

October 6, 2022

The Honorable Joseph F. Vitale, Chair
Senate Health, Human Services and Senior Citizens Committee
569 Rahway Ave.
Woodbridge, NJ 07095

Testimony on S2668

Dear Chairman Vitale, Vice-Chair Madden and Members of the Senate Health, Human Services and Senior Citizens Committee:

On behalf of the New Jersey Association of Mental Health and Addiction Agencies (NJAMHAA) and its members, I thank you for this opportunity to provide testimony in regard to S2668 and offer my special thanks to Senator Greenstein for having introduced this bill. The need to index rates and contracts for contracted providers of mental health and substance use treatment and supports, as well as services to those with intellectual and developmental disabilities, is long overdue.

Pre-COVID, community based behavioral health providers were already facing significant difficulties with recruitment and retention of qualified staff since the wages that community-based programs could afford to pay fell far short of those found in state positions, educational organizations, telehealth companies, health maintenance organizations, private practices and elsewhere.

Despite the welcome and greatly appreciated recent investment of \$39 million in the FY2023 State budget for wage increases via both rates and contracts, community based providers still lag significantly behind other types of organizations regarding the salaries they can offer. Providers find that the paucity of qualified candidates who apply for their open positions overwhelmingly reject hiring offers once salaries are discussed.

Starting from the difficult fiscal position they were in prior to the 2016 transition to fee-for-service (FFS) reimbursement that brought many inadequate rates; service delivery components that were now non-billable, such as outreach and engagement; and other changes needed to meet Medicaid regulations, such as smaller group sizes, providers have been struggling to keep doors open and maintain capacity. At the time of the transition, NJAMHAA surveyed providers and estimated they faced a \$25 million deficit because of the shift to FFS, meaning they would receive that much less revenue for the same work. This gap has never been filled.

Following this long history of insufficient reimbursement, with no compensating for inflation, nor even for the subsequent and continuing minimum wage increases, COVID hit these front-line, lifesaving programs with additional costs and difficulties. While federal and state relief funds helped keep doors open for a time, programs are now facing skyrocketing wage demands.

Their workforce is depleted, having been impacted, as many industries were, by the Great Resignation, family demands, illness and even deaths, but, unlike most industries, they have little to no room to improve the salaries they can offer. While the \$39 million investment in FY2023 is greatly appreciated, we believe it barely covered the years of continuing minimum wage increases, for which no increases had been provided previously. In a February 2022 survey of NJAMHAA members, 27 organizations reported 1,063 vacancies; the workforce crisis has only worsened since.

Of course, rising health care costs have also affected the benefit packages community based providers can offer. In 2022, providers faced an average 20% increase in health care costs. After changes to their plans, including higher deductibles, higher employee contributions and even changing carriers, the final average of increased healthcare plan costs (among respondents to a NJAMHAA survey) was 12% which equals an average of \$242,406.

Presently, the behavioral health field continues to work toward providing more integrated, whole-person care that includes addressing the social determinants of health. This approach improves outcomes for the individuals served and the state's bottom line by diverting individuals from emergency rooms, hospitalizations, criminal justice involvement and homeless shelters. It is important to keep in mind that contracts for supportive and administrative services, whether information technology to support electronic health records and data-sharing, or transportation to ensure individuals can keep appointments, or legal services to assist with housing and other matters, are critical to the ability of providers to meet the best practice standards of comprehensive care. We believe these may be captured by the current language in the bill but suggest it might be made more clear that every type of contract with both referenced Divisions is covered.

We cannot overstate how critical it is to the sustainability of community based behavioral health services to ensure that rates (State and Medicaid) and contracts are indexed for inflation, after first seeing that all are brought to an adequate level.

In this time of increasing need, all New Jerseyans deserve to have quality, accessible behavioral health services available to them. Toward that end, we respectfully urge all members of the Committee to vote yes on S2668.

Sincerely,



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