



**PHILIP D. MURPHY**  
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**State of New Jersey**  
**DEPARTMENT OF HUMAN SERVICES**

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**P.O. BOX 700**  
**TRENTON, NJ 08625-0700**

February 17, 2023

The Honorable Joseph N. DiVincenzo, Jr.  
County Executive of Essex County  
465 Dr. Martin Luther King, Jr. Boulevard  
Newark, NJ 07102

Dear Mr. DiVincenzo,

Thank you for submitting the proposed Fee and Expenditure Report for the New Jersey County Option Hospital Fee Program on December 9, 2022 and modified on January 9, 2023. This Report has been under public review from January 21, 2023 through February 10, 2023. Please refer to the correspondence dated January 20, 2023 for those details.

The 21-day public review period concluded on February 10, 2023. Below are the comments that were received for Essex County's Program:

- Karli Kohut, President and CEO of Silver Lake Hospital, stated that the model did not meet CMS's requirement for a uniform assessment because it used 2021 Medicare cost report fields that the hospital did not enter data into.
  - RESPONSE: Uniformity under Section 1903(w) of the Social Security Act (42 CFR 433.55) requires that the same assessment rate must be levied on all participating entities. The Essex County model meets this requirement because all entities are assessed at 2.5% of Net Patient Revenue using fiscal year 2021 cost reports and inflated to the mid-point of the fee program year.
- There were comments and requests for clarification received for Essex County's County Option Program regarding the interaction between Kessler Rehabilitation Centers in Bergen and Essex Counties.

Requests for Fee and Expenditure Reports have been disseminated to all who requested them:

- Michael Keevey, RWJBarnabas Health
- Nisha Sikder, Valley Health System
- Patricia Quinn, O'Conco Healthcare Consultants
- Morgan Handley, Eyman Associates
- Megan Nigro, McCarter & English, LLP

At this time, the NJ Department of Human Services (the Department) has approved your local hospital assessment program and it will be submitted to CMS for federal review and approval. Essex County's

program continues to be considered for a potentially effective date of July 1, 2023, pending CMS approval.

Next steps for implementation of the program include:

1. State drafts IGT agreement between Essex County and State to outline provisions for the non-federal share of Medicaid payments to Essex County by March 31, 2023.
2. County must pass an amended ordinance in compliance with N.J.A.C. 10:52B-2.2.
3. State submits preprint, quality parameters to CMS for approval for an effective date of July 1, 2023.
4. State and Essex County finalize IGT agreement prior to SFY24 program implementation.

Please direct all questions to [Dmahs.hospcountyfee@dhs.nj.gov](mailto:Dmahs.hospcountyfee@dhs.nj.gov). The Department will notify you upon CMS approval of the Program.

Sincerely,

A handwritten signature in black ink that reads "Eric Kaufmann". The signature is written in a cursive, flowing style.

Eric Kaufmann  
Acting Chief Financial Officer

**Date:** 01/09/2023

**Subject:** New Jersey County Option Hospital Fee Program Fee and Expenditure Report

**County:** Essex

## GENERAL

Describe the proposed hospital fee program the county intends to enact by providing details on all of the elements listed below.

## FEE PROGRAM

1. What is the county's proposed effective date of the fee program?

The fee program has a proposed effective date of July 1, 2023.

2. List of all licensed hospitals located in your county:

Please Include: Name, address, facility ownership (for profit, NFP or government owned) **and** type of facility (acute care, psychiatric, rehabilitation, children's, LTACH, Specialty)

Attachment 1 contains a list of all hospitals licensed and located in Essex County.

3. Federal law and regulations require all hospitals in a jurisdiction to be taxed, unless a specific process is followed to exempt particular hospitals – a process that includes meeting a statistical test.

Does the county plan on excluding any hospitals from the fee program?  No  Yes

**If so**, please list name(s) and type of facility:

The East Orange Veterans Affairs Medical Center, a general acute care hospital, owned and operated by the federal government, and the Essex County Hospital Center, a psychiatric hospital, owned and operated by the County of Essex, are exempt from the fee. Exempting a federally-owned and operated hospital and exempting a hospital owned and operated by the assessing governmental unit (Essex County) does not require a waiver of the federal broad-based requirements nor the demonstration of an associated statistical test. All other hospitals licensed in Essex County will be subject to the fee.

4. If the county plan **proposes to exempt** particular hospitals/classes of hospitals, please provide a policy justification for excluding those specific hospitals/classes of hospitals from the fee program. (If not, please leave blank)

Essex County intends to exempt the federally-owned and operated East Orange Veterans Affairs Medical Center from the fee, as the county does not have authority to assess a fee on the federal government. Essex County also intends to exempt the county-owned and operated Essex County Hospital Center from the fee. Just as state agencies are allowed to exempt state-owned and operated hospitals from their hospital fee programs without a waiver, Essex county intends to exempt the county hospital. Because these exemptions have been permitted by CMS in the past for Essex County and in other states without requiring a waiver of the federal regulatory broad-based requirements, Essex county believes no waiver is required.

5. The law creating the County Option Hospital Fee Program requires that counties consult with affected hospitals within their jurisdiction prior to submitting the Fee and Expenditure Report to the Commissioner of Human Services. Please detail when and how county officials consulted with affected hospitals.

Attachment 2 outlines the consultative activities conducted by Essex County to engage affected hospitals prior to submitting the Fee and Expenditure Report.

6. Please describe the basis of the proposed fee – e.g. net patient revenue, days of care, discharges? (N.J.A.C. 10:52B)

The fee will be assessed based on each hospital's annualized inpatient non-Medicare discharges. Each hospital's inpatient non-Medicare discharges are calculated by subtracting inpatient Medicare discharges from inpatient total discharges reported on the Medicare hospital cost report (CMS Form 2552-10) Worksheet S-3 Part I. If applicable, reported discharges are adjusted to exclude inpatient discharges that occurred outside the borders of Essex County. The proposed fee is based on Medicare hospital cost reports for fiscal years ending in calendar year 2021. Data from cost reports that are less than or more than an annual period are annualized.

The fee amount is derived by multiplying an assessment rate developed by Essex County by each hospital's in-county annualized inpatient non-Medicare discharges. The assessment rate is the dollar amount, that when multiplied by each hospital's in-county annualized inpatient non-Medicare discharges results in an assessment fee that equals but does not exceed 2.5 percent of the aggregate total of in-county inpatient and outpatient net patient revenue – the maximum permissible under the authorizing state legislation of the County Option Hospital Fee Program. Inpatient and outpatient net patient revenue are derived from each hospital's Medicare hospital cost report (CMS Form 2552-10) Worksheets G-2 and G-3 The inpatient assessment rate is \$1,343.77 per inpatient non-Medicare discharge.

Attachment 3 contains the County's proposed hospital assessment fee. Attachment 4 contains the data elements used for the proposed hospital assessment fee calculation.

7. Will the basis for the proposed fee exclude Medicare and /or Medicaid data?

The proposed fee excludes Medicare data.

8. What is the proposed fee rate or fee amount?

Please specify if different fee rates or amounts will be applied to inpatient versus outpatient services and identify respective notes/ amounts.

The proposed fee rate is \$1,343.77 per annualized inpatient non-Medicare discharge. The proposed fee amount for each assessed hospital is equal to \$1,343.77 multiplied by annualized in-county inpatient non-Medicare discharges. For the fee period effective July 1, 2023, the total fee is estimated to be approximately \$97 million.

9. Will the same fee rate or fee amount apply to all hospitals included in the fee program?  No  Yes

**If not**, please describe which fee rate or amount is proposed to be applied to each hospital and the policy rationale.

Yes, a uniform fee rate is applied across all participating hospitals.

10. If the fee program is not uniform or broad based, one or more statistical tests must be passed for the feeto comply with federal regulations. If the proposed fee program is **not broad-based** or **not uniform**, please provide a copy of the federally compliant statistical test(s) in an excel document.  N/A  Attached

Information on federally compliant statistical test (s) can be accessed at 42 CFR § 433.68

- Permissible health care-related taxes.

<https://www.govinfo.gov/content/pkg/CFR-2018-title42-vol4/xml/CFR-2018-title42-vol4-sec433-68.xml>

11. While the transfers to the state from the county must occur quarterly, what is the planned timing for collecting the fee – quarterly, monthly, biannually?

Quarterly  Monthly  Biannully  Other \_\_\_\_\_

12. What interest and/or penalties will be imposed for failure to pay the fee?

If a hospital does not pay the quarterly assessment within 10 days after the assessment payment is due, the County will impose interest penalties at a rate not to exceed 1.5 percent of the outstanding payment amount per month.

Written notice will be provided to each hospital monthly indicating the interest accrued and total interest due.

13. What appeal process will be established to resolve any disputes related to the fee program?

The county will notify each hospital in writing through a fee notification letter of the amount of the hospital's assessment. If the hospital identifies an error in the computation of the fee or an error in the Medicare hospital cost report data reported by the hospital, the hospital may request an appeal. In addition, in the event of late payment, the county will notify each hospital on a monthly basis of the amount of the hospital's assessed interest penalties. If the hospital disagrees with the amount of the interest penalty, the hospital may file an appeal. The hospital may not appeal the fee methodology or any other aspect of the fee program.

An appeal must be submitted to the county in writing and must describe the specific issues being appealed and the rationale for the hospital's position. The appeal must be signed by an authorized representative of the hospital and must be filed within fifteen (15) days after the receipt of the assessment notice or within fifteen (15) days after the receipt of the notice of interest penalties.

Upon receipt of the request for appeal, the county will evaluate the information presented. After review, the county may amend the applicable assessment or interest penalties or affirm the original decision. The county will notify the hospital of its decision in writing within thirty (30) days of the receipt of the request for appeal.

If dissatisfied with the county's response, the hospital may request a formal administrative hearing. The request for a formal administrative hearing must be filed with the county within fifteen (15) days after the receipt of the county's response to the initial appeal. The county will notify the hospital at least thirty (30) days in advance of the hearing date. Within sixty (60) days of the completion of the hearing procedures, the hearing officer will prepare a written summary of findings and make a written recommendation to the County Administrator of action to be taken by the county. The County Administrator, upon a review of the proceedings and recommendation by the hearing officer, will issue a final administrative decision.

Unless the County receives a timely and proper request for an appeal and administrative hearing from the hospital, the county decision shall not be subject to review.

14. How will hospitals be notified of their fee obligation and any other related operational requirements under the fee program?

Following notification of approval of the fee program from the Department and county adoption, the fees will be communicated to hospitals in writing. Hospitals will receive a fee notification letter communicating the fee and the amount of the required quarterly payments. The fee notification letter will be sent to hospitals prior to the beginning of each annual fee period corresponding to the state fiscal year, unless there are program delays outside of the county's control (such as delays from the Department or CMS).

The fee notification letter will contain an explanation of the calculation of the fee, the amount of the fee to be assessed to the hospital, the due date of the quarterly installment payments, instructions for making the quarterly installment payments, the calculation of interest for late payments, penalties for non-payment, and the process for filing an appeal.

An invoice will be issued via e-mail to each hospital at least 20 days in advance of each payment due showing the current amount due, past due amounts, interest penalties, submission information and the due date.

Overpayments arising from an error on the part of the County (such as the assessment of an incorrect fee amount) or an error on the part of a hospital (such as payment of an incorrect fee amount) will be refunded to hospitals within 15 days of identifying the amount of the overpayment. The County will specify in its ordinance or resolution the time frame in which a hospital must identify overpayments or amounts otherwise in error.

In the event the Department returns any of the transferred funds, the County will refund the full amount returned by the Department to the participating hospitals, based on the pro rata share of the total fees paid, within 15 days after receipt of the funds.

15. Please provide any additional pertinent information that you believe would be helpful in describing the program.

Quarterly, not later than 15 days after the close of each quarter of the State fiscal year, a portion of the fee proceeds will be transferred to cover State administrative costs, in the amount set forth by the State, and to be used as non-Federal share of Medicaid/NJ FamilyCare payments to hospitals in Essex County. Essex County will issue quarterly intergovernmental transfers to the State equal to 91 percent of the fee proceeds and will retain nine percent of the proceeds in the county.

This fee shall be collected by the county in accordance with its approved fee and expenditure report and to the extent, and for the period that, the Department determines that the fee proceeds qualify as the non-Federal share of Medicaid/NJ FamilyCare program expenditures pursuant to 42 CFR 433.68.

If a hospital that is assessed a fee fails to remit payment to the assessing county, then the assessing county shall have no obligation to transfer funds to the State applicable to uncollected assessments. Upon collection, the State's portion of delinquent assessments will be transferred to the Department not later than 15 days after the close of the quarter in which the collections are received by the county.

In accordance with N.J.A.C. 10:52B-3.4, Essex County is proposing a fee based on publicly available data sources, through the Medicare hospital cost report (CMS Form 2552-10) or its successor form. The Medicare cost report will be supplemented by financial information submitted by the hospital to remove data associated with services outside of county borders.

In the Other County Requirements section of this form, below, the county must indicate completion and/or agreement with a list of statements. In the first check box, the county must attest to having provided the state with all calculations for the fee, the proposed payments, and the statistical test. The County's fee proposal is broad-based and uniform and does not require a statistical test; therefore, no statistical test is included with this submission. Furthermore, in the third and fourth check boxes, the county must attest to an understanding that at least 90 percent of the fee amounts collected will be transferred to the state to be used as the non-federal share for federally matched hospital payments and at least one percent of the fee amounts collected will be transferred to the state for the state's administrative costs. The County confirms agreement that funds of at least 90 percent

plus one percent must be transferred to the state. However, it is the county's understanding that some portion of the 90 percent may be retained for the state's or the managed care organizations' administrative costs, leaving a percentage less than 90 percent for distribution to hospitals. Finally, in the last check box, the county must confirm completion of a Data Form, a Preliminary DSH Calculation Template, and an Attestation signed by each hospital located in the county. All forms received from participating hospitals have been remitted with this report. DSH forms are included with this submission for all applicable hospitals that participate in the DSH program.

The County requests the opportunity to amend this proposed fee and expenditure report to meet the necessary requirements for participation, should the Department determine that this proposal does not meet requirements and to address comments received during the comment period that may lead to disapproval of the report.

The County reserves the right to propose an amendment of its approved fee and expenditure report annually.



## PROPOSED PAYMENT PROGRAM

As part of the program, counties may submit a proposed payment methodology detailing how program funds will be distributed to hospitals and the basis of the distribution. However, as the single State agency for the Medicaid Program, the Department's role is to review the proposed programs to assure that the assessment design and proposed expenditure methodology, if provided, comply with federal regulations governing such programs. A county's proposed payment method must include details on elements listed below.

### 1. What is the proposed basis for determining the hospital payment amounts?

The fee assessed and collected as described in the Fee Program section, above, will qualify as the non-Federal share of Medicaid/NJ FamilyCare program expenditures. The proposed program payment methodology for Essex County hospitals is a Medicaid managed care directed payment, in compliance with federal regulations at 42 C.F.R. §438.6.

Consistent with 42 C.F.R. §438.6(c)(1)(iii)(B), Medicaid health plans will provide a uniform inpatient payment per discharge to Essex County hospitals. Essex County proposes to separate hospitals into two classes for the directed payments program. Class 1 will include all acute care hospitals while Class 2 will include long-term acute care and rehabilitation hospitals. This fee and expenditure program is designed to enhance service delivery to New Jersey Medicaid patients through all of the Essex County hospitals. Under Class 2, consideration is given for the delivery of specialty services and the relatively lower volume of inpatient discharges due to longer stays, on average, for the specialty hospitals. The payment per discharge for Class 2 will be 150 percent higher than Class 1.

The uniform amount per inpatient discharge for Class 1, general acute care hospitals, is expected to be \$10,656.62 and remain fixed for the state fiscal year. The uniform amount per inpatient discharge for Class 2, specialty hospitals, is expected to be \$15,985.19 and remain fixed for the state fiscal year. The uniform amount will be re-evaluated on an annual basis.

Historical utilization data will be used to directly link payments to utilization of inpatient services for plan enrollees, by hospital. The Department will calculate each Essex County hospital's annual payment increase by MCO using the projected number of encounters for the year. DMAHS will then issue quarterly supplemental capitation payments to each Medicaid health plan to cover the cost of the payments to hospitals, based on the volume of inpatient services expected to be provided to the health plan's enrollees and the payment per discharge for the hospital's class. In turn, MCOs will be directed to distribute quarterly payments to hospitals using the projections of inpatient services and the applicable payment per discharge.

A year-end utilization reconciliation will take place within the first two quarters of the following payment year (managed care rating year), based on actuarial updates of actual utilization for the payment year. The reconciliation will occur so that the uniform payment amount will be distributed to MCOs, and in turn to each hospital, in accordance with actual utilization data for the payment year.

For each year of the directed payments program, the uniform payment per inpatient unit will be calculated to ensure the available funding for this program is used for hospital payments in Essex County and to ensure that payments do not exceed the available funding. Beginning with the second year of the directed payments program, the uniform payment per inpatient unit will be adjusted to either: 1) distribute the funding remaining available from the previous year, in the event that actual utilization in the prior year was lower than projected; or 2) to mitigate the funding shortfall from the previous year, in the event that actual

utilization in the prior year was higher than projected.

The uniform dollar amount per discharge for inpatient services for the contract year are projected to be \$10,656.62 and \$15,985.19, based on the available funding through the Essex County hospital fee.

To ensure compliance with 42 CFR §438.6(c), the County has prepared an estimate of Medicare payments for Medicaid managed care services using Medicare hospital cost report data and the Medicaid managed care utilization data provided by the state. Based on a Medicare payment-per-day methodology, Essex County estimates that base Medicaid managed care payments combined with the proposed uniform inpatient dollar increase for inpatient services for Class 1 hospitals would exceed Medicare payment levels, but would not exceed 84% of equivalent average commercial rate payments. The County estimates that current base Medicaid managed care payments for Class 2 hospitals are approximately 53% of Medicare payment levels. The County estimates that the proposed uniform inpatient dollar increase for inpatient services would result in Medicaid inpatient managed care payments for Class 2 hospitals that are approximately 24% of Medicare payment levels. Therefore, the proposed uniform inpatient dollar increase for inpatient services for Class 2 hospitals would fall below the estimated Medicare upper payment limits for inpatient services.

To ensure compliance with 42 CFR §433.68(f), the fee will not create a direct or indirect guarantee to hold affected hospitals harmless. Whereas the fee will be used for funding the state match of Medicaid payments based on non-Medicare discharges, payments to hospitals will be based on utilization using Medicaid managed care inpatient discharges.

Attachment 5 contains Essex County's proposed hospital expenditures model. Additional supporting information is provided on Attachments 6 through 8.

2. The purpose of the County Option Hospital Fee Program is to increase financial resources through the Medicaid/NJ FamilyCare program to support local hospitals and to ensure that they continue to provide necessary services to low-income residents. How will the payments be utilized to effectuate this purpose?

The additional Medicaid reimbursement generated by the County Option Hospital Fee Program will provide meaningful additional financial resources to support Essex County's hospitals to ensure that they continue to provide the necessary services to low-income residents. The financial impact of Essex County's proposed fee and expenditure report will not reduce access to Medicaid services, reduce services to the uninsured, or otherwise threaten critical health care services at any hospital within the county. In fact, the proposed fee and resulting Medicaid payments are anticipated to enhance hospitals' ability to serve low-income residents.

Each hospital will have increased incentive to serve low-income residents, due to the increased payments per inpatient discharge. The hospital payment increase will help ensure hospitals remain dedicated at the current level in providing services to Medicaid beneficiaries. The payment incentive for each Medicaid managed care hospital inpatient discharge is anticipated to maintain and improve access to hospital care and related necessary services for this population.

# OTHER COUNTY REQUIREMENTS

## CHECK BOX TO CONFIRM COMPLETION AND/OR AGREEMENT

- The county has provided the state with all calculations for the fee, the proposed payments, and the statistical test.
- The county understands that the funds created from this program are to increase financial resources through the Medicaid/NJ FamilyCare program to support local hospitals in providing necessary services to low-income residents.
- The county understands that at least 90% of the fee amounts collected will be transferred to the state to be used as the non-federal share for federally matched hospital payments.
- The county understands that at least 1% of the fee amounts collected will be transferred to the state for the state's administrative costs.
- The county understands that fees to be collected may not exceed 2.5% of the net patient revenue of hospitals included in the fee program.
- The following FORMS and ATTESTATION must be submitted with the Fee and Expenditure Report for each hospital located in the county (Include all source documents)
  - Data Form for County Option Hospital Fee Program**
  - Preliminary DSH Calculation Template**
- Attestation**  
Signed by each hospital located in the county.

## ATTESTATION

### NEW JERSEY COUNTY OPTION HOSPITAL FEE PROGRAM FEE AND EXPENDITURE ATTESTATION

#### CERTIFICATION BY COUNTY OFFICER OR ADMINISTRATOR

I hereby certify that I have examined the Fee & Expenditure Report for the reporting periods specified and that to the best of my knowledge and belief it is true, correct and complete statement prepared from the county option hospital fee state data set created from reports submitted by the hospitals within the county's jurisdiction in accordance with applicable instructions, except as noted. I understand that misrepresentation or falsification of any information contained in this report may be punishable by criminal, civil and administrative action, fine and/or imprisonment under state or federal law.

Signed

*Joseph N. DiVincenzo, Jr.*

County Officer or Administrator

Name:

*JOSEPH N. DIVINCENZO, JR.*

Full Name (Printed)

Title:

*Essex County Executive*

Date:

*1 / 9 / 23*

Email Address:

*JOEDI@admin.essercounty.nj.09*

**Attachment 1**  
**Licensed Hospitals**  
**Essex County**

Hospital Name	Address	Hospital Ownership	Hospital Type
Clara Maass Medical Center	1 Clara Maass Drive, Belleville, NJ 07109	Private	Acute Care
Silver Lake (Columbus) Hospital LTACH	495 North 13th Street, Newark, NJ 07107	Private	Long Term Acute Care
Cooperman Barnabas Medical Center	94 Old Short Hills Road, Livingston, NJ 07039	Private	Acute Care
East Orange General Hospital	300 Central Avenue, East Orange, NJ 07018	Private	Acute Care
Essex County Hospital Center	204 Grove Avenue, Cedar Grove, NJ 07009	Private	Psychiatric
Kessler Institute for Rehabilitation	1199 Pleasant Valley Way, West Orange, NJ 07052	Private	Rehabilitation
Mountainside Medical Center	1 Bay Avenue, Montclair, NJ 07042	Private	Acute Care
Newark Beth Israel Medical Center	201 Lyons Avenue, Newark, NJ 07112	Private	Acute Care
St. Michael's Medical Center	111 Central Avenue, Newark, NJ 07102	Private	Acute Care
University Hospital	150 Bergen Street, Newark, NJ 07103	State	Acute Care
East Orange Veterans' Affairs Medical Center	385 Tremont Avenue, East Orange, NJ 07018	Private	Acute Care

**Attachment 2**  
**Hospital Consultative Activities prior to Fee and Expenditure Report Submission**  
**Essex County**

Activity
Initial meeting with the county
Individual hospital meeting(s)
Issued e-mail to each hospital requesting DHS data forms.
E-mail and telephone responses to hospital inquiries in response to 11/09 email
Introductory meeting with hospitals
E-mail follow-up with each hospital regarding outstanding DHS forms and documentation.
Meeting with hospitals to review the program proposal.
E-mail to each hospital requesting comment on program proposal.
Evaluated and addressed questions, comments, and concerns from hospitals on program proposal.

**Attachment 3  
Proposed Hospital Assessment Fee  
Essex County**

	<b>Assessment Basis</b>	<b>Assessment Rate</b>
Inpatient	Non-Medicare Discharges	\$1,343.77

Medicare ID	Medicaid ID	Hospital Name	Inpatient Assessment Units	Modeled Assessment
31-0002	4135008	Newark Beth Israel Medical Center (RWJBH)	13,947	\$ 18,741,560
31-0009	4135504	Clara Maass Medical Center (RWJBH)	9,488	\$ 12,749,690
31-0054	0139564	Mountainside Medical Center	5,347	\$ 7,185,138
31-0076	3675904	Cooperman Barnabas Medical Center (RWJBH)	23,194	\$ 31,167,401
31-0083	4140001	East Orange General Hospital	2,863	\$ 3,847,214
31-0096	4140508	St. Michaels Medical Center	3,017	\$ 4,054,154
31-0119	3677001	University Hospital	12,704	\$ 17,071,254
31-2024	0	Silver Lake (Columbus) Hospital LTACH	241	\$ 323,849
31-3025	4143329	Kessler Institute for Rehabilitation	1,154	\$ 1,550,711
			71,955	\$ 96,690,970
<b>Total net patient revenue (inpatient and outpatient)</b>				\$ 3,867,647,030
<b>NJAC 10:52B-2.1 Limit (2.5% of total net patient revenue)</b>				\$ 96,691,176
<b>Fee Amount Over / (Under) Limit</b>				\$ (205)

**Attachment 4  
Data Elements for Proposed Hospital Assessment Fee  
Essex County**

Medicare ID	Medicaid ID	Hospital Name	FYE Begin	FYE End	FY Days	Ownership	Medicare Discharges, W/S S-3, Part I, Col 13					Total Discharges, W/S S-3, Part I, Col 15					Non-Medicare Discharges	Inpatient & Outpatient NPR
							Total A&P and HMO	Sub IPF	Sub IRF	Sub Oth.	TOTAL - Annualized	Total A&P and HMO	Sub IPF	Sub IRF	Sub Oth.	TOTAL - Annualized		
31-0002	4135008	Newark Beth Israel Medical Center	1/1/2021	12/31/2021	365	Private	4,739	64	-	-	4,803	17,466	1,284	-	-	18,750	13,947	\$ 755,673,813
31-0009	4135504	Clara Maass Medical Center	1/1/2021	12/31/2021	365	Private	4,963	187	-	-	5,150	13,505	1,133	-	-	14,638	9,488	\$ 387,615,526
31-0054	0139564	Mountainside Medical Center	1/1/2021	12/31/2021	365	Private	4,434	121	-	-	4,555	9,216	686	-	-	9,902	5,347	\$ 331,118,798
31-0076	3675904	Cooperman Barnabas Medical Center	1/1/2021	12/31/2021	365	Private	9,725	-	-	-	9,725	32,919	-	-	-	32,919	23,194	\$ 1,153,678,579
31-0083	4140001	East Orange General Hospital	1/1/2021	12/31/2021	365	Private	1,905	74	-	-	1,979	4,178	664	-	-	4,842	2,863	\$ 108,629,908
31-0096	4140508	St. Michaels Medical Center	1/1/2021	12/31/2021	365	Private	2,289	-	-	-	2,289	5,306	-	-	-	5,306	3,017	\$ 203,316,368
31-0119	3677001	University Hospital	7/1/2020	6/30/2021	365	State	3,644	-	-	-	3,644	16,348	-	-	-	16,348	12,704	\$ 704,045,943
31-2024		Silver Lake (Columbus) Hospital LTAC	4/1/2020	3/31/2021	365	Private	393	-	-	-	393	634	-	-	-	634	241	\$ 110,028,819
31-3025	4143329	Kessler Institute for Rehabilitation	1/1/2021	12/31/2021	365	Private	1,513	-	-	-	1,513	2,667	-	-	-	2,667	1,154	\$ 113,539,274
		Total					33,605	446	-	-	34,051	102,239	3,767	-	-	106,006	71,955	3,867,647,030

Note: Amounts in blue font are populated as reported to Essex County by the hospital, for discharges in Essex County.

**Attachment 5  
Proposed Hospital Expenditure Model  
Essex County**

Estimated Assessment		\$	96,690,970
State (DHS) Portion	1%	\$	966,910
Essex County Portion	9%	\$	8,702,187
<b>Estimated New Medicaid Hospital Funding</b>	90%	\$	87,021,873
Estimated Federal Medical Assistance Percentage (FMAP) for Managed Care			65.03%
<b>Estimated New Medicaid Hospital Funding with Federal Matching Funds</b>		\$	248,847,221
MCO Administrative Fee for Health Plan Assessment	5.1%	\$	12,691,208
<b>Estimated New Medicaid Hospital Funding with Federal Matching Funds (less MCO administrative fee)</b>		\$	236,156,013

\* Medicaid payment estimates incorporate a weighted average FMAP of 65.03% based on 2019 encounters reported by DHS. 1% of the assessment fee is estimated for State administrative costs. 5.1% of the total pool of funds available for hospital payments is estimated for administrative costs of the Medicaid health plans, consistent with the SFY2023 State computations.

Estimated New Medicaid Hospital Funding with Federal Matching Funds (less MCO administrative fee)	\$	236,156,013
Ratio of Class 1 Discharges to Total Discharges		99%
Ratio of Class 2 Discharges to Total Discharges		1%
Class 1 Funding Pool	\$	232,271,613
Class 2 Funding Pool	\$	3,884,400
Estimated Uniform Per-Discharge Payment Increase - Class 1: General Acute Care Hospitals	\$	10,656.62
Estimated Uniform Per-Discharge Payment Increase - Class 2: Specialty Hospitals (150% of Class 1)	\$	15,985.19

Hospital Name	Hospital Class for Directed Payment	Medicare ID	Medicaid Managed Care Data		Inpatient Directed Payment
			Inpatient Discharges	Total IP Payments	
Newark Beth Israel Medical Center	1	31-0002	7,016	\$ 86,525,003	\$ 74,766,821
Clara Maass Medical Center	1	31-0009	3,007	\$ 23,521,227	\$ 32,044,446
Mountainside Medical Center	1	31-0054	1,215	\$ 9,119,722	\$ 12,947,789
Cooperman Barnabas Medical Center	1	31-0076	2,906	\$ 37,172,650	\$ 30,968,127
East Orange General Hospital	1	31-0083	1,318	\$ 10,256,489	\$ 14,045,421
St. Michaels Medical Center	1	31-0096	1,509	\$ 12,923,416	\$ 16,080,834
UH - University Hospital	1	31-0119	4,825	\$ 72,069,447	\$ 51,418,174
Silver Lake (Columbus) Hospital LTACH	2	31-2024	6	\$ 1,705	\$ 95,911
Kessler Institute for Rehabilitation	2	31-3025	237	\$ 8,553,212	\$ 3,788,489
<b>Total</b>			<b>22,039</b>	<b>260,142,871</b>	<b>\$ 236,156,013</b>



**Attachment 6**  
**DHS Inpatient Discharges and Payments from Encounter Data**  
**Essex County**

<b>Hospital Name</b>	<b>CY 2019 IP Enc Discharges</b>	<b>CY 2019 IP Enc Payments</b>
Newark Beth Israel Medical Center	7,016	86,525,003
Clara Maass Medical Center	3,007	23,521,227
Mountainside Medical Center	1,215	9,119,722
St. Barnabas Medical Center	2,906	37,172,650
East Orange General Hospital	1,318	10,256,489
St. Michaels Medical Center	1,509	12,923,416
UH - University Hospital	4,825	72,069,447
Silver Lake (Columbus) Hospital LTACH	6	1,705
Kessler Institute for Rehabilitation	360	8,553,212
	<b>22,162</b>	<b>260,142,871</b>



**Attachment 8  
Inflation  
Essex County**

**Table 1 - Inflation for Inpatient/Outpatient Net Patient Revenue from Cost Report Data**

Cost Report FYE	Midpoint of Cost Report FYE	Inflation Factor - Midpoint of Cost Report Period	Inflation Factor - Midpoint of Implementation State		Inflation
			Fiscal Year (1/1/2024)		
03/31/21	Q4 2020	2.3810	2.8580		1.2003
06/30/21	Q1 2021	2.4280	2.8580		1.1771
12/31/21	Q3 2021	2.5440	2.8580		1.1234

**Table 2 - Inflation for Estimated SFY 2023 Inpatient and Outpatient Directed Payments**

SFY 2023 Midpoint			SFY 2024 Midpoint			Inflation
01/01/23	Q1 2023	2.7780	01/01/24	Q1 2024	2.8580	1.0288

Inflation: IHS Markit Hospital Market Basket, IHS Markit Healthcare Cost Review Q3 2022, Table 6.3