



Adequate Rates for Mental Health and Substance Use Treatment Providers Translate into Healthy Individuals and Taxpayer Savings

Providers of both adult and children's mental health and substance use treatment services are currently the focus of rate setting processes. The New Jersey Division of Mental Health and Addiction Services will soon issue a Request for Proposals (RFP) to establish an Administrative Services Organization (ASO) which will reimburse providers on a Fee-For-Service (FFS) basis. The Children's System of Care is undertaking its own distinct rate setting process.

Adequate rates are critical to ensuring the state's ability to provide quality mental health and substance use treatment and services to New Jersey's adults and children who need them.

Rate setting should be guided by the following principles:

- Be sufficient to provide high-quality treatment services to help children and adults into recovery.

Providers keep adults and children well and healthy in the community, providing them the greatest opportunity to achieve their potential as individuals, family members and members of the community.
- Sustain the viability of non-profit community-based mental health and substance use providers by funding the true cost of care, with periodic adjustments for inflation.

Traditional Medicaid rates do not cover the full cost of services and impose tremendous challenges for providers. All costs related to delivering services must be incorporated into fee for service reimbursement rates. These costs include, but are not limited to: utilities, building maintenance and repairs, compliance-related activities, health insurance for staff, overhead costs and new and/or increased costs that will be incurred under managed care. Of course, these are in addition to the actual costs of providing care to children and adults.
- Protect and maximize the tax-saving capacity of non-profit community-based mental health and substance use providers:

It has been well documented that non-profit mental health and substance use treatment providers save taxpayers \$1 billion a year by providing crisis prevention and treatment services that prevent high-cost emergency and inpatient care.

Taxpayer savings could be increased by deploying evidence-based behavioral supports to reduce the cost of other chronic diseases, and to help consumers learn illness management, help-seeking and wellness skills necessary for improved health.
- Ensure that consumer health and safety are not jeopardized by:
 - restricted access to services;
 - rates insufficient to support effective engagement and evidence-based treatment;
 - other obstacles that impede the provision of services that can successfully maintain individuals in their communities.