LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE COMMITTEE SUBSTITUTE FOR SENATE, No. 311

STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JUNE 14, 2022

SUMMARY

Synopsis: Establishes Statewide behavioral health crisis system of care.

Type of Impact: Annual increases in State and local expenditures and revenue.

Agencies Affected: Department of Human Services; Department of Children and Families; local governments.

Office of Legislative Services Estimate

Fiscal Impact	**Annual**
State Expenditure Increase	Indeterminate
State Revenue Increase	Indeterminate
Local Expenditure Increase	Indeterminate
Local Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) estimates that the Department of Human Services (DHS) will incur an indeterminate amount of additional annual expenditures to establish a Statewide behavioral health crisis system of care, which includes contracting with crisis hotline centers and establishing a Statewide mobile behavioral health crisis response system. The Department of Children and Families (DCF) will also incur an indeterminate amount of costs to manage an increased number of cases for referrals made to the department's Children's System of Care (CSOC).

- Expenditures under the bill could be offset to a certain extent by an increase in annual State revenues. The bill requires the DHS to seek out and apply for all federal aid that could be utilized to support the behavioral health crisis system of care, including federal Medicaid funds. The bill also requires that a study be conducted to determine the amount of resources that would be needed to support the system, including whether the implementation of a fee is necessary to support the hotline system.

- To the extent that a local government does not currently operate a mobile response team system or that the bill increases the amount of services provided by a local government's existing mobile response team system, local government expenditures will increase by annual indeterminate amounts for the operations of the community-based mobile crisis response teams. The bill mandates that health insurers in the State provide comprehensive coverage for behavioral health crisis intervention services.

- The reimbursements paid to local governments by the health insurers for providing these services will represent a revenue increase for these governmental units. A portion of this revenue will be provided by the State through existing coverage requirements under the State Health Benefits Program (SHBP), the School Employees' Health Benefits Program (SEHBP), and Medicaid. To the extent the bill increases access to mobile behavioral health crisis response services and other behavioral health services, the State will experience increased costs through the SHBP, SEHBP, and Medicaid. Any increased State costs under Medicaid would also result in an increase in federal Medicaid matching funds to the State.

- The OLS assumes that insurance reimbursements for services from health insurers will not be sufficient to support a Statewide network of mobile crisis response teams. Therefore, the OLS concludes that local governments will require additional revenue streams, which may be provided from local, federal, and State sources, to support the operational expenses of mobile crisis teams, particularly in regard to start-up costs involving training and infrastructure which are often not billable to Medicaid, and rarely to private insurance, because they do not define them as services.

BILL DESCRIPTION

This bill requires the DHS to establish a comprehensive Statewide behavioral health crisis system of care, including implementation of a new 9-8-8 behavioral health crisis hotline, the development of an informational campaign to promote awareness of the hotline, and the establishment of community-based mobile crisis response teams to provide services specific to individuals experiencing a behavioral health crisis. The bill also directs the DHS, in consultation with other State entities, to study and prepare a report, no later than April 1, 2023: 1) detailing the resources necessary to make the 9-8-8 suicide prevention and behavioral health crisis hotline available, operational, and effective Statewide; and 2) assessing if the implementation of a fee, as permitted pursuant federal law, is necessary to support the hotline. The bill requires the DHS to seek out and apply for all sources of federal funding as may be available to support the Statewide behavioral health crisis system of care.

The department is required to conduct a public solicitation and procurement process to contract for the services of one or more crisis hotline centers to provide crisis intervention services and crisis care coordination, 24 hours per day, seven days per week, to individuals accessing the suicide prevention and behavioral health crisis hotline. Contracted crisis hotline centers will be responsible for receiving 9-8-8 calls and providing crisis intervention services to these callers. Moreover, if the caller has children and the center deems it appropriate, the center will be responsible for making a referral to the Children's System of Care in the DCF.

The DHS is required to collaborate with: 1) other State executive branch departments and agencies to ensure full communication, information sharing, and coordination among crisis and emergency response systems throughout the State for the purpose of ensuring real-time crisis care coordination; and 2) appropriate behavioral health care providers in the State to ensure the

coordination of service linkages with contracted hotline centers and mobile crisis response teams and the provision of appropriate crisis stabilization services and follow-up services.

The DHS is required to establish a comprehensive Statewide mobile behavioral health crisis response system that is: 1) capable of providing behavioral health crisis response services throughout the State 24 hours per day, seven days per week; 2) respond to behavioral health crisis dispatch requests using mobile crisis response teams and other appropriate resources and services; 3) provide behavioral health crisis stabilization services, such as referrals; and 4) provide follow-up services for people who contact a crisis response center.

The bill requires that all health benefits plan carriers will be required to provide comprehensive coverage for behavioral health crisis intervention services provided under the bill under the same terms and conditions as are provided for any other sickness under the plan, and to comply with applicable federal laws concerning parity in behavioral health coverage.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the DHS will incur an indeterminate amount of additional annual expenditures to establish a Statewide behavioral health crisis system of care, which includes contracting with crisis hotline centers and establishing a Statewide mobile behavioral health crisis response system. Moreover, the DCF will experience an increase in costs to manage a larger number of cases for referrals made to the department's CSOC, as required under the bill, if deemed appropriate by the hotline center. CSOC is the State's single, comprehensive system of behavioral health services for children, youth, and young adults with emotional and behavioral health care challenges, substance abuse challenges, and intellectual and developmental disabilities.

The following provisions of the bill will result in the majority of the DHS expenditures: contracting with one or more crisis hotline centers; expansion of existing center infrastructure and capacity to comply with the provisions of the bill; and support of the mobile crisis response teams to facilitate the response to dispatch requests from the crisis hotline centers. Other more marginal costs under the bill include: the provision of regulations outlining the qualifications and training for mobile crisis response team staff, as well as the composition, operation protocols, and equipment and vehicle requirements of mobile crisis response teams; the development of an informational campaign regarding the 9-8-8 hotline; reporting requirements imposed upon the department, crisis hotline centers, and mobile crisis response teams; the organization of public hearings; and collaborating with other State entities and behavioral health care providers to implement the provisions of the bill.

Expenditures under the bill could be offset to a certain extent by an increase in annual State revenues. The bill requires the DHS to seek out and apply for all federal aid that could be utilized to support the behavioral health crisis system of care, including federal Medicaid funds. The bill also requires that a study be conducted to determine the amount of resources that would be needed to support the system, including whether the implementation of a fee is necessary to support the hotline system.

Crisis Hotline Centers

This OLS is unable to determine the amount of funds needed to sufficiently support the operations of the contracted crisis hotline centers. Currently, there are five crisis hotline centers in the State operated by the following entities: National Health Association of New Jersey; Caring Contact; Rutgers University Behavioral Health Care; CONTACT of Mercer County; and CONTACT of Burlington County. These centers are a part of the larger federal network known as the Suicide Prevention Lifeline network. The OLS assumes that the State will likely contract with these existing centers, and possibly others, to operate the 9-8-8 hotline.

The OLS notes that the State will receive enhanced federal FY 2022 funding for the Suicide Prevention Lifeline network. Total available funding across all states for federal FY 2022 includes: $177 million to strengthen and expand the existing Lifeline network operations and telephone infrastructure; and $105 million to build up staffing across states' local crisis call centers. This marks a year-over-year increase of $258 million from federal FY 2021 level of $24 million. These funds will largely be provided to states via a grant process administered by Vibrant Emotional Health, the entity that administers the Suicide Prevention Lifeline network under a cooperative agreement with the United States Department of Health and Human Services.

Under the bill, the State will incur costs to support a variety of functions in the new 9-8-8 system, including: 1) the development and implementation of formalized referral and follow up services, as required under the bill and not currently implemented at State call centers; and 2) the availability of response services 24 hours per day, seven days per week, which is a provision that is unmet by the existing call centers. For example, during the last quarter of 2021, 586 of the 11,610 in State calls, or five percent, were answered out-of-State due to no availability at the in-State call centers. In addition, projections indicate that the new 9-8-8 system will increase call volume to crisis centers as it diverts calls from the 9-1-1 system and generally will reach a larger population through new sources of contact, such as texting and online chat options.

As a result, the OLS concludes that the department will require both federal and State funds to expand capacity of the Suicide Prevention Lifeline in the State, both by increasing staffing levels and potentially the number of centers operating in the State, as well as to upgrade each center's technological supports to meet the demands and new requirements of the system. The OLS notes that the Governor's FY 2023 Budget Recommendation proposes a $12.8 million appropriation for the implementation of the new 9-8-8 National Suicide hotline

Mobile Crisis Response Teams

Under the bill, mobile crisis response teams are to be community based and may include emergency medical technicians, other health care providers, and law enforcement personnel. Local governments will incur indeterminate annual costs under the bill to the extent they do not currently operate a mobile crisis response team system or that the bill increases services provided by a local government's existing mobile crisis response team system.

For context regarding potential local government costs, the Department of Children and Families contracts with community agencies to provide Statewide Mobile Response and Stabilization Services to children in the State. These services provide face-to-face crisis intervention within one hour of notification and operates 24-hours a day, 7-days a week. In FY 2023, the Executive anticipates that this system would cost $59.1 million to operate. These funds are to support approximately 29,245 dispatches, or $2,022 per dispatch.

By contrast, in 2020, according to the Suicide Prevention Resource Center, approximately 41,922 calls were made to crisis hotline centers within the State. Assuming a 15 percent increase in call volume under the 9-8-8 hotline results in 48,210 calls annually. Data from the crisis system in Tucson, Arizona indicates that 20 percent of crisis line calls required the dispatch of a mobile response team. Assuming the same rate of dispatch for the above 48,210 calls, and that each

dispatch cost $2,022 as it does for the DCF, the total annual cost for local governments would be $19.5 million. The OLS notes that this illustration only reflects costs for services, and does not include start-up costs incurred under the bill to establish and train mobile crisis response teams.

The bill mandates that health insurers in the State provide comprehensive coverage for behavioral health crisis intervention services. The reimbursements paid to local governments for providing these services will represent a revenue increase for these governmental units. It is noted that a portion of the financial support provided to the local governments under the bill's insurance mandate will be provided by the State through existing coverage requirements under the SHBP, the SEHBP, and Medicaid. To the extent the bill increases access to mobile behavioral health crisis response services and other behavioral health services, the State will experience increased costs through the SHBP, SEHBP, and Medicaid. Any increased State costs under Medicaid would also result in an increase in federal Medicaid matching funds.

The extent of this revenue increase for local entities will vary across municipalities, but the OLS assumes that insurance reimbursements for services from health insurers will not be sufficient to support a Statewide network of mobile crisis response teams and will require additional funding sources. This assumption is based on a variety of factors. First, insurance mandates, such as the bill's mandate, are estimated to affect about only 22.5 percent of the health insurance market in the State (approval of the necessary federal Medicaid waivers would increase this figure to 43.5 percent) as the federal Employee Retirement Income Security Act preempts states from imposing benefit mandates on self-insured employer plans. Therefore, there may be a large portion of the State's health insurance market that will not cover the services provided under this bill. Second, based upon experiences in other States with insurance mandates, a hybrid funding model for a mobile crisis team system involving other sources of funds is standard, as insurance reimbursements do not cover 100 percent of the cost of the system. This is particularly the case in the context of Medicaid, which historically provides lower reimbursement rates than private insurers. Furthermore, for certain local entities, mobile crisis team services will have to be established, staffed, and trained, and these start-up costs are often not billable to Medicaid, and rarely to private insurance, because they do not define them as services.

Therefore, the OLS concludes that local governments will require additional revenue streams, which may be provided from local, federal, and State sources, to support the initial establishment and the operational expenses of mobile crisis response teams. Such sources may include federal grant dollars from the Mental Health Block Grant administered by the Substance Abuse and Mental Health Services Administration and State General Fund appropriations. Additional funding sources may include Tricare, self-pay, and private grants.

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).