

Increase to New Jersey's Minimum Wage Requires Investment in Contracts and Medicaid Rates

The New Jersey Association of Mental Health and Addiction Agencies (NJAMHAA) supports a living wage for all. NJAMHAA has long advocated for increased wages for community based behavioral health providers, as this sector of the healthcare industry has long been under-compensated.

Additionally, when Medicaid reimbursement rates were set for the many children's and adult's mental health and substance use treatment services that are now within a fee-for-service reimbursement system, they were based on current wages at the time, with no inflationary factor, let alone consideration of increases in the minimum wage.

Clearly, both remaining contracts and Medicaid rates must be increased to adequately sustain any increase in the minimum wage.

New Jersey must also provide an upward adjustment of rates and contracts to avoid compression of the pay scale between minimum wage workers and professional staff, such as licensed clinicians. Professional staff at community based provider organizations not only have salaries that are significantly below those paid by state agencies, educational institutions and private entities, but many are paid at or just above the proposed minimum wage of \$15.00 per hour.

Recruitment and retention at community based agencies are already extremely difficult, with staff turnover and vacancies at critical levels. If funding is not provided to prevent the compression of wages for clinical and other professional staff relative to the new minimum wage, these problems will become even more severe.

NJAMHAA requests:

- A comprehensive fiscal analysis for any legislation with fiscal impacts on providers, such as an increased minimum wage.
- Adequate appropriations/rate increases to enable providers to meet new minimum wage requirements.
- Funding increases to accompany a minimum wage increase that prevents compression of wages between minimum wage and clinical/professional staff.
- A formula for upward adjustments of rates and contracts that is tied to an inflationary index to prevent erosion of their adequacy to cover actual costs of care over time.

