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

75TH ANNIVERSARY

Innovating for Progress
Partnering for Solutions

Blueprint for a Healthy New Jersey

New Jersey's behavioral healthcare providers, the providers of mental health and substance use treatment and supports, offer critical, life-saving services that enable individuals to live healthier, productive lives. Beyond clinical treatment, support services include peer support, assessment, referral and case management services to address the social determinants of health – housing, food security, education, employment, and more – that have significant impacts on health and wellness.

NJAMHAA and its members wish to support Governor-elect Sherrill's Transition Team in its planning to ensure New Jersey's residents have access to quality, appropriate, timely mental health and substance use treatment and supports. Toward that end, below we identify several specific areas of concern or opportunity that we look forward to hopefully working on as a member of the Transition Team, and collaborating with the new Administration as it moves forward.

1. Medicaid Rates and Contracts

The Medicaid rates and contracts for New Jersey's behavioral health programs do not fully cover the costs of providing services. Medicaid rates in New Jersey are, on average, equal to only 50% of Medicare rates. While wages, utilities and other costs continue to increase and there are new costs, such as those incurred to meet the administrative requirements of the carving in of behavior health services to Medicaid managed care, there is also great concern regarding both federal funding cuts and reduced revenues from managed care organizations that have higher rates of claim denials compared to the historic reimbursement of 95% of claims by Medicaid. The sustainability of community-based mental health and substance use treatment services and supports is at risk at a time when investment should be ensuring expansion to better meet the immense unmet and ever-growing demand. While much more is needed over time, ***NJAMHAA recommends the Administration include a 10% increase in its FY2027 budget proposal, which will cost $54 million in state funds (and will garner a $21 million federal match).***

2. Certified Community Behavioral Health Clinics (CCBHCs)

New Jersey was one of eight states to be awarded a CCBHC demonstration grant in 2016. The CCBHC model is a comprehensive, person-centered array of mental health, addiction, primary care and case management services for adults and children that is in the process of becoming the national model, with ten states added every two years. Only seven providers are part of New Jersey's original cohort for the demonstration, though over a dozen others have received CCBHC expansion grants directly from the Substance Abuse and Mental Health Administration (SAMHSA). They, and others, wish to become fully certified CCBHCs to take advantage of the model's more adequate funding structure. With the federal demonstration designation having expired September 30, 2025, the Department of Human Services is in the process of incorporating the CCBHC model into its

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State Plan Amendment (SPA). ***NJAMHAA recommends that New Jersey's certification process be opened up to all willing providers once the SPA is in place.***

3. 988 Crisis Continuum

A 40 cent per phone per month fee had been proposed for FY2026 to support New Jersey's 988 crisis continuum, but was taken out by the Legislature. The 988 continuum includes call centers, mobile outreach teams and, yet to be implemented, crisis stabilization centers. Additional operating funds for all of the crisis continuum components are needed if New Jerseyans are to continue to have someone to call, someone to come, and somewhere to go when they are experiencing a mental health or substance use crisis. If the 40 cent fee is not passed in this year's lame duck session, ***NJAMHAA urges the Sherrill Administration to put its full force behind its passage early in 2026, preferably with legislation that has the potential to move quickly and alternatively via language included in the proposed FY2027 budget.***

4. Reentry Services

Behavioral health services for individuals released from the criminal justice system must be timely and comprehensive. New Jersey sought to begin services prior to release under its latest 1115 Comprehensive Waiver application but was denied this authority as the proposal did not meet federal standards for pre-release services. The Centers for Medicare and Medicare (CMS) is open to further discussion but New Jersey has yet to pursue this option. ***NJAMHAA respectfully requests that the new Administration make pre-release and reentry services a priority of its Department of Human Services under the current 1115 Waiver and ensure that they are included in the 2028 renewal application that will begin to be prepared in 2026.***

5. Children's Mental Health Services

New Jersey's FY2025 budget included $30 million for "Mental Health Initiatives" within the Department of Children and Families (DCF). DCF submitted a spending plan for these funds to Governor Murphy which was never approved.

Instead, these funds were rolled over to FY2026, minus $1 million that went to a study of all children's services in the state across all Departments. That study is underway. The remaining $29 million has not been released. In the face of the current youth mental health crisis and workforce shortage it is critically important to have these funds distributed to improve and expand access to urgently needed children's mental health services. ***NJAMHAA recommends releasing these funds within the shortest time frame possible after Governor-elect Sherrill takes office as they are desperately needed to strengthen and expand critical youth mental health programs.***

6. Workforce

The capacity of community-based providers of mental health and substance use treatment and supports is limited by the workforce it employs, a workforce marked by unprecedented vacancies, high turnover and non-competitive wages. Recruitment and retention at community-based programs remain most difficult because providers simply cannot compete in the current labor market with government, education, insurance and retail sectors paying significantly higher wages.

During COVID some federal funds were used for behavioral healthcare recruitment and retention bonuses, but those expired in FY2024. In FY2023, New Jersey established a behavioral healthcare loan redemption program. The initial funding was $5 million. In FY 2025, the funding increased to $7 million, but was reduced to $3,825,000 for FY2026. ***NJAMHAA recommends addressing the behavioral healthcare workforce shortage with investments of $8 million for recruitment and retention bonuses and $8 million for the behavioral health loan redemption program.***

7. School Based Services

New Jersey's school-based programs, both the Statewide Student Support Services (NJ4S) hub and spoke model and the School Based Youth Services Programs (SBYSPs), are providing essential crisis, prevention, therapy and other services to students, school staff and communities across the State. Both SBYSPs, with their decades of success in the approximately 90 schools they are placed in, and NJ4S, having grown exponentially in all 21 counties since its implementation in 2023, have proven their programs to be invaluable to participating schools. ***NJAMHAA recommends maintaining the $43 million state funding for NJ4S and an increase of $3 million to the SBYSP budget line to close the gap between that program's wage scale and that of NJ4S.***

8. ARRIVE Program

New Jersey's Alternative Response to Reduce Instances of Violence and Escalation (ARRIVE) operates in all 21 counties, making New Jersey the first state to have a statewide law enforcement/ mental health professional response program. This program now has several models implemented. They include the initial format of pairing a State Trooper who is trained in crisis intervention with a certified mental health screener; a telehealth model where officers are equipped with iPads to provide virtual emergency care; and a follow-up model in which officers identify individuals who would benefit from a follow-up by a mental health professionals without law enforcement. All of the models contribute to successfully meeting the multi-faceted goals of the program: increasing safer outcomes (fewer arrests, uses of force and injuries); improving access to mental health resources; keeping individuals out of hospital emergency rooms; and improving community trust in law enforcement. ***NJAMHA recommends maintaining funding of $19,765,000 for the very important ARRIVE program which serves these critical purposes.***

9. Integrated Services

NJAMHAA urges the new Administration to prioritize finalizing the promulgation of recently introduced regulations from the Department of Health (8:43K) and Division of Mental Health and Addiction Services (DMHAS) (10:36) which are both in support of Integrated care, should this process not have concluded prior to the new session. The 8:43K proposed regulation establishes a single licensure process for mental health, substance use and primary care services. DMAHS' proposed rule updates program standards to further streamline provider integration of mental health and substance use clinics and partial care programs, as well as Intensive Outpatient (IOP) and Opioid Treatment Programs (OTPs). Such integration, once fully implemented, will improve outcomes and reduce administrative burdens. ***NJAMHAA recommends capital funding of $20 million for community-based providers to apply for support to meet the facility requirements of fully integrated sites, as well as upgrade their aging facilities, grounds and fleets.*** Such funding will maximize the benefits of an integrated care framework.

In Summary

New Jersey's behavioral healthcare programs have long been underfunded. At this time of ever-growing demand for mental health and substance use treatment and supports, it is critical that they be strengthened and expanded. New Jerseyans need and deserve timely access to appropriate, quality behavioral health services. NJAMHAA looks forward to working with the new administration on ensuring that New Jersey's children, youth and adults receive the care they need to thrive.