTON - Today, Governor Phil Murphy signed the following bills into law:

A1220 w/GR (McKeon, Vainieri Huttler, Jasey, Mukherji/Bateman, Vitale) - "Drama Therapists and Dance/Movement Therapists Licensing Act."

A3717 w/GR (Mukherji, Downey, Houghtaling/Greenstein, Gopal) - Prohibits pharmacy benefits managers from making certain retroactive reductions in claims payments to pharmacies; requires pharmacy benefits managers to disclose certain product information to pharmacies.

A5098 w/GR (Pintor Marin, Chaparro, Jimenez/Ruiz, Codey) - Establishes \$18 hourly Medicaid reimbursement rate for personal care services