



State of New Jersey
DEPARTMENT OF HUMAN SERVICES
PO Box 700
TRENTON, NJ 08625-0700

CHRIS CHRISTIE
GOVERNOR

KIM GUADAGNO
Lt. Governor

ELIZABETH CONNOLLY
ACTING COMMISSIONER

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Dear Providers:

I want to begin by thanking everyone for their patience during the review of the five rates for which we received the most feedback. Staff has heard your concerns and in collaboration with many of you, we've been working diligently to construct rates that support providers in a way that will advance wellness and recovery in our state's system of care. Today, I'm happy to share the final rates and to address recent concerns that some providers have shared regarding how the rate increases are funded.

First, I want to talk about the process. New Jersey is fortunate to have an administration that wants to invest in behavioral health services because we see first-hand how mental illness and addiction disorder can impact families. For this reason, since 2012, we have pursued steps to transform the system in a way that serves consumers most effectively and efficiently.

The rate increase progression shows the thoughtful, balanced, interactive and flexible approach we have undertaken. Preliminary rates were received from an actuarial firm. However, our research suggested a need to make revisions to those rates to better reflect the provider experience. An incredible amount of time subsequently was spent in stakeholder meetings and in gathering data, prior to the release of the new rates in February. Some rates were adjusted immediately based on provider feedback and, over the past four months, there has been ongoing discussion on five rates, in particular. Of the 100 rates that were created or adjusted this year, only five areas - with nine rates - needed re-consideration. This is an accomplishment that deserves acknowledgement.

Regarding the budget, some providers have shared concerns about the \$20M state investment. Some may believe that this investment was the result of simply moving funds from one area of the budget to another. This belief simply is not true. The \$20M investment was made independent of and unrelated to the Community Care Appropriations and the State Aid Payment to county psychiatric hospitals. In fact, the reduction to the Community Care appropriation is a reflection of the state's ability to capture a Medicaid match on CSS services, while the reduction of the State Aid payment to

county hospitals is due to year-by-year fluctuation of payments, and audited financials from previous years.

There also has been some confusion that while still in a cost reimbursement contract, before transitioning to FFS, providers must adhere to the contract requirements. The Department has accommodated providers' requests to choose a transition date of January 1, 2017 or July 1, 2017. During that time, providers will be either under contract or FFS. There is no hybrid model.

Below are the final rates, by category:

Co-occurring rate (MH & Addictions)

Service	Current Medicaid Rate*	Initial Medicaid Rate	New Medicaid Rate
SUD Partial Care	\$83.80	\$75.52	\$78.31
SUD Intensive Outpatient	\$71.00	\$105.58	\$109.48
Methadone, <i>weekly bundle</i>	**	\$84.38	\$91.15
Buprenorphine, <i>weekly bundle</i>	**	\$180.62	\$189.71

**currently the rates are not a co-occurring rate.*

***currently Methadone and Buprenorphine are not bundled rates, providers must bill each service provided as separate and distinct services. It was in response to the advocacy from the NJ Association for the Treatment of Opioid Dependence that DHS struck a bundled rate.*

PACT State Rate, monthly

Current Medicaid Rate \$1,377.00

Initial Rate \$1,339.03

New Rate \$1,487.81

Medication management (E/M)

These rates are assigned to Evaluation and Management (E/M) codes. E/M codes are used by all specialty practitioners and not just psychiatrists (for example, an oncologist would use this code with his or her patients). Consequently, if these codes are increased it has greater implications for the state beyond the behavioral health services.

CSS peer rate

Upon re-analysis, the new DMHAS rate was found to be 115% of the mean and median rate found in the provider community. Accordingly, if peer providers spend a minimum of 50% of their time in the provision of direct face-to-face services to consumers, their reimbursement rate will cover the salary of two peers.

The rate for services provided by an individual who has a licensed, clinical credential was initially proposed to be \$31.42, the same as the rate for services provided by an individual who has a master's degree but does not have a licensed, clinical credential. In recognizing that in order to recruit and retain licensed, clinical staff, a higher salary would need to be paid to these practitioners. We raised the rate of the licensed, clinical staff person to \$35.85.

Psychiatric Evaluation

Even though this rate is at 100% of the Medicare rate, it does not accurately reflect the cost of a psychiatrist or APN. There are two Psychiatric Evaluation Rates:

Psychiatric evaluation without medical services - is performed by a licensed clinical social worker or psychologist, someone who cannot prescribe medication. The current Medicaid rate for this service is \$68.09 and a new rate of \$140.24 was established. This rate for services without medical services will increase to \$157.94.

Psychiatric evaluation with medical services - is performed by a psychiatrist or an advance practice nurse. The current Medicaid rate for this service is \$75.69 and the initial new rate was \$157.94. Based on feedback from those who provided us data, we are establishing the new rate at \$325. Because this rate includes "medical services," if, for example, a provider bills the 60 minute E/M rate at \$115.60 the total reimbursement for the service will be \$325 plus \$115.60 or \$440.60.

Service	Current Medicaid Rate	Initial New Medicaid Rate	Proposed New Medicaid Rate
Psychiatric Evaluation, without medical services	\$68.09	\$140.24	\$157.94
Psychiatric Evaluation, with medical services*	\$75.69	\$157.94	\$325.00

**This rate may be billed in conjunction with the Evaluation and Management (E/M) rate as appropriate.*

Again, thank you, to so many of you, whose agencies provided data and who worked in constructive ways to advance this very complex process. We look forward to continuing our support of all providers during this transition.

Elizabeth Connolly
Acting Commissioner