



State of New Jersey

DEPARTMENT OF HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES
P.O. Box 712
Trenton, NJ 08625-0712
Telephone 1-800-356-1561

JON S. CORZINE
Governor

JENNIFER VELEZ
Acting Commissioner

ANN CLEMENCY KOHLER
Director

MEDICAID COMMUNICATION NO. 07-06

DATE: February 27, 2007

**TO: County Welfare Agency Directors
Institutional Services Section (ISS) Area Supervisors**

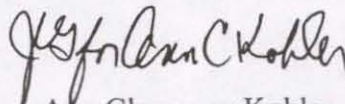
SUBJECT: Increase in the Penalty Divisor- Effective November 1, 2006

Each year the average monthly cost of nursing home services in New Jersey is adjusted. This amount is used to determine the penalty period for institutional services when an individual transfers assets for less than fair market value. The average cost is based on the Consumer Price Index-All Urban Consumers, rounded up to the nearest dollar.

Effective November 1, 2006, the new amount became \$6,655.00, which is an increase from last year's figure of \$6,525.00. Pending cases where transfer of asset penalty was calculated using \$6,525.00 as a divisor shall be recalculated using \$6,655.00. However, eligibility may not be established prior to November 1, 2006, when applying the new divisor. For all cases received on or after November 1, 2006, the new divisor will be used.

Should you have any questions regarding this information, please contact the field representative assigned to your county at 609-588-2556.

Sincerely,


Ann Clemency Kohler
Director

ACK:Mm

c: William Ditto, Director
Division of Disability Services

Greg Fenton, Acting Director
Division of Developmental Disabilities

Kevin Martone, Assistant Commissioner
Division of Mental Health Services

Jeanette Page-Hawkins, Director
Division of Family Development

Eileen Crummy, Director
Division of Youth and Family Services
Department of Children and Families

Fred M. Jacobs, M.D., J.D., Commissioner
Kathleen M. Mason, Assistant Commissioner
Department of Health and Senior Services