



May 28, 2025

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# Gibbons SFY 2026 Report: New Jersey Department of Human Services Presents Its FY 2026 Budget Proposal

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*This is the latest installment in a series of posts that offers a detailed look into the budget proposals for the major departments that constitute the state government.*

New Jersey Department of Human Services (NJ DHS) Commissioner Sarah Adelman recently appeared before the Senate Budget and Appropriations Committee (SBA) and the Assembly Budget Committee (ABU) to present the department's proposed FY 2026 budget, which totals \$10.260 billion. This total is an increase of \$283 million or 2.5 percent from the FY 2025 adjusted appropriation.

## **Backdrop of Looming Federal Funding Cuts**

The impact of the Congressional budget reconciliation on Medicaid was a focus of the hearing, as the New Jersey Medicaid program is valued at \$24 billion, which comprises \$14 billion in federal share and \$10 billion in State share. The federal [budget resolution](#) unlocking the reconciliation process required the House Committee on Energy and Commerce to cut a minimum of \$880 billion through 2034. Given that Medicaid accounts for approximately 93 percent of non-Medicare spending under the jurisdiction of that House Committee, Medicaid is expected to receive the majority of the cuts. The proposal recently passed by the House seeks these cuts through work requirements, more frequent eligibility checks, and the cutting of federal funds to states that extend coverage to undocumented immigrants.

The Commissioner testified that New Jersey would face the potential annual loss of \$2 billion to \$10 billion in federal funding, which is dependent on the provisions contained in the final version of any legislation.

The State is already grappling with federal actions that threaten funding to New Jersey. On March 24, 2025, the Trump administration terminated approximately \$11.4 billion in public health funding from state and local health departments. The United States Department of Health and Human Services (HHS) announced that because the funds were primarily used for COVID-19 response and the pandemic has ended, HHS would be rescinding the funding. Commissioner Adelman testified that “more than \$350 million” of that sum was designated for New Jersey through the end of FY 2026 and that the cuts affected more than 300 provider contracts funded through the NJDHS Division of Mental Health and Addiction Services. In response to the proposed HHS cuts, 23 states and the District of Columbia filed a federal lawsuit asking for a preliminary injunction and temporary restraining order. On April 3, 2025, a federal judge entered a temporary restraining order and on May 16, 2025, the judge [granted the preliminary injunction](#), blocking HHS from enforcing the cuts.

### **Group Homes and Long-Term Care Facilities**

SBA and ABU members posed questions regarding an [article](#) published on May 3, 2025 by NorthJersey.com regarding New Jersey’s group home population. The article is the first installment in a series summarizing the publication’s investigation into group homes for adults with intellectual and developmental disabilities (I/DD) in New Jersey, which will include interviews with family members, staff, providers, experts, advocates, and residents regarding their experiences with the system. When asked for comment, the Commissioner testified that New Jersey has the most rigorous monitoring requirements in the country, and that NJDHS’s goal is for families with adult children who have I/DD to trust the system and for those individuals to have a full life. Commissioner Adelman stated that the Murphy administration has expanded the capacity in the community for placement of individuals with I/DD, noting that NJDHS has increased the wages for direct support professionals and has modernized training modules to comply with the Stephen Komninos’ Law.

### **Nursing Homes**

Members questioned whether NJDHS has adequate resources and staffing to care for individuals in nursing homes. The Commissioner testified that NJDHS is supportive of initiatives to increase the staffing of nursing homes. Accordingly, the FY 2026 budget contains \$7.2 million to provide wage increases for nursing home staff and \$18.2 million to continue wage increases for direct support professionals.

Members posed questions regarding an upcoming change to the ability of a Managed Care Organization (MCO) to keep or remove facilities within their coverage and questioned whether NJDHS has a plan for facilities that do not meet best practices. The Commissioner testified that the shift will take place on July 1, 2025, the first day of the new fiscal year. Historically, when nursing facility services shifted into managed care payments, NJDHS required that every nursing facility must be in network with all health plans. Deputy Commissioner Kaylee Maguire stated that NJDHS is shifting to “any willing qualified provider.” Starting July 1, MCOs will have the ability to no longer contract with facilities exhibiting chronic failure to meet basic licensing requirements set forth by the Department of Health and the federal Centers for Medicare & Medicaid Services (CMS). Facilities exhibiting “chronic underperformance” would be defined as facilities that for two of the three most recently completed calendar years have repeatedly violated licensing standards set forth by the federal government or those that have two or more Level G or higher licensing violations. Additionally, facilities that have received a 1-star rating by CMS for nine or more of the prior 12 quarters would also be flagged as chronically underperforming. The Deputy Commissioner commented that the new requirements are stringent and that NJDHS does not expect that many facilities will be affected. Additionally, Deputy Commissioner Maguire testified that NJDHS is not expecting any interruptions in access to care as a result of the shift, noting that MCOs do not have the authority to move residents and that once a facility meets the “any willing qualified provider” standards, the MCO is required to contract again with the facility.

### **SNAP Benefits**

The Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps, helps socioeconomically disadvantaged families buy food at participating retailers. Base SNAP benefits are provided by the federal government. However, in 2023, New Jersey amended the governing law of the State's SNAP Minimum Benefit Program to raise the minimum monthly SNAP benefit to \$95. The FY 2026 budget allocates \$30.2 million to sustain the minimum \$95 per month SNAP coverage for 40,000 households.

Previously, Congress allocated funding for the replacement of SNAP benefits stolen via card skimming, card cloning, and other similar fraudulent methods. The federal government, however, stopped reimbursing victims in December 2024. Assistant Commissioner Natasha Johnson from the NJDHS Division of Family Development testified that the department is addressing electronically stolen SNAP benefits by prohibiting the use of simple pins, implementing the function to lock and unlock EBT cards, generating transaction alerts, and transitioning to chip cards by early 2026.

### **Medical Care**

Commissioner Adelman testified that the FY 2026 budget includes an investment of approximately \$45 million in combined State and federal funding in Medicaid reimbursement rates for pediatric and adult primary care providers.

The Commissioner stated that the funding will allow NJDHS "to increase primary care reimbursement rates from an average of 58% of the Medicare fee schedule to 70% of the fee schedule."

Additionally, the Commissioner testified that the Cover All Kids initiative now provides health coverage for 867,000 children through NJ FamilyCare. NJ FamilyCare provides health care coverage to New Jersey children under age 19 whose family income is at or below 355 percent of the Federal Poverty Level.

Be on the lookout for our next post about the New Jersey Board of Public Utilities budget hearing.

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