



State of New Jersey
DEPARTMENT OF HUMAN SERVICES
DIVISION OF ADDICTION SERVICES
PO Box 362
TRENTON NJ 08625-0362

JON S. CORZINE
Governor

JENNIFER VELEZ
Commissioner

RAQUEL MAZON JEFFERS
Director

January 26, 2009

Dear Provider:

I am writing to announce the enclosed Division of Addiction Services' (DAS) Hybrid Contract Policy.

The Hybrid Contract Policy has been developed to ensure the responsible use of limited public funds available for substance abuse treatment to maximize service availability. The Hybrid Contract Policy addresses the management of slot utilization at individual treatment agencies contracted by DAS, and affords agencies with a documented history of underutilization with an opportunity to successfully rectify problems of underutilization and maintain their level of contract funding. Should any particular agency have difficulty bringing their utilization up to the contracted level, this policy allows DAS to redirect the resources to best ensure the maximum level of client services.

The Hybrid Contract Policy is effective immediately for any agency that has already been placed on Hybrid status.

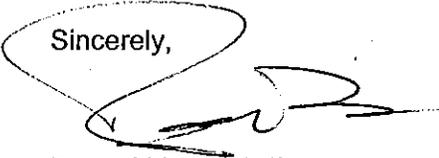
The policy applies to utilization in the DAS treatment contracts which are funded in a slot format. It does not apply to fee-for-service Letters of Agreement.

DAS is aware of your sincere dedication to provide excellent care to as many clients as possible. We are looking forward to a continued working relationship with you and your agency to provide quality care to as many substance abusers in New Jersey as possible. I am hopeful that the Hybrid Contract Policy will be received in the same light for which it was developed by DAS; that is, as an essential management instrument that identifies and provides sufficient advance notice of utilization deficiencies, thereby permitting agencies to address the areas of concern by instituting appropriate corrective measures.

As this policy impacts the areas of both utilization and fiscal, any questions you have may regarding contracts should be directed to Jose Gonzalez, DAS Assistant Director for Contract Operations and any questions you may have regarding client rosters/utilization should be directed to Kathy Goat-Delgado, Manager for the Contract Monitoring. Mr. Gonzalez may be reached at 609-984-6961 and Ms. Goat-Delgado may be reached at 609-292-0563.

Thank you for your attention to this matter.

Sincerely,



Raquel Mazon Jeffers
Director

**Department of Human Services
Division of Addiction Services
Administrative Services**

External Policy

Policy Number: AS012009

**SUBJECT: CRITERIA TO DETERMINE DESIGNATION AND HANDLING OF
HYBRID CONTRACTS**

I. PURPOSE

The purpose of this administrative bulletin is to establish procedures to designate a service or services within an Agency as a Hybrid Contract and to outline how such contracts will be evaluated and disposed of.

II. SCOPE

This policy shall be applicable to all components which contract with the Division of Addiction Services (DAS) for the purpose of providing substance abuse prevention and treatment services.

III. DEFINITIONS

In addition to the terms defined in the Glossary of the Department of Human Services (DHS) Contract Policy and Information Manual (CPIM), and the DHS Contract Reimbursement Manual (CRM), the policies referred to herein and the following terms, shall have these meanings:

Advance Payment means the contract payment methodology where the ceiling amount is prorated over the number of desired payment intervals in the contract term to determine the installment payment amount.

CPIM means the DHS Contract Policy and Information Manual describing provider payments and reimbursement criteria.

CRM means the DHS Contract Reimbursement Manual describing third party contacting policy.

DHS means the Department of Human Services.

DAS means the Division of Addiction Services.

Fee-For-Service (FFS) means payment methodology where a set fee is provided for each service unit delivered through a DAS Network Agreement with provider agencies, and/or a Letter of Agreement capping the payable amount.

Hybrid Contract means placing a portion of an Agency contract on a unit cost reimbursement method of payment, without altering the total value of the contract or the number of slots the Division has committed to reimbursing.

Performance means maintaining the standards and requirements as set forth in the contract's Annex A.

Plan of Correction means the set of actions developed by the agency in response to deficiencies identified by DAS.

Terms and Conditions means the rules and regulations as described in the DHS CPIM, the DHS CRM and the DHS Standard Language Document.

Unit Cost Reimbursement Method of Payment means the submission of an expenditure report and State of New Jersey payment voucher in order for a provider to be reimbursed for services provided on a unit cost basis only. Settlement is generally made at the end of the contract period based on utilization.

IV. POLICY

- A. The designation of Hybrid shall apply when DAS, based on Agency data submitted to DAS, determines that an Agency has not met the service utilization level for which it has contracted.
1. An Agency that has not met its service utilization level for at least **3 consecutive months or otherwise demonstrate a pervasive pattern of underutilization** will receive written notification from DAS that it will be placed on a Hybrid contract for the next 6 months.
 - a. The period of underutilization shall not be limited to the current contract, and may include consecutive periods prior to the current contract.
 2. Placement into Hybrid status alters the payment arrangement for those slots to a unit cost reimbursement method of payment but does not change the contract ceiling or the level of service being purchased from the Agency.
 3. Placement into a Hybrid status is a conditional form of contracting where the provider must achieve the contracted level of service.
 4. The Hybrid arrangement cannot last more than 8 months, and is not intended to be a long-term arrangement.
 5. An Agency which has a service or services designated as unit cost reimbursement shall:

- a. Be notified by certified mail to the Executive Director that it is being placed on Hybrid based on a determination of underutilization;
 - b. Have its contract modified to be effective no later than 60 days from the beginning of the next month after Hybrid status is determined to be applicable to reflect the designation of certain slots as unit cost reimbursement.
6. Payment and recoupment shall be based on the assumption that all slots must be filled before FFS is billed and payable unless otherwise specified in the notification letter, or other applicable policy.
7. The placement of a service or services into Hybrid status is independent of any other action by DAS such as a Request for Proposal, or POC for other reasons.
- B. It is the responsibility of the Agency to demonstrate compliance during each month it is on Hybrid status and at the end of the six-month period by submitting accurate reports for the entire service area (modality) across all funded services.
- C. DAS shall have up to 60 calendar days from the date of receipt of the month six utilization information to render and implement its decision, or to advise the Agency in writing that an extension of the Hybrid status is required.
- D. At the end of the six month period, DAS shall notify the Agency to advise them that their contract is being modified in as follows:
 1. Return all unit cost reimbursement slots to advance pay status;
 2. Eliminate all underutilized slots, redirecting these slots as DAS deems advisable
 - a. While DAS shall consider maintaining the slots within the same service, it may, based on its assessment, determine that other priorities may exist and dedicate the funds realized to other priorities with the written approval of the DHS Deputy Commissioner or designee.
- E. Renewals of contracts containing Hybrid payment status which are in the 60-day evaluation period shall be processed as Hybrid contracts until DAS has determined final status.
- F. This policy does not abrogate the rights of the Division under the Standard Language Document or any Terms of the Contract. DAS may convert services in whole or part into a Fee-For-Service network, at any time, regardless of utilization.
- G. An Agency shall have 100% of its unit cost reimbursement returned to Advance Payment contracted slots if:
 1. It reaches 95% LOS (combined slot and unit cost reimbursement) by month 5.

2. All actions must be in writing to the Agency.

V. UTILIZATION COMPLIANCE REVIEW MECHANISMS:

- A. As part of its customary and established contract monitoring process, DAS periodically reviews Agency's utilization patterns to ensure contract compliance. An Agency may be determined to be in non-compliance with its contract service utilization requirements through any of the following utilization compliance review mechanisms:
1. Review of monthly rosters submitted by the Agency,
 2. Review of Agency data input on NJ-SAMS,
 3. Site visit report by DAS Monitoring Unit,
 4. DAS internal reviews,
 5. Contract Coordinating Meeting, and
 6. Other information as presented or available to DAS.
- B. Services which have 10 or fewer slots with underutilization may be moved to 100% unit cost reimbursement at the option of the Division of Addiction Services.
- C. Any services with 5 or fewer slots with underutilization will be placed 100% unit cost reimbursement.

VI. UTILIZATION METHODOLOGY

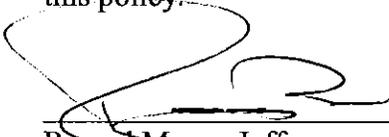
- A. DAS uses a uniform methodology to calculate actual utilization of contracted treatment slots for each modality that includes a) the number of clients served, b) the number of service days provided, and c) the number of face-to-face client contacts expected at each modality/ASAM level of care to ensure that all services rendered are accounted for. This methodology is applied to NJSAMS data as well as hard copy rosters.
- B. The formula for each modality/level of care is as follows:
1. **Outpatient Psycho/social (ASAM PPC 2 Level I care)** – clients receiving this level of care are required at a minimum to have 4 face-to face contacts a month, or 4 days of service.
 - a. If a client appears as active in NJSAMS and on hard copy rosters for the entire month, the Agency is credited with 4 days of service for that slot, or full utilization of the slot for the month. If a client appears as active in NJSAMS

and on hard copy rosters for part of the month, the Agency is credited with one day of service for each full or partial week that the client is in treatment.

- b. Full utilization of the slot is realized for each 4 face-to face contacts or days of service each month.
2. **Partial Care (ASAM PPC 2 Level II.5 care)** – clients receiving this level of care are required at a minimum to have 20 face-to face contacts a month, or 20 days of service.
 - a. If a client appears as active in NJSAMS and on hard copy rosters for the entire month, the Agency is credited with 20 days of service for that slot, or full utilization of the slot for the month. If a client appears as active in NJSAMS and on hard copy rosters for part of the month, the Agency is credited with one day of service for each full or partial week that the client is in treatment.
 - b. Full utilization of the slot is realized for each 20 face-to face contacts or days of service each month.
3. **Intensive Outpatient and Methadone Intensive Outpatient (ASAM PPC 2 Level II.1 care)** – clients receiving this level of care are required at a minimum to have 13 face-to face contacts a month, or 13 days of service.
 - a. If a client appears as active in NJSAMS and on hard copy rosters for the entire month, the Agency is credited with 13 days of service for that slot, or full utilization of the slot for the month. If a client appears as active in NJSAMS and on hard copy rosters for part of the month, the Agency is credited with one day of service for each full or partial week that the client is in treatment.
 - b. Full utilization of the slot is realized for each 13 face-to face contacts or days of service each month.
4. **Methadone Maintenance (ASAM PPC 2 Level OMT)** – clients receiving this level of care are required at a minimum to have 26 face-to face contacts a month, or 26 days of service. It is understood that clients in higher phases of care may have fewer face-to-face contacts, however, they are still credited for the same number of service days as they are presumed to be actively on the clinic roster.
 - a. If a client appears as active in NJSAMS and on hard copy rosters for the entire month, the Agency is credited with 26 days of service for that slot, or full utilization of the slot for the month. If a client appears as active in NJSAMS and on hard copy rosters for part of the month, the Agency is credited with one day of service for each full or partial week that the client is in treatment.
 - b. Full utilization of the slot is realized for each 26 face-to face contacts or days of service each month.

5. **Residential Care: Long-term Residential (ASAM PPC 2 Level III.5 care); Short-term Residential (ASAM PPC 2 Level III.7 care); Halfway House (ASAM PPC 2 Level III.1 care); Sub-acute Residential Detox (ASAM PPC 2 Level III.7D care)** – clients receiving this level of care are required at a minimum to have 30 or 31 face-to face contacts a month, or 30 or 31 days of service.
- a. If a client appears as active in NJSAMS and on hard copy rosters for the entire month, the Agency is credited with 30 or 31 days of service for that slot, or full utilization of the slot for the month. If a client appears as active in NJSAMS and on hard copy rosters for part of the month, the Agency is credited with one day of service for each full or partial week that the client is in treatment.
 - b. Full utilization of the slot is realized for each 30 or 31 face-to-face contacts or days of service each month.

VII. This policy is effective as of the date of signature; however, Agencies which have been in Hybrid status for 6 months prior to the effective date shall be immediately subject to action under this policy.



Raquel Mazon Jeffers
Director, Division of Addiction Services

1/26/09

Date