REINFORCE THE
Lifeline
FOR NEW JERSEY RESIDENTS
Invest in Community-Based Mental Health, Substance Use and Developmental Disability Services
After struggling in high school, Keith began to feel the effects of severe depression, which worsened when he had to drop out of business school. A friend encouraged him to turn to Bridgeway Rehabilitation Services with the goal of enrolling in college. Bridgeway staff encouraged Keith; assisted him with the applications for admission and financial aid and with course selection; and accompanied him to orientation. He earned Associate’s degrees in Liberal Arts and Psychology while working at a variety of jobs about 30 hours each week in order to pay tuition.

As a child, Judy lost her father to alcoholism and later lost her mother to cancer. Feeling alone, she looked to alcohol as an escape route and the streets of Hackensack became her home. Advance Housing’s Homeless Service Team provided Judy with housing and treatment for alcohol addiction. This support gave Judy a solid foundation and today, she is a Certified Nurse’s Assistant and Certified Surgical Technician.

Eleven-year-old Ryan was having difficulty relating to other kids at school. A therapist in the Child and Adolescent Wellness Center at Robins’ Nest helped him learn how to cope with his feelings and provided him with the tools he needed to feel more comfortable with his peers. Today, he has several friends and is doing well both socially and academically.

**Community-based Services**

Empower

Healthy and Successful Living

Community-based services provided a strong foundation for Keith, Judy and Ryan to recover from mental illnesses, behavioral health disorders and substance use disorders; prevent the need for high-cost hospital services; and, as a result, build their potential to succeed in many areas of their lives.
Services also yield fiscal benefits

INVESTMENTS ARE NEEDED TO REALIZE THEM

In addition to achieving these priceless benefits in people’s lives, community-based services are cost-effective. For example, one person’s one-year stay at Ancora Psychiatric Hospital costs New Jersey taxpayers $241,000; by contrast, for one year of community-based mental healthcare services for one person, the State spends, on average, $1,140.

Unfortunately, community-based services are not accessible to everyone in need – and the number of those individuals continues to increase.

There has been little to no growth in critical resources for the system to meet the increasing demand. As a result, individuals in need are struggling unnecessarily as they try to access the limited services. While they wait for services to become available, their illnesses often worsen and require more intensive and costly treatment that would otherwise be prevented.
The business model under which community-based mental health, substance use and developmental disability providers in New Jersey have been operating is deficient to the point that it will likely lead to doors being closed and beds disappearing if not corrected. Several agencies are imminently facing discontinuing certain programs, which are operating at a loss.

There are several factors that are contributing to the precarious position in which many providers currently find themselves. Most notably are the insufficient rates which, in turn, have left the community-based provider network with a workforce that is understaffed and underpaid.

The difficulties providers face in recruiting and retaining staff continue to worsen, while reimbursement rates have stagnated.

For many years, evidence of the disparities between salaries for community-based employees and those found in state agencies and institutions has been published, and they have been significant: the starting salary for a community-based social worker with a Master’s degree averages $36,000 to $40,000. The disparities have gotten so excessive that a Bachelor’s level position in state government with no experience required have starting salaries of over $49,000.

Similarly, reimbursement rates across the board – clinical, residential, transportation and others – have been insufficient. Rates have not covered the costs of delivering services, and they, along with contractual limitations, have not allowed for growth in a time of increasing demand.
Having adopted Medicaid Expansion under the provisions of the Affordable Care Act, New Jersey has been in a position to ensure the adequacy of reimbursement rates by preserving savings realized by the expansion in the community-based mental health, substance use and developmental disability system of care.

The recent proposal to dedicate $127 million to Medicaid rates for mental health and substance use services is a step in the right direction. This increased funding would help community-based providers continue to deliver their much-needed services to children and adults throughout New Jersey. Reimbursement rates in the new Fee-for-Service reimbursement system must not only be adequate at the outset, but also have an inflationary factor built in to ensure they continue to be sufficient. A Cost of Living Adjustment (COLA) in every budget is also needed to enable providers to recruit and retain qualified staff.

Treatment works. It also saves money. Investing in prevention, treatment and supportive services has been proven again and again to have a great return – both in human and financial terms.
How Should the State Invest in Community-Based Services?

1. Ensure rates cover the full cost of services and operating costs.

2. Preserve savings from the Medicaid expansion in the community-based service system for children and adults.

3. Build a 5 percent Cost of Living Adjustment (COLA) into the FY 2017 State Budget and significant COLAs in subsequent years to bring organizations to a sustainable level.
**WHAT WILL THE SYSTEM, RESIDENTS AND THE STATE GAIN AS A RESULT?**

**A dedicated workforce:** Provider organizations will realize fiscal benefits through lower turnover by being able to pay more competitive salaries and provide better fringe benefits to their staff. As a result, their staff will stay and the children and adults in services will receive more consistent care, which is essential for their ongoing progress toward recovery.

**Increased capacity:** Individuals who develop a need for services will receive them more promptly, thereby gaining opportunities to recover more quickly and avoid health complications that require more costly and intensive treatment.

**Reduced healthcare and other costs:** The State will save millions of dollars every year because individuals will be able to prevent the need for emergency room visits and inpatient hospitalizations. In addition, less domestic violence and less involvement in the child welfare and criminal justice systems resulting from successful treatment of mental illnesses and substance use disorders yield substantial cost savings for the State. Furthermore, individuals who are treated for mental illnesses and substance use disorders are more likely to have stable housing and employment, which means the costs associated with homelessness, unemployment, absenteeism and lost productivity would be significantly lower, as well, and these individuals would be paying taxes to support New Jersey’s bottom line.