



# NEW JERSEY DEPARTMENT OF HUMAN SERVICES

---

**Quarterly Provider Meeting**

**FY24 Budget Highlights**  
March 9, 2023

PRESENTER:

**Morris Friedmann, CFO**

**Division of Mental Health and Addiction Services**



# FY24 Growth Items

## Growth Items: Community Care

- Increased Wage Rates for Community Providers - \$27 million (includes roughly \$6 million appropriated directly to Medicaid)
  - DMHAS funding allocated across Mental Health and Substance Use Disorder appropriations.
  - Similar to FY23, DMHAS will have additional funding to increase Fee for Service Rates and cost reimbursement contracts. In addition, Medicaid rates for behavioral health services will be increased. *Note: Additional \$10.5 million federal impact estimated (in Medicaid) results in gross increase of \$37 million.*
    - ✓ **Aim is to support community providers so that they can meet pressures of wage inflation and attract/retain key staff.**



# FY24 Growth Items

- **Support of Patients in County Psychiatric Hospitals (State Aid) - \$13 million**

- Additional funding needed due to higher per diem rates in CY23 (for first half of SFY24) and anticipated in CY24 (second half of SFY24)
- Funding for the 4 County hospitals: Bergen, Essex, Hudson, Union.



- **New FY24 Olmstead Placements - \$2.7 million State General Fund; \$800K Federal Medicaid for gross investment of \$3.5 million.**

- Provides funding for new community-based supportive housing placements.
- Continues Division's investment in integrated community-based living for clients discharged from psychiatric hospitals and nursing facilities, and those at risk of hospitalization, consistent with the US Supreme Court's Olmstead decision.

- **Mental Health Professionals Capacity Expansion Initiatives - \$120K**

- Fully funds costs for 4 Child and Adolescent Psychiatry Fellowships. The Legislature added \$800K to the DMHAS Budget for this in FY23. Fully funding the costs for these fellows will ensure slot availability and ultimately, enhanced capacity to serve youth suffering from mental illness.

# FY24 Growth Items

- **Other Mental Health Initiatives**

- Tigger House Foundation - Mental Health Programs - \$50K
- Preferred Behavioral Health Group - Prevention First Program - \$50K
- New Beginnings at Camp Cedar Knolls - \$100K
- Mental Health Association of New Jersey - \$150K
- ***More information to will be forthcoming on the above and DMHAS will work to implement contracts as soon as possible.***

- **Substance Use Disorder:**

- Partnership for a Drug Free New Jersey - \$ 1 million
  - ✓ **There is no net impact to services.** This General Fund growth is provided to replace resources that had been appropriated from the Drug Enforcement and Demand Reduction (DEDR) Fund.

# FY24 Reduction Items

- **Mental Health Fee for Service Safety Net – (\$500k)**
  - \$500K Safety Net appropriation has been in place for a few years to provide additional support to providers who demonstrate reductions in State funding compared to their last cost-based contracts.
  - Since the \$500K has had to be allocated to providers (only those who submit required information), the impact to any one agency, while beneficial, is generally not so significant.
  - ***\$27 million increases in Fee for Service Rates and cost-based contracts in each of SFY23 and projected for SFY24 have significant, across-the-board, impacts on community-based services; these will more than offset the reductions from the elimination of this appropriation.***

# Other Budget Highlights/Notes

- All other DMHAS line items remain the same/continue in SFY24.
  - Includes a projected **new** cohort of 20 psychiatric residents whose placements will be funded for 4 years with FY24 funding.
- Federal funding will continue to be available as per the terms of federal grants, principally from the Substance Abuse and Mental Health Administration (SAMHSA). This includes COVID-19 related grants that were awarded in 2020/2021 that expire in 2024 and 2025.
- DMHAS will continue to monitor its spending plan and fund initiatives from its available base resources as appropriate and as resources are available.
  - May include increases in housing subsidies to keep up with potential increases in Fair Market Rents (FMR's) set by the Department of Community Affairs (DCA).
- Budget will reflect the transfer of the Behavioral Rate Increase account (\$24 million) to Medicaid; however, there is **no overall net impact on available resources**. Currently, the Division transfers these funds to Medicaid to provide the State General Fund resources estimated to be needed due to increases behavioral health service rates. Going forward, the Division will not have to transfer these funds since the appropriation has been shifted.

# Additional Resources

- **The Department of Human Services will be making \$100 million in new one-time investments in home and community-based services, including major investments in workforce development. This includes the below initiatives impacting DMHAS and its community partners:**
  - Nearly \$20 million for loan redemption and similar programs for community-based care workers in fields such as behavioral health care, private duty nursing, applied behavioral analysis, and substance use disorder treatment.
  - Up to \$60 million for recruitment and retention bonuses for the workforce that serves individuals with intellectual and developmental disabilities, mental health conditions, and substance use disorder.
  - Certification and training programs for certified recovery support practitioners, staff working in the community to support individuals with intellectual and developmental disabilities, and certified community health workers in apprenticeships.
  - More than \$13 million to develop housing options for individuals residing in nursing facilities and institutional settings who could be supported in the community and wish to transition to less restrictive settings. This initiative will be primarily focused on individuals under the age of 65 with mental illness and/or intellectual and developmental disabilities.

# Appropriations Act Pending

- *As always, the Division's SFY24 Budget is subject to additional changes that may be reflected in the final Appropriations Act that is expected to be signed before July 1, 2023. Budget hearings will commence shortly.*

# Questions?