Governor Murphy Proposes Adjustments to Ambulatory Care Facility Assessment



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On February 25, 2025, Governor Phil Murphy announced a proposal to change the State's ambulatory care facility assessment to align with federal Medicaid provider tax regulations. If adopted, this adjustment would lower the present assessment rate from 2.95% of a facility's annual gross receipts to 2.5%, but would eliminate the current $350,000 annual cap on the assessment. The announcement came during Governor Murphy's ninth and final budget address. According to the summary of the State fiscal year budget for 2026 that was published by the New Jersey Treasury following Governor Murphy's budget address, entitled "The State of New Jersey Budget In Brief: Summary of Budget Recommendations," the proposed changes to the ambulatory care facility assessment would bring in more than $60 million in additional revenue, which would be used to meet the rising costs of NJ FamilyCare, New Jersey's State Medicaid program, and capture additional federal matching funds. The Governor's budget address typically marks the beginning of the budget process for the next fiscal year, which culminates with a final budget being adopted on or prior to June 30, the constitutionally mandated budget deadline.

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For more information, contact:
John D. Fanburg, Chair | 973.403.3107 | jfanburg@bracheichler.com
Jonathan J. Walzman | 973.403.3120 | jwalzman@bracheichler.com
Erika R. Marshall | 973.364.5236 | emarshall@bracheichler.com

Authors

The following attorneys contributed to this insight.



John D. Fanburg

Managing Member
Healthcare Law, Cannabis Industry

973.403.3107 · 973.618.5507 Fax

jfanburg@bracheichler.com



Jonathan J. Walzman

Member
Healthcare Law, Corporate Transactions & Financial Services

973.403.3120 · 973.618.5561 Fax

jwalzman@bracheichler.com



Erika R. Marshall

Counsel
Healthcare Law

973.364.5236 · 973.618.5954 Fax

emarshall@bracheichler.com