



New Jersey Mental Health Coalition

Statement on Fee-For-Service (FFS) Transition in NJ

**Coalition of Mental
Health
Consumer
Organizations**

**Collaborative
Support
Programs of NJ**

**Community Health
Law Project**

**CMO Association for
Children**

Disability Rights NJ

**Mental Health
Association
in New Jersey**

NAMI New Jersey

**National Association
Of Social Workers—
NJ**

**NJ Association of
County Mental
Health
Administrators**

**NJ Association of
Mental Health and
Addiction Agencies**

**NJ Psychiatric
Rehabilitation
Association**

**Supportive Housing
Association of NJ**

To:

**Senate Budget Chairman, Paul Sarlo
Senate Budget Vice Chairman, Brian Stack
Senate Budget Committee Members
Assembly Budget Chairman, Gary Schaer
Assembly Vice Chairman, John Burzichelli
Assembly Budget Committee Members**

From:

New Jersey Mental Health Coalition

Date:

April 2017

Re:

Budget Request

The members of the NJ Mental Health Coalition are writing to you regarding our serious concern over a lack of funding for a safety net to support the transition to fee-for-service billing in behavioral health. The attached document provides background and our request for the FY 2018 budget, which is highlighted.

Thank you for your interest, shared concern and ongoing support.

Barbara Johnston, Chair

On behalf of the New Jersey Mental Health Coalition



New Jersey Mental Health Coalition

Statement on Fee-For-Service (FFS) Transition in New Jersey

The New Jersey Mental Health Coalition is a collaboration of eleven statewide mental health consumer, provider, and advocacy organizations concerned with New Jersey's public mental health system and the mental health needs of New Jersey citizens.

The Mental Health Coalition believes that in order for a successful transition to fee-for-service (FFS) to occur, certain requirements need to be in place. The Coalition understands the significant amount of training and preparedness that Division of Mental Health and Addiction Services has been engaged in with providers over many months. Given the enormity of the change in the way the system will operate, moving from a state funded contract to a FFS system, we request the following in our advocacy and communication as the system transitions.

- **Early Warning and Response Protocol**

A formal procedure is needed for agencies to communicate information to DMHAS in real time, and receive timely answers to critical questions.

- There is a steep learning curve to establishing proficiency in a FFS system. A structure is needed to identify agencies that are struggling during the transition so that reductions in service can be avoided and agencies can maintain the current levels of service. It is our understanding that the Division does not have a current mechanism to monitor revenue in the new FFS system. We believe it is critical to know which agencies are experiencing difficulty in billing or compliance with Medicaid, or if consumers are in any way prevented from continued access to services.

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- **Resources to Keep the System Whole and Avoid Additional Expense to the State Budget**

Coalition members believe that it is critical to have a safety net during the transition.

- Transitioning from a deficit-funded contract based system to a FFS system is a costly and complicated process that may take several years to perfect. This transition may require more resources than anticipated due to lower collection rates of Medicaid and unintended consequences despite all good intentions and forecasts. While a two month advance is appreciated, it is not sufficient to keep providers fiscally viable.
- When the NJ Children's System of Care implemented FFS, they provided a safety net of approximately two years of deficit funding. It took several years for the billing agencies to reach their target and currently Department of Children and Families (DCF) provides approximately 20% of each Care Management Organization's (CMO) budget in state dollars.
- New York State allows MH providers to keep those state and local aid funds for two years during the transition to Medicaid Home and Community Based Services reimbursement. Plus, they have made available start up, IT and infrastructure pots of money to aid those providers during the transition.
- High priorities in the adult mental health system include: funding to pay for non-reimbursable Medicaid expenses; short falls in revenue for non-Medicaid eligible consumers; adequate rates or incentives that keep peer positions integrated as part of the delivery system of care.
- Many providers continue to find several rates inadequate to cover their actual costs of providing services. These include rates for CSS, partial care, group therapy and, despite the welcome, recent increases, medication management for some providers. The providers that are still projecting deficits in these programs continue to anticipate service reductions and/or program closures.
- We are troubled that many consumers with very complex needs could fall through the cracks in the fee for service system. For example, unreimbursed consumer engagement services, a system that does not account for no-shows and the additional time needed to provide care to a hard to engage population, are all factors that discourage agencies to treat the more complex individuals needing services.
- The Center for Budget and Policy Priorities reports that in NJ, Medicaid expansion will produce net savings of \$353 Million this Fiscal Year, and \$355 Million next year. A portion of these dollars must be reinvested into DMHAS to provide a safety net for this transition.
- **We urge the Budget Committees to assure the funds in the FY18 budget to maintain a safety net of at least \$35 million should DMHAS' Fee for Service (FFS) Medicaid revenue projections not be realized. (The need could be greater; however, it cannot accurately be estimated without a statewide review of rates by an independent source.) The FY 2018 budget should contain language that facilitates the transfer of funds up to \$35 million between budget lines, in order to make agencies whole when deemed necessary.**

Access to transitional dollars ensures that the public system stays intact while providers work diligently to adhere to new state and Federal guidelines, and that consumers are protected from losing essential services. It protects the state from increases in emergency room use, and expenses related to high cost services that result from loss of community behavioral health services.

- **Technical Assistance**

Provision of critical, on-the-ground technical support is needed.

- As agencies work through this new landscape, the availability of timely technical assistance from DMHAS staff and consultants will keep agencies solvent and in compliance with Federal and state regulations. Areas such as managing rejected claims, incorporating co-pays for persons with insurance, building capacity in billing expertise, learning the various forms and reports required by Medicaid and more are required. We call upon the Division to have adequate support staff to provide technical assistance in all of these areas.
- Those most affected by the move to FFS, mental health consumers and their family members, must be informed about upcoming changes and how they will be affected. Communication materials need to be developed and distributed, along with in-person training forums across the state.

- **Evaluation and Oversight**

While each organization is individually accountable for delivery of quality services, it is imperative that we understand how this transition to FFS will directly impact consumers.

- Both short term and long term evaluations are needed to identify successes, glitches, best practices and unmet needs of the new system.

The public mental health system is a vital and central part of NJ's Human Services System. The Administration has always spoken of maintenance of effort as we move into the new marketplace we call fee for service. In order to keep the system at its current level of performance and as anticipated by the Department of Human Services, our requests are imperative to effective system transition. We look forward to continuing to work in partnership with all parties to address on these critical issues.

New Jersey Mental Health Coalition		
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