December 4, 2019

The Honorable Carole Johnson
Commissioner
Department of Human Services
P.O. Box 700
Trenton, NJ 08625-0700

Dear Commissioner Johnson,

Thank you for the opportunity to share recommendations for the FY 2021 State Budget from the New Jersey Association of Mental Health and Addiction Agencies, Inc. (NJAMHAA). We would greatly appreciate your consideration of the following priority funding areas as you develop your budget and advocate for this funding with the Department of the Treasury and Office of Management and Budget.

New Jersey’s community based behavioral health system of care remains in a fragile state due to increased demand, workforce shortages and system changes, particularly the shift to fee-for-service reimbursement which has subsequently left many programs operating under deficits for a third year.

**Fee-for-Service (FFS)**

The conversion to FFS has resulted in some program closures and staff reductions across the state as several rates do not cover the actual costs of care. Even with maximized productivity and business retooling, rates for several mental health and substance use treatment services – outpatient, partial care, Integrated Case Management Services and Community Support Services (CSS), Intensive Outpatient – remain inadequate to cover the actual costs of providing these services, which are critical to enabling consumers to remain in their communities and prevent hospitalizations and, for many, landing in jail or becoming homeless. Long-term residential rates for substance use treatment providers have also been found to inadequately reimburse providers for the cost of care. We do appreciate that CSS programs have continued to operate under contract extensions, and that planning is underway to address the fiscal and programmatic shortcomings in the current CSS model.

There is a need to acknowledge the acute co-morbidities of individuals treated for mental illness or substance use disorder. Value-based expectations demand more from programs – more case management and care coordination, integration of primary health care, more highly-credentialed staff, direct treatment for co-occurring disorders, engagement and more ongoing care for higher-risk...
individuals than might have been required in the past. Such expectations require investment in the community-based system of care to support individualized, comprehensive quality care for all.

**Workforce**

A significant part of any investment in the community-based system of care would be dedicated to supporting the community-based workforce - an investment that is long overdue and desperately needed. While the current Administration is on track to increase the minimum wage to $15.00 per hour, not only must rates be adjusted to cover the additional wages and related costs, but New Jersey must also provide an upward adjustment of rates and contracts to avoid compression of the pay scale between minimum wage workers and professional staff, such as licensed clinicians. Professional staff at community based provider organizations not only have salaries that are significantly below those paid by state agencies, educational institutions and private entities, but many are paid at or just above the targeted minimum wage of $15.00 per hour.

In addition, market forces have driven up the salaries being demanded by not only prescribers – psychiatrists and advance practice nurses – but also for clinicians who are licensed for mental health and substance use treatment, or are bilingual, or have other much sought after credentials. The existing rates were based on average salaries from over five years ago, which were already below market rates, while minimum salaries for prescribers have increased by many tens of thousands. Recruitment and retention at community based agencies have always been extremely difficult, but the current climate has put staff turnover and vacancies at critical levels.

To ensure the success of service provision under the FFS reimbursement model and strengthen the workforce – the foundation of community-based care, NJAMHAA respectfully requests that the Department of Human Services:

1. Provide rate increases that reflect current workforce market demands and support the increased wages that many providers are already paying out of necessity.

2. Support the $25 million supplemental funding proposed by the Legislature as a safety net for FY2020 for organizations operating with deficits under FFS, and going forward, until rates are reviewed for adequacy. Covering the deficits that programs are facing under FFS will enable them to support non-billable encounters, to subsidize those who cannot pay co-pays and deductibles, and to otherwise cover the actual costs of care.

3. Plan rate increases to cover the increased costs under new minimum wage requirements as they are implemented. These increases must be calculated by taking into consideration the need to prevent the compression of wages between minimum wage and clinical/professional staff.

4. Finalize work with the Department of Children and Families to increase the rate for Children’s Psychiatric Assessment to equal the adult rate.
v. Provide $10 million of capital funding as an initial investment to support integrated care at community-based behavioral health programs.

vi. Appropriate $10 million to support providers of mental health services to upgrade and/or fully implement and maintain interoperable EHR systems, and renew the $6 million appropriation for substance use treatment providers to do the same.

vii. Develop a formula for upward adjustments of rates and contracts that is tied to an inflationary index to prevent erosion of their adequacy to cover actual costs of care.

viii. Establish and fund a sustainability and expansion plan for New Jersey’s Certified Community Behavioral Health Clinics (CCBHCs).

Thank you for considering our recommendations and for your continued advocacy and other efforts to ensure access to high-quality mental healthcare and substance use treatment services for all New Jersey residents.

If you need additional information, please do not hesitate to contact me at 609-838-5488, ext. 292, or dwentz@njamhaa.org.

Sincerely,

Debra L. Wentz, Ph.D.
President and CEO

cc: Robert Budsock, MS, LCADC, NJAMHAA Board Chair
    Susan Loughery, MBA, NJAMHAA Board Vice Chair