

September 26, 2016

The Honorable Joseph F. Vitale, Chair
Senate Health, Human Services and Senior Citizens Committee
569 Rahway Ave.
Woodbridge, NJ 07095

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Testimony in Support of S2521

“Provides for monitoring and evaluation of transition of mental health and substance use disorder treatment service system to fee-for-service reimbursement model.”

On behalf of the New Jersey Association of Mental Health and Addiction Agencies (NJAMHAA), I wish to thank Chairman Vitale, Co-chair Madden and other members of the Committee for the opportunity to testify today in support of Senate Bill 2521, and I wish to thank Senator Vitale and Senator Gordon for their sponsorship of this important legislation. This bill, which provides for the monitoring and evaluation of the transition of mental health and substance use disorder treatment services to a fee-for-service reimbursement system, is absolutely necessary to ensuring that the reimbursement rates established under a fee-for-service system are adequate, that patient access to care is maintained, and that both continuity of care and quality of care are not harmed as a result of the transition.

The word transition is often used within the phrase “period of transition”. Unfortunately, the manner in which the change to fee-for-service is being undertaken does not provide for a period of transition. A true transition would be one where contract funding is incrementally reduced, for instance, decreased to 75%, then 50%, then 25%. This type of transition is something that the Department of Human Services (Department) had indicated for some years they were inclined to do but has now abandoned.

The sudden and full rescission of contract funding that will take place on day one of an agency’s conversion to fee-for-service, accompanied by a couple months’ worth of cash advances the Department is making available, would not be a recipe for disaster if several of the rates that have been proposed were not so severely inadequate. Providers in every region of the state have shared detailed projections with the Department that show deficits ranging from \$500,000 to \$6 million, all



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generated by their outpatient programs including medication management, partial care and partial hospital programs, and the newly established Community Support Services. The projected deficits and unresolved billing issues that are putting services for tens of thousands of consumers at risk necessitate the oversight prescribed in S2521.

NJAMHAA believes both the Oversight Board and independent evaluation proposed in this bill are necessary to ensure that rates are adequate to sustain the community based mental health and substance use treatment system over the long term. We do, however, also fear that without a hold harmless provision during a true transition period, many critical services will disappear before the monitoring and evaluation begin. Given the assurances we have received from the Department that the \$127 million in the FY2017 budget is in addition to current contract funding, we believe providing a safety net via contract funding to at least maintain the current level of service delivery should not be difficult to do.

NJAMHAA and its members fully support the provisions for oversight in S2521, which provides one of the two components we assert are needed to ensure continued access to vital mental health and substance use treatment services for those in need of them, the other being safety net funding. We again wish to thank Senator Vitale and Senator Gordon for sponsoring this critical legislation and urge all Committee members to lend their support to its passage.

Sincerely,



Debra L. Wentz, PhD
President and CEO

