

SENATE BILL NO. 2284
(First Reprint)

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 2284 (First Reprint) with my recommendations for reconsideration.

This bill requires Managed Care Organizations ("MCOs") to meet with certain home health care providers and provide written assurance to the Department of Human Services that such meetings have occurred prior to any change in provider reimbursement rates for personal care assistant services. While I support the sponsors' intent to foster improved dialogue between providers and MCOs this bill, as written, fails to accomplish this goal. Instead, the bill's requirements would likely benefit only large providers that serve a greater number of clients in a managed care plan, thereby disfavoring their smaller competitors, regardless of which provider is actually affected by the rate change. Further, this approach interferes with market forces and could hamper potential efficiency gains sought by the managed care model.

To avoid these undesired consequences, I recommend that the Legislature codify the requirement for MCOs to provide ninety-day advance notice to the Department of Human Services prior to any change in reimbursement rate. To ensure quality and member access, I also recommend requiring insurers to submit to the Department an impact statement certifying that the rate change will not reduce sufficient access to providers or harm the quality of service to Medicaid clients. These recommendations would better ensure predictability in the Medicaid market and would apply to rate changes impacting any provider, regardless of size or services.

Accordingly, I herewith return Senate Bill No. 2284 (First Reprint) and recommend that it be amended as follows:

Page 2, Section 1, Line 8: Delete ":" and insert ", a health maintenance organization that contracts with the Division of Medical Assistance and Health Services in the Department of Human Services to provide benefits under a managed care plan to persons who are eligible for Medicaid shall not reduce reimbursement rates for personal care assistant services or home based supportive care services, as those services are defined by regulation or in the contract with the Division, under the health maintenance organization's Medicaid managed care plan, unless the health maintenance organization notifies the Division, in writing, at least 90 days before the effective date of such changes. Such notice shall be accompanied by written assurance that the reduction will not reduce sufficient provider access or quality of service as required by the contract with the Division."

Page 2, Section 1, Lines 9-44: Delete in their entirety

Page 3, Section 1, Lines 1-34: Delete in their entirety

Page 3, Section 2, Lines 41-42: Delete "in effect" and insert "executed"

Page 3, Section 2, Line 42: After "on" insert "or after"

Page 3, Section 2, Line 42: Delete "or executed thereafter"

Respectfully,

[seal]

/s/ Chris Christie

Governor

Attest:

/s/ Christopher S. Porrino

Chief Counsel to the Governor