Written Testimony Submitted to the
New Jersey Senate Budget and Appropriations Committee

Oral Testimony Delivered By:

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Dear Chairman Sarlo and Senate Budget and Appropriations Committee Members:

Thank you for this opportunity to provide testimony on behalf of the 144 members of the New Jersey Association of Mental Health and Addiction Agencies, Inc. (NJAMHAA) who provide treatment and support services to more than 500,000 of New Jersey’s children and adults with mental health and substance use disorders annually.

We have come before you for the last two years predicting that, in this time of increasing demand for services, a number of inadequate rates established for the transition to a fee-for-service (FFS) reimbursement system would lead to staff reductions, program closures, unsustainable deficits and subsequently, decreased capacity in the community-based system of care. This has happened, and continues to happen.

FFS rates do not cover the cost of care for many services. While the pending increases on April 1st for psychiatric intake assessments and intake assessments without medical services will provide a welcome influx of funding, it falls far short of the estimated $25 million in deficits that outpatient programs are facing, which does not include recently identified shortfalls in substance use treatment residential programs that moved to Medicaid late last year.

It is critically important for the Legislature to appropriate safety net funding that will keep providers fiscally viable so they may continue to provide access to needed services. NJAMHAA’s most recent survey conducted just last month found that 19 of 28 responding agencies were operating with deficits totaling $16 million. This is just a representative group of those operating with deficits. And those deficits remain despite staffing cuts - 118 positions were cut at 16 agencies reporting deficits, including psychiatrists, clinicians, and case managers - as well as multiple other changes made to business models.

In 2017, what we refer to as the FFS Oversight Law, P.L. 2017, c. 85, was passed. The law requires monitoring and evaluation of the transition to FFS through both an oversight board, which recently held its first meeting, and an independent study of the rates to evaluate not only the adequacy of reimbursement rates, but their impact on consumer access and quality and continuity of care. Until this study is completed and its findings acted upon, FFS safety net funding is vital to sustaining community-based care. Once adequate rates are determined, an inflationary factor/formula must be developed to ensure system capacity can be maintained.
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We also urge the Legislature to add children’s rates to this study. A few isolated rates in the Children’s System of Care have seen increases in recent years; however, most remain fixed where they were set almost 15 years ago. For instance, the rate for a child’s psychiatric intake assessment is $130. This compares to the current adult rate of $325, which is set to increase on April 1st to $438.

Beyond keeping current programs whole, NJAMHAA urges the Legislature to invest in effective, innovative services that best serve those in need while also improving the state’s bottom line. NJAMHAA understands that revenues are finite; however, we also understand that community-based services are cost-effective. They are significantly less expensive than emergency room and institutional care, and they prevent the need for such care. These include Early Intervention Support Services (EISS), Screening Centers, Medication Assisted Treatment, and integrated care models.

EISS programs, many of which work closely with emergency Screening Centers, exist in only 11 of New Jersey’s 21 counties, leaving individuals in other areas of the state unable to access these critical mental health crisis services. EISS has been proven to be a very successful and cost-efficient solution to long waits for outpatient services, and high rates of emergency room visits and hospitalizations. This program needs to be expanded to all counties throughout the state. And funding must be made available to existing Screening Centers to allow each program to expand according to the specific needs of the geographic area they serve to achieve the greatest benefits from this unique resource. The Medication Assisted Treatment Initiative (MATI) must also be expanded to substance use treatment providers, as just one element of addressing the opioid epidemic. This evidence-based model for treating substance use disorders should be available to all New Jersey residents.

Finally, to move forward on providing integrated care to Medicaid high utilizers across the state to achieve both better outcomes and state savings, capital funding must be made available to community-based behavioral health providers that are currently serving this population. Without such funding, behavioral health organizations are unable to overcome the regulatory barriers to integrated care, specifically, retrofitting their physical space. NJAMHAA recommends an initial investment of $10 million to cover staffing and facility upgrades that would allow behavioral health providers to deliver primary care to those they serve—individuals who face many comorbidities and shorter lifespans. We also recommend making additional funding available to all behavioral health providers to add or upgrade their electronic health record systems. Some funds are currently available to providers of substance use treatment through the Department of Health and, while we appreciate that this funding is continued in the Governor’s proposed FY2020 budget, the funding is not available to providers of mental health care.

It is generally agreed that fiscal support for community-based providers has historically been inadequate. Now, in the face of increasing demand for services, increased expectations and regulations, and newly adopted labor policies, providers have seen their revenues actually reduced from what they were previously reimbursed for the same services. New Jersey must
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protect and expand access to behavioral health care by ensuring adequate rates, building on programs that are effective and innovative, and supporting the infrastructure necessary to provide comprehensive, integrated care. New Jerseyans deserve nothing less.

Sincerely,

[Signature]

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