



State of New Jersey

DEPARTMENT OF HUMAN SERVICES  
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES  
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**Reissued June 12, 2002**

**Attachment Revised; please discard original issuance**

**MEDICAID COMMUNICATION NO. 02-15      DATE: June 3, 2002**

**TO:** County Welfare Agency Directors  
Statewide Eligibility Determination Agency

**SUBJECT:** Suspension of Application Processing for NJ FamilyCare and Changes in Services for NJ FamilyCare Beneficiaries

**BACKGROUND:**

As you know, NJ FamilyCare has proven to be a remarkably successful program. Because of the rapid enrollment and the corresponding escalating costs, actions were taken late last year to freeze enrollment for single adults. Despite the fact that enrollment in the program continued to outpace funding, no actions were taken to either increase funding or decrease benefits. As a result, the program cost \$60 million more than was budgeted in Fiscal Year 2002.

The overwhelming success of the NJ FamilyCare program and its attendant cost overruns has been sustainable due to the federal support it receives through the Children's Health Insurance Program (CHIP). With federal money decreasing and the State facing serious financial difficulties, we have been forced to make difficult decisions.

**PROGRAM CHANGES:**

This is to advise you of the following changes to the NJ FamilyCare program. These changes will affect both current and potential beneficiaries. Please be assured that eligible uninsured children will continue to qualify for coverage under the children's segments of NJ FamilyCare and parents will continue to be evaluated for Medicaid eligibility under the July 16, 1996 AFDC Medicaid rules, except for those families who are legal restricted aliens. NJ FamilyCare pregnant women are not affected by these changes.

**Effective June 15, 2002:**

- New applications for NJ FamilyCare will no longer be accepted from parents unless they qualify for "old" AFDC Medicaid (July 16, 1996 rules). This will not affect any current beneficiaries or applicants whose applications were received prior to the close of business, June 14, 2002. All children must be evaluated for coverage under the New Jersey Care...Special Medicaid Programs and the children's segment of NJ FamilyCare for uninsured children, i.e., NJ KidCare.

**Note:** These changes will affect working parents and Medicaid Special individuals who would only become eligible for NJ FamilyCare by using the AFDC Medicaid Expansion earned income disregard, i.e., up to 133% FPL (PSC 380), as well as parents with incomes above 133% but below 200% FPL (PSC 497 and 498).

- Additionally, no new applications for parents who qualified for NJ FamilyCare benefits as legal restricted aliens (Special Program Code 40) and subject to the five-year Medicaid bar, will be processed. This applies to the AFDC Medicaid program as well as the other NJ FamilyCare parent segments. Restricted alien children will continue to qualify for coverage **so long as they are uninsured and are financially eligible for the NJ KidCare segments, Plan A, PSC 484 or 485, or NJ KidCare Plans B, C, or D.** Pregnant women with income below 200% FPL are not affected by this change.
- The Work First New Jersey/General Assistance (WFNJ/GA) beneficiaries (PSC 761) will have a change in their benefits. Hospital services currently paid on a fee-for-service basis, including hospital-based behavioral health services, will be reimbursed through the Charity Care program. Additionally, hospital-based behavioral health services will be reimbursed through the Charity Care program for other NJ FamilyCare single adults (PSC 762 and 763).

**Effective July 1, 2002:**

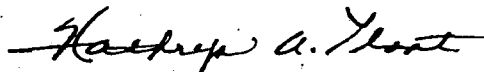
- WFNJ/General Assistance beneficiaries will receive a package of community-based services provided on a fee-for-service basis. Beneficiaries will no longer be enrolled in managed care plans, which have proven to be less effective than we had hoped in managing the serious health needs of this population. Hospital services will be reimbursed through the Charity Care program. Substance abuse services will be provided through the Substance Abuse Initiative (SAI), administered through the Division of Family Development. A service chart is attached for your reference. The service package for WFNJ/GA is designated as Plan G.
- NJ FamilyCare single adults, who do not qualify for the WFNJ/GA program, applied prior to September 1, 2001, and have incomes less than 100% FPL will be enrolled in a new benefit package, designated as Plan H. Under Plan H, services provided through HMOs will be the same as those covered under Plan D. However, out-of-plan benefits are modified to limit community mental health services (non-hospital-based) to 60 days during the calendar year, so long as the provider participates in the Medicaid program. There continues to be no premiums or co-payments for Plan H.
- NJ FamilyCare individuals on the Medicaid Eligibility System with PSC 762 will systemically convert to PSC 763, effective July 1, 2002. Any single adult cases still being processed for initial eligibility at 50% FPL, should be identified with PSC 763 after July 1, 2002, in any beneficiary notices and on the Medicaid Eligibility System.

## PROCESSING

- The Division of Medical Assistance and Health Services will be advising WFNJ/GA and other NJ FamilyCare single adults of their change in coverage by letter. In addition, effective July 1, 2002, any single adult cases. i.e., PSC 762, that your agency may still be processing for initial eligibility should be advised of their Plan H coverage in your approval letters.
- For applicants, the earned income disregard of up to 133% FPL shall only be applied in processing applications received prior to the close of business, June 14, 2002. For recipients, this earned income disregard will still be applied to families who were **recipients** of NJ FamilyCare Plan A (PSC 380) and AFDC Medicaid on and after June 15, 2002. Children in families who do not qualify for AFDC Medicaid on or after June 15, 2002 must be evaluated for New Jersey Care...Special Medicaid Programs and the children's segment of NJ FamilyCare for uninsured children.
- Additionally, requests for the addition of parents to an existing NJ FamilyCare case cannot be processed unless the request or application for parent coverage was made prior to close of business, June 14, 2002.

Your agency has played an active and vital role in the success of the NJ FamilyCare program. As a result, we now have more than 260,000 individuals enrolled in the NJ FamilyCare program. The decision to suspend new enrollments and reduce the benefit level of certain adults was not an easy one. We ask for your ongoing effort to identify and enroll eligible families and children.

Sincerely,



Kathryn A. Plant  
Acting Director

KAP:S

Attachment

c: Clifton R. Lacy, M.D., Commissioner  
William Conroy, Deputy Commissioner  
Department of Health and Senior Services

David Heins, Director  
Division of Family Development

Charles Venti, Director  
Division of Youth and Family Services