



State of New Jersey

DEPARTMENT OF HUMAN SERVICES
DIVISION OF MENTAL HEALTH AND ADDICTION SERVICES
222 SOUTH WARREN STREET
PO BOX 700
TRENTON, NJ 08625-0700

CHRIS CHRISTIE
Governor

ELIZABETH CONNOLLY
Acting Commissioner

KIM GUADAGNO
Lt. Governor

VALERIE L. MIELKE, MSW
Assistant Commissioner

April 5, 2017

Dear MH Provider:

Since publicly introducing behavioral health rates increases in February and March of 2016, there has been continued dialogue among stakeholders and leadership at the Department of Human Services (DHS) and the Division of Mental Health and Addiction Services (DMHAS). This open communication has been and continues to be instrumental to the planning and continued success of the transition to a fee for service payment methodology. Together with providers' responses to Division surveys, the feedback has informed state staff about providers' concerns with specific program elements.

As a result, DMHAS has identified commonalities among outpatient service providers that report experiencing projected deficits despite increased rates for Psychiatric Evaluations with Medical Service and proposed rate increases for the four (4) Evaluation and Management codes applicable to existing patients/consumers. Two identified items were related to rates assumptions and the remaining items were related to provider business practices.

First, providers reporting projected deficits have either 35 or 37.5 hour work weeks, while rates were based upon a 40 hour work week. Productivity rates among these providers - time spent providing billable units of service - are below sixty-five (65%) percent rate. Cancelled appointments and no-show appointments by consumers occur in all healthcare settings. Missed appointments present an opportunity for providers to adjust business practices to repurpose that billable time. For example, more flexible scheduling of intake appointments can mitigate the costs of missed appointments. Some providers are using the centralized scheduling feature of the electronic health record to schedule an intake in the place of a cancelled appointment or for an appointment that is not kept.

Additionally, these outpatient programs also seemed to have higher administrative costs attributed solely to their outpatient cost centers, when it would be more accurate and appropriate to apportion those shared costs across related cost centers, like a centralized access center, for example.

Further, a certain level of administrative support is needed to sustain day-to-day business functions; however, another shared characteristic identified was a disproportionate number of administrative support staff (non-billable hours) employed as compared to the number clinical staff (billable hours) employed.

The intent of sharing what has been learned over the past year is to assist providers in understanding and addressing these areas in order that they may successfully adjust their standard operating practices to achieve greater fiscal sustainability.

The DMHAS will continue to be available to assist providers during this transition. The Division's commitment to ensure that consumers receive the right service(s) at the right time from the right provider remains unwavering. The Division's commitment to the provider community also remains steadfast, as we are dependent upon one another for the success of this transition.

Sincerely,



Valerie L. Mielke, MSW
Assistant Commissioner

VLM:pjt