New Jersey Association of
Mental Health and Addiction Agencies, Inc.

COVID-19 Recovery and Reinvention: Behavioral Health Sector

The behavioral health community-based providers in New Jersey are facing multiple internal crises as they try to maintain services and ensure the sustainability of their businesses in the midst of the COVID-19 pandemic. Many of the issues they face encompass regulatory, operational and funding concerns which were the result of necessary shifts in program models. In response to the immediate needs of our State, the community and the individuals who depend on their care every day, providers adapted almost overnight to new ways of doing business. These adjustments, though necessary, were seismic operational changes in many cases. Our hope is that as we begin to transition to post-crisis planning, New Jersey considers the success with which providers have achieved high levels of care, and incorporates the adjustments which have provided new efficiencies and even removed barriers to care.

Workforce

Funding – A priority issue for providers pre-pandemic was the inadequate fee-for-service (FFS) rates which resulted in their remaining non-competitive when trying to recruit and retain an educated and experienced workforce. As evidenced during the current crisis, behavioral health staff are an essential part of the frontline healthcare workforce and they typically face significant risks every day. However, these essential staff have historically been poorly reimbursed, and, as the need for behavioral health care grows as expected post-crisis, it will be even more important to ensure staff is supported appropriately. As the minimum wage increases in New Jersey, not only has there been no commensurate increase in rates or contracts, but wage compression is occurring, with the wages of the highly educated and licensed staff hardly exceeding the $15 minimum wage goal. Standard rates must be increased and include hazard pay, as well as the costs for personal protective equipment (PPE), cleaning services and required testing. Additionally, the need to isolate and quarantine clients will require new funding for an expanded workforce.

Regulatory – There are a multitude of regulatory issues from a human resources perspective that must be addressed. For example, determining the qualifications for workers' compensation within a post-pandemic environment; identifying the protections required regarding healthcare confidentiality laws; and staff's eligibility for Family and Medical Leave if schools remain closed are just a few of the complicated matters all employers will face, though many of our behavioral health providers may have less operational resources to address them. While many temporary waivers have been issued to assist in onboarding staff or shifting staff into new roles, many regulations remain in place that are barriers to both efficiency and safety.

Operational – Behavioral health staff will continue to face many risks during and post-crisis, so they must be assured a steady supply of PPE, similar to any other frontline healthcare provider. New Jersey must directly provide sites for isolation and quarantine and/or assist providers in acquiring or retrofitting such sites. If new social distancing requirements will be in place, both outpatient and residential services may experience reduced census capacities or will need funds for expansion. Maintaining flexibilities for telehealth during this time may also be necessary to ensure continuity of care and staff safety, as well as being critical to provider sustainability.

Telehealth

New Jersey has done laudable work in easing telehealth restrictions. The ability to serve clients regardless of location has proven essential under the current circumstances, and it will also be a crucial service component beyond the current crisis. It improves access to care, increases engagement success and has been well received by clients.

Unfortunately, other telehealth changes that have been made have been uneven across programs. For example, while the telehealth guidance for partial care and partial hospital programs has allowed providers to meet the needs of clients and be reimbursed without arbitrary time minimums on services that clients are not interested in and/or able to observe, many other programs, including Community Support Services, Integrated Case Management Services, and outpatient mental health and substance use treatment counseling, have not been permitted to do so. Behavioral health providers should be reimbursed as other providers are – for the process of meeting needs and outcomes, not by requiring an arbitrary minimum amount of time from clients and providers that is not necessarily needed to achieve goals.

Continued and expanded flexibilities for telehealth services must be extended beyond the declared emergency period if behavioral health providers are to be able to safely continue to provide pre-pandemic levels of service, and effectively address the pent up and exponentially increased demand for mental health and substance use treatment that is anticipated due to the pandemic.

Funding

For three years, providers have been asking for supplemental funding to erase the $25 million in annual deficits they are operating under since transitioning from deficit-funded contracts to FFS. The hefty deficits have remained even after staff reductions, program closures and revised business practices were undertaken to reduce expenses. Many units of service continue to be provided that are not billable but which are part of best practices and contribute to good outcomes. Behavioral Health providers have continued to provide the best care possible for the individuals they serve, even at the potential expense of operational excellence. The state must reassess the practicality of its FFS reimbursement system which is not only failing the behavioral health sector and limiting the extent to which best practices can be maintained, but which could lead to program closures in the foreseeable future.

Providers have taken on increased and new costs during the pandemic – for PPE, cleaning services, food services, alternative facilities, testing, staff overtime or hazard pay, telehealth infrastructure, telehealth devices for clients and more. There has been no reassurance that these expenses will be reimbursed. The increased and new expenses are expected to continue for some time as providers try to redesign spaces to accommodate not only social distancing, but isolation and quarantine. Installing plexi-glass, continuing to maintain a supply of PPE, and staffing alternative sites are just a few examples of ongoing increased costs. Revenues will continue to be impacted negatively by reduced capacities, including in residential facilities that might have fewer beds, as a result of implementing safety guidelines.

The loss in revenues, particularly for providers who largely rely on Medicaid funding, has been substantial. This has been especially difficult to address given that providers have been restricted in building any reserves. The current crisis clearly reveals how behavioral health providers must be viewed as the businesses they are and must be able to take advantage of all good business practices.

Sustainability for a Critical Sector

New Jersey must provide service reimbursement which covers the actual costs of care to ensure the sustainability of behavioral health providers. We agree with the Center for Health Care Strategies (CHCS) that "COVID-19 has underscored the limitations of volume-based, fee-for-service payments."[1] The Division of Mental Health and Addiction Services should both extend the end date of their Emergency Monthly Payment Policy for state funds from June 30, 2020 to December 31, 2020 and, if they have not already done so, the Division for Medical Assistance and Health Services (DMAHS) should seek Centers for Medicare & Medicaid Services (CMS) approval for retainers via 1135 waivers to give safety net providers access to previous levels of Medicaid funding while long-term sustainability plans are established. As CHCS suggests, this would allow DMAHS to "provide a monthly prospective per patient per month payment to ensure a more predictable stream of revenue and the flexibility needed to creatively deliver care in new and safe ways."[1]

Funding could also be made readily available with passage of Assembly bill 1361 which appropriates $25 million to fill the unavoidable deficits providers are facing as a result of the FFS system. Other initial recommendations include permanently permitting telehealth to take place at any client site, and undertaking contract reform that not only allows providers to retain surpluses to a specified limit, but allows them to build reserves. New Jersey must also provide revenue to support expansion as the field faces pent up and significantly increased demand in a system that never has been able to fully meet previous levels of demand.

Community-based behavioral health represents a critical sector of New Jersey's economy and it is more important than ever, as the impacts of the current unprecedented pandemic continue to unfold, that it is kept strong, so it, in turn, can provide supports and treatment to all New Jerseyans in this time of need. Failing to ensure the sustainability of behavioral health providers in the short- and long-term will result in a permanent loss of capacity that will have broad negative effects on those in need, the overall health system and the state's bottom line as vulnerable populations, including those re-entering the community from jails and hospitals as well as a multitude from the newly traumatized general population, cannot access the services and supports they need. The time to act is now.

The New Jersey Association of Mental Health and Addiction Agencies, Inc. is a statewide trade association representing 144 organizations that serve New Jersey residents with mental illness and/or substance use disorders, and their families. Our members may be found in every county and almost every community statewide. They serve more than 500,000 children and adults each year and contribute to the economy through 61,000 direct and indirect jobs.

[1] Houston, Rob and Brykman, Kelsey, Center for Health Care Strategies, *Addressing Provider Viability: The Case for Prospective Payments during COVID-19,* April 17, 2020, CHCS Website.