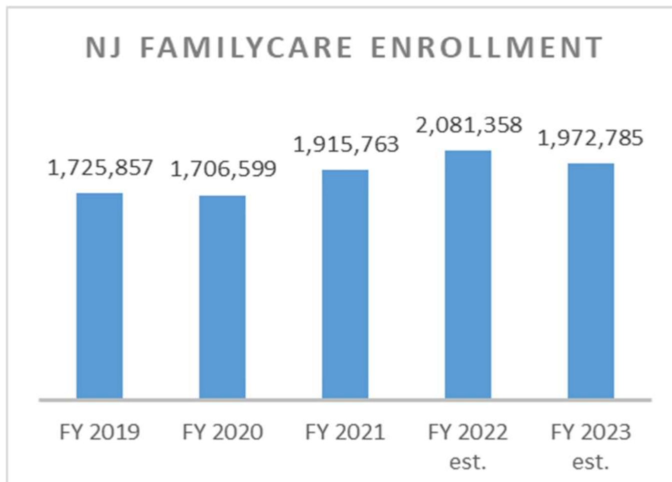
Discussion Points

Division of Medical Assistance and Health Services (Medicaid/NJ FamilyCare)

1. In the coming year, hundreds of thousands of New Jerseyans stand to lose the health insurance coverage they currently receive through Medicaid and the Children's Health Insurance Program (CHIP), branded jointly as NJ FamilyCare. This is so because New Jersey has accepted the enhanced federal Medicaid and CHIP cost reimbursement rates during the federal COVID-19 public health emergency under the federal Families First Coronavirus Response Act of 2020. As a condition for the receipt of the higher reimbursement rates, the State has been required to provide NJ FamilyCare coverage to all individuals enrolled on or after March 18, 2020, until the last day of the month in which the federal health emergency period ends, regardless of any changes in individuals' circumstances that otherwise would result in termination of coverage. As of March 2022, the department estimates NJ FamilyCare enrollment at 2.1 million, over 415,000 more than at the onset of the pandemic in March 2020. For FY 2023, the department estimates that enrollment will fall to under 2.0 million.

Not all newly ineligible NJ FamilyCare enrollees would lose their coverage instantly upon the end of the federal public health emergency. Guidance from the Centers for Medicare and Medicaid Services gives states up to 12 months to initiate and 14 months to complete all eligibility redeterminations following the expiration of the federal health emergency period. According to a survey conducted by the Kaiser Family Foundation, the department anticipates NJ FamilyCare redeterminations will require 9 to 12 months to process.



- ***Questions:*** **How many NJ FamilyCare beneficiaries, by eligibility group, are projected to have their coverage terminated once continuous enrollment ends? How many NJ FamilyCare beneficiaries are projected to become ineligible because of their income? Please list the other reasons for which NJ FamilyCare coverage is projected to be terminated and how many beneficiaries are estimated to be in each category. Pre-pandemic, what were the reasons for coverage terminations, by percentage?**

- **When does the department anticipate resuming NJ FamilyCare coverage terminations? When does the department anticipate completing coverage terminations for beneficiaries who remained enrolled because of the federal public health emergency? Could the department end coverage for all, or the vast majority of, NJ FamilyCare beneficiaries who are deemed newly ineligible within a month? What are the reasons for delaying coverage terminations, if any?**

Discussion Points (Cont'd)

- **For each category of cause for becoming ineligible to remain on NJ FamilyCare following the end of the federal public health emergency, please explain the initiatives the department plans to carry out to minimize the number of beneficiaries who will become uninsured.**

- **Please project for each month starting in April 2022 through June 2023 the enrollment in NJ FamilyCare and the number of beneficiaries whose coverage will be terminated. Aside from the expiration of the federal health emergency period, what assumptions did the department use to determine the anticipated decline in NJ FamilyCare enrollment in FY 2023?**

DHS Response:

DHS anticipates that eligibility redeterminations will begin the month after the federal Public Health Emergency (PHE) ends, and will be spread across 12 months to ensure evenly distributed workflows and ensure resources are available to assist NJFC members who need it. Based on the recent extension of the PHE through July 15, 2022, standard renewal processing will begin in August 2022. Work has already begun with community partners to promote member awareness that redeterminations will be resuming, and with Managed Care Organizations (MCOs) to assist in updating addresses and outreaching their members prior to the end of PHE to minimize disenrollment of eligible individuals.

For those who do face the loss of NJFC coverage, DHS is focused on two areas to provide assistance:

- **Members who no longer qualify for NJ FamilyCare due to income or other changed circumstances – We have referral processes in place to help guide these members, when appropriate, into the GetCoveredNJ health insurance marketplace, where they may qualify for subsidized coverage. We will also be seamlessly referring members, when appropriate, into Medicare Savings Plans.**

- **Members who did not respond to the redetermination mailing or failed to provide needed information – DHS is using every available resource to reach these members, to ensure we have updated contact information, and to encourage them to respond to any mail they receive from NJ FamilyCare. We will be leveraging a federal waiver that enables us to access MCOs for address updates, and we will be working with MCOs and other operational partners on outreach. We are providing a special team of Ambassadors to support member questions and address updates at our NJ FamilyCare Health Benefits Coordinator. We are also preparing communication templates that will help health care providers and community organizations to spread the word about this important process.**

At the time disenrollment assumptions were developed for FY 2023, the PHE was to end on April 15 and the first terminations would occur June 30. Since

Discussion Points (Cont'd)

these initial assumptions, the PHE has been extended and will end no earlier than July 15, with the earliest terminations occurring between September 30 and October 31, depending on beneficiaries' response time.

NJ FamilyCare enrollment is about 25% higher today than it was prior to the beginning of the Public Health Emergency, an enrollment growth of about 400,000 members. Nationally, it is estimated that states could see an average 13% reduction in enrollment due to redeterminations at the end of PHE, but this will vary among states. The assumptions underlying the recommended budget were that FamilyCare enrollment would decrease by approximately 20,000 per month for the entire FY 2023, or a total enrollment decrease of approximately 12% at the end of the fiscal year. We now know the PHE will be extended by 90 days, which will not materially change our estimated monthly decrease in enrollments, but these decreases will now begin three months into the fiscal year, lowering the total enrollment declines during the fiscal year to approximately 9%. It is important to note that individuals losing eligibility because of increased income will be referred to and may be eligible for subsidized coverage at GetCoveredNJ, the State Based Health Insurance Marketplace. Individuals can also re-apply to Medicaid at any time if they believe they may have become eligible.

2. Pursuant to the federal Families First Coronavirus Response Act of 2020, the State has received over $2.5 billion in enhanced federal cost reimbursements under Medicaid and the Children's Health Insurance Program (CHIP), distributed over fiscal years 2020, 2021, and 2022. The Medicaid enhancement has equaled 6.2 percent and the CHIP enhancement 4.34 percent. The enhanced cost reimbursements, as well as the prohibition on coverage termination discussed in the previous Discussion Point, will cease after the end of the federal public health emergency. The Executive anticipates that in FY 2023, expenditures for Medicaid and CHIP general medical services from all funding sources will increase by $703.4 million over FY 2022 to $16.5 billion. State General Fund expenditures are projected to increase by $845.6 million to $5.4 billion in FY 2023, and expenditures charged to federal funds are estimated to *decrease* by $167.9 million to $10.2 billion.

Medicaid and CHIP Medical Coverage Expenditures (in $ Million)

FY	Total	Federal Funds	State General Fund	Other Funds
2019	$12,610	$7,699	$4,336	$575
2020	$13,057	$8,182	$4,251	$625
2021	$14,365	$9,473	$4,076	$817
2022 est.	$15,785	$10,333	$4,590	$862
2023 est.	$16,488	$10,165	$5,435	$887

- ***Questions:*** **When does the FY 2023 Governor's Budget anticipate the expiration of the federal health emergency period? How would NJ FamilyCare expenditure projections; delineated by federal, State, and all other funds; change if the enhanced federal cost reimbursements were available for an additional quarter in FY 2023 than currently assumed?**

Discussion Points (Cont'd)

- **What is the anticipated cost, in State and federal dollars, to cover NJ FamilyCare beneficiaries who are anticipated to be disenrolled following the end of the federal public health emergency, but who continue to receive services while waiting for termination to occur?**

- **Considering that FY 2023 State General Fund expenditures for Medicaid and CHIP medical coverage are expected to remain $1.1 billion above FY 2019, the last complete fiscal year prior to the COVID-19 pandemic, does the department expect FY 2024 expenditure to return to the long-term trend? What are FY 2024 expenditure projections by State, federal, and all other funds, assuming no policy changes?**

  DHS Response:

  The FY 2023 Governor's Recommended Budget assumed that the federal PHE would expire on April 16, 2022. However, effective April 13, 2022, the Biden Administration has extended the PHE for a ninth time. The Division's current assumption is that the PHE will expire in July and that the enhanced 6.2% FMAP will be extended through the end of the first quarter of FY 2023. This additional quarter of higher federal funding will generate approximately $200 million in additional federal revenue. However, it is estimated that approximately half of the additional federal funding will be needed to cover additional costs associated with higher program enrollment resulting from the three-month delay in the resumption of normal eligibility redeterminations. The estimated net budget savings from the recent PHE extension is therefore approximately $105 million to the NJ FamilyCare budget, with moderate budget impacts in other Divisions and Departments.

  DHS expects that once the PHE ends and redeterminations are resumed both enrollment trends and medical inflation will return to pre-pandemic levels at some point during FY 2024, though uncertainties regarding the level of enrollment declines during FY 2023 make definitive cost projections difficult at this time.

3. The federal American Rescue Plan Act of 2021 temporarily enhanced, from April 1, 2021 until March 31, 2022, the federal matching rate for Medicaid Home and Community-Based Services by 10 percent. In order to qualify for this increased federal match, states were required to submit, and receive approval on, a spending plan that outlines how the state will use the additional federal funds in improving, expanding, or strengthening Medicaid Home and Community-Based Services.

New Jersey's approved spending plan anticipated the use of $391.2 million in enhanced federal matching funds, along with $416.0 million in State resources, for a total of $807.2 million. As of April 1, 2022, the State has received $478.1 million in federal enhanced matching funds, $86.9 million more than originally anticipated.

Discussion Points (Cont'd)

Under the State's original plan, the funds are intended to be allocated for a variety of purposes, including: a personal care assistance rate increase; a personal preference program rate increase; an assisted living rate incentive; an enhanced reimbursement for applied behavioral analysis services; a traumatic brain injury COVID-19 provider payment; a Jersey Assistance for Community Caregiving rate increase; intensive mobile services for individuals with intellectual and developments disabilities; and a support coordinator rate increase.

- ***Questions:*** **What is the status of the State's Medicaid Home and Community-Based Services spending plan? Please indicate which initiatives have been approved by the federal government and implemented by the State, which initiatives have been approved by the federal government and are pending implementation by the State, and which initiatives are pending approval by the federal government?**

- **Thus far in FY 2022, and projected in FY 2023 and FY 2024, what are the expenditures of State and federal funds, by program component and implementing division, for each initiative listed in the July 2021 plan? Please explain any significant variations in these expenditures compared to the July 2021 plan.**

- **What are the State's plans for the federal matching funds received in excess of the original estimate? Is the department on target to expend all federal funds by the federal deadline of March 31, 2024?**

  DHS Response:

  NJ's HCBS Spend Plan received conditional approval from CMS on January 27th, 2022 allowing all activities to proceed to implementation. Because the spend plan may continue to be amended, CMS does not issue full or final approval, and conditional approval is the fullest approval category for state spend plans. This approval allows NJ to spend the funding under the HCBS Spend Plan, however each activity still requires its own applicable federal approvals. Activity progress is as follows:

CMS Approved & NJ Implemented	PCA Rate Increase PPP Rate Increase PCA Additional Rate Increase Assisted Living Facility Rate Increase Support Coordinator Rate Increase Applied Behavioral Analysis Rate Increase JACC Program Rate Increase
CMS Approved & Implementation in Progress (includes activities in design/implementation phase, may require further federal authority as implementation progresses)	Assisted Living Facility Tiered Rate Increase Nursing Facility Transitions Enhancement to "No Wrong Door" System Home Health Workforce Development Person Centered Planning Intensive Mobile I/DD Services Healthy Homes

Discussion Points (Cont'd)

CMS Spend Plan Approved, Awaiting further Federal Approvals	Traumatic Brain Injury Provider Rate Increase Behavioral Health Promoting Interoperability

Actual spend to date for FY 2022 closely aligns to estimates submitted to CMS (see chart below). Sources of minor variations include delayed start dates for activities due to the need to seek further federal approval and implementation delays. FY 2022 year to date, FY 2023, and FY 2024 state and federal expenditures by implementing division are shown below.

Division/ Department	Expenditure	Spending through SFY 22	SFY 23	SFY 24	Total Spend
		Actual + Anticipated	Anticipated	Anticipated	Anticipated
DMAHS	**PCA Rate Increase**	**$38,384,972**	**$76,769,944**	**$57,577,457**	**$172,732,373**
	State Share	$14,893,369	$38,384,972	$28,788,729	$82,067,070
	Federal Share	$23,491,603	$38,384,972	$28,788,729	$90,665,303
	PPP Rate Increase	**$48,817,263**	**$101,186,613**	**$78,967,898**	**$228,971,774**
	State Share	$18,995,701	$50,593,307	$39,483,949	$109,072,956
	Federal Share	$29,821,562	$50,593,307	$39,483,949	$119,898,818
	PCA Rate Increase Additional	**$19,000,000**	**$38,000,000**	**$28,500,000**	**$85,500,000**
	State Share	$7,372,000	$19,000,000	$14,250,000	$40,622,000
	Federal Share	$11,628,000	$19,000,000	$14,250,000	$44,878,000
	Assisted Living Facility Rate Increase	**$-**	**$11,861,200**	**$8,895,900**	**$20,757,100**
	State Share	$-	$5,930,600	$4,447,950	$10,378,550
	Federal Share	$-	$5,930,600	$4,447,950	$10,378,550
	Assisted Living Facility Tiered Rate Increase	**$3,408,250**	**$6,816,500**	**$5,112,373**	**$15,337,123**
	State Share	$1,322,401	$3,408,250	$2,556,187	$7,286,838
	Federal Share	$2,085,849	$3,408,250	$2,556,187	$8,050,286
	Nursing Facility Transitions	**$3,353,778**	**$6,707,556**	**$5,030,666**	**$15,092,000**
	State Share	$1,301,266	$3,353,778	$2,515,333	$7,170,377
	Federal Share	$2,052,512	$3,353,778	$2,515,333	$7,921,623
	Enhancements to "No Wrong Door" System	**$1,000,000**	**$1,250,000**	**$750,000**	**$3,000,000**
	State Share	$388,000	$625,000	$375,000	$1,388,000
	Federal Share	$612,000	$625,000	$375,000	$1,612,000

Discussion Points (Cont'd)

	Traumatic Brain Injury Provider Rate Increase	**$7,011,455**	**$-**	**$-**	**$7,011,455**
	State Share	$2,369,872	$-	$-	$2,369,872
	Federal Share	$4,641,583	$-	$-	$4,641,583
	Healthy Homes – Housing Units for NJFC Members	**$6,625,000**	**$26,500,000**	**$19,875,000**	**$53,000,000**
	State Share	$6,625,000	$26,500,000	$19,875,000	$53,000,000
	Federal Share	$-	$-	$-	$-
	Home Health Workforce Development Initiatives	**$3,398,222**	**$6,796,444**	**$5,097,334**	**$15,292,000**
	State Share	$1,318,510	$3,398,222	$2,548,667	$7,265,399
	Federal Share	$2,079,712	$3,398,222	$2,548,667	$8,026,601
	Person Centered Planning	**$250,000**	**$1,000,000**	**$750,000**	**$2,000,000**
	State Share	$109,500	$500,000	$375,000	$984,500
	Federal Share	$140,500	$500,000	$375,000	$1,015,500
	Behavioral Health Promoting Interoperability Program	**$-**	**$1,999,999**	**$2,000,001**	**$4,000,000**
	State Share	$-	$1,000,000	$1,000,001	$2,000,000
	Federal Share	$-	$1,000,000	$1,000,001	$2,000,000
	Applied Behavior Analysis Rate Increase	**$8,453,791**	**$18,175,651**	**$14,582,789**	**$41,212,231**
	State Share	$3,964,828	$9,087,825	$7,291,395	$20,344,048
	Federal Share	$4,488,963	$9,087,825	$7,291,395	$20,868,183
DoAS	**JACC Program Rate Increase - DoAS**	**$892,000**	**$1,784,000**	**$1,338,000**	**$4,014,000**
	State Share	$892,000	$1,784,000	$1,338,000	$4,014,000
	Federal Share	$-	$-	$-	$-
DCF	**Intensive Mobile IDD Services - DCF**	**$-**	**$8,571,428**	**$6,428,572**	**$15,000,000**
	State Share	$-	$4,285,714	$3,214,286	$7,500,000
	Federal Share	$-	$4,285,714	$3,214,286	$7,500,000
DDD	**Support Coordinator Rate Increase**	**$18,975,934**	**$32,000,000**	**$26,700,000**	**$77,675,934**
	State Share	$7,213,866	$16,000,000	$13,350,000	$36,563,866
	Federal Share	$11,762,068	$16,000,000	$13,350,000	$41,112,068
	STATE SHARE TOTAL				$392,027,475
	SPEND PLAN TOTAL				**$760,595,990**

Discussion Points (Cont'd)

NJ continues to propose additional uses of the HCBS Spend Plan funding as estimates for both federal funds available and actual activity spend totals are updated. In the upcoming update to CMS, DHS will include additional funding for existing activities such as Healthy Homes as well as new activities such as Qualified Income Trust resources and Housing and Tenancy Support Services while still maintaining a reserve of funds to ensure implementation of existing activities can be accomplished. The department is on target to expend all funds by the federal deadline.

4. In 2022, the Office of the State Comptroller issued a report criticizing that the Medicaid program continued to provide substantial funds to nursing homes that consistently received the lowest federal overall quality rating (one-star). The office found that New Jersey's 15 lowest-rated nursing homes provided services to approximately 1,850 Medicaid beneficiaries for which the Medicaid program paid an annual average of $103.0 million. Additionally, the report found that one-star facilities were receiving nearly the same amount of payments under the Quality Incentive Payment Program, which provides facilities bonus payments for meeting or exceeding certain quality metrics, as highly-rated facilities.

The State Comptroller recommended the following changes to the Medicaid program: (1) require one-star nursing homes to improve their quality of care if they want to remain in the Medicaid program, with a goal of aligning Medicaid payments with improved facility performance; (2) institute a phased approach through which the Division of Medical Assistance and Health Services imposes increasing levels of restriction on these nursing homes while affording the facilities an opportunity to improve their ratings before the most severe restrictions are imposed; and (3) barring nursing homes from participating in the Medicaid program that do not demonstrate improvement.

The Governor's FY 2023 Budget proposes excluding a nursing home from Quality Incentive Payment Program payments in FY 2023 if, during calendar year 2021, the nursing home: has been included on certain lists under the Centers for Medicare and Medicaid Services "Special Focus Facility" Program, which focuses on nursing homes that have a persistent record of poor care; is ranked as a one-star facility by the Centers for Medicare and Medicaid Services Five-Star Quality Rating System; or has been cited by the Department of Health for two or more Level G licensing violations.

- ***Questions:*** **Does the department anticipate implementing any of the State Comptroller's recommendations, and will the new Office of Long-Term Care Integrity and Oversight play a role? Please explain. If not, why? Could the State's existing nursing homes absorb the Medicaid population if the State's lowest performing nursing homes were to be barred from participating in the Medicaid program?**

- **List the nursing homes, by name and location, that the department has concerns regarding performance and quality of care. How does the department monitor these facilities, and will the new Office of Long-Term Care Integrity and Oversight play a role in FY 2023? What were the costs of these oversight efforts in FY 2022, to date, and what are the projected costs for FY 2022 and 2023?**

Discussion Points (Cont'd)

- **What policies or initiatives are in place within the department to support low-functioning nursing homes?**

- **What nursing homes, by name and location, does the department anticipate would not qualify for Quality Incentive Payment Program performance payments under the FY 2023 proposal specifying grounds for disqualification, disaggregated by reason for disqualification? How much in Quality Incentive Payment Program payments did each of these facilities, as well as any other facility listed above in which the department holds concerns regarding performance and quality of care, receive in FY 2022? Does the department have any concerns about the financial stability of these facilities? How will the department support these facilities in their efforts to be regain eligibility in the Quality Incentive Payment Program, or to otherwise address the performance and quality concerns shared by the department?**

- **Please assess the effectiveness of the Quality Incentive Payment Program for nursing homes. If facilities that the Centers for Medicare and Medicaid Services consistently rate poorly receive nearly the same amount of quality-based bonus payments as highly-rated facilities, is the program useful in rewarding and improving the quality of care of nursing facilities? Is there a reason to continue the program in its current form? Will it be reformed or discontinued?**

  DHS Response:

  High quality nursing facility care is a top priority. There are numerous factors that contribute to assessing nursing home quality, including but not limited to staffing ratios and staff training; Department of Health (DOH) licensing, survey, and inspection outcomes; CMS quality metrics; DHS resident/family satisfaction survey scores; and complaints. When the Quality Incentive Payment Program (QIPP) launched in FY19, it began by increasing daily reimbursement rates to facilities that met certain performance standards to incentivize higher quality and ensure than increased Medicaid funding was tied to improvements in quality of care. The program was designed to evolve over time so that incentive payments continue to push quality standards upward. In FY23, the QIPP continues to be an initiative to provide incentive payments to high performing facilities and withhold incentive payments to lower performing homes.

  The department appreciates the Comptroller's recommendations and has taken them into account in the design of the FY23 Quality Incentive Payment Program, which will require a facility to have a 2-star or better CMS rating to be eligible to participate in the Quality Incentive Payment Program. Similarly, facilities will be ineligible to participate in the incentive program if they are designated as a CMS special focus facility, or if the DOH identifies certain licensing violations during their survey and inspection process.

  Maintaining adequate capacity to serve all individuals who require and choose to receive care in a nursing home is also critical. Reductions in available beds - whether due to restrictions, closure, or reduced bed capacity to facilitate more private room availability - requires careful impact analysis and planning. The

Discussion Points (Cont'd)

department's focus on expanding the provision of home and community-based services continues to be a priority so that ample options exist as our population ages.

A list of one-star and Special Focus Facilities can be located on the CMS website. The department is currently collecting data in preparation for FY23, and it is too early to identify all facilities that will be excluded from participation in QIPP. DHS and DOH are working collaboratively in the exchange of information about inspections and complaints to determine which facilities should be excluded.

The Office of Long-Term Care Integrity and Oversight will help to identify long term strategies and solutions to continually improve the delivery of long term care services for New Jersey residents. The Office will also drive strategic improvements in oversight and support coordination between the various state entities involved in the long term care system. This is critical, as the oversight of the long term care system involves multiple agencies: federal CMS certifies nursing facilities operating in New Jersey; the DOH is the regulatory and licensing entity for long term care facilities in New Jersey and is responsible for overseeing nursing facility staffing ratios; the DHS is the payer and rate-setter for many nursing home residents through Medicaid and is responsible for implementing the Direct Care Ratio law to ensure Medicaid funds are used for the direct care of residents; the Office of the Long Term Care Ombudsman serves as an advocate for nursing home residents and their families and observes first-hand the conditions of care in facilities; and the Department of Labor (DOL) exercises oversight concerning minimum wage requirements for certain nursing facility workers.

5. The FY 2023 Governor's Budget proposes an $11.0 million State appropriation to support phase two of the Cover All Kids Initiative, first implemented in FY 2022. The aim of this multi-year initiative is to provide health insurance to the State's currently uncovered children. According the FY 2023 Budget in Brief, the appropriation will fund coverage expansion in NJ FamilyCare for children who are currently ineligible solely due to immigration status.

In response to an FY 2022 OLS Discussion Point, the department estimated the following FY 2022 costs for the Cover All Kids Initiative: $3.0 million in State funds for enhanced outreach; $2.0 million in State and $4.0 million in federal funds for the removal of 90-Day Children's Health Insurance Program (CHIP) waiting period; $15.0 million in State and $14.5 million in federal funds for benefit cost increases due to additional enrollment; and $10.0 million in State and $20.0 million in federal funds due to the elimination of CHIP premiums.

According to a March 30, 2021 press release, the department estimated adding nearly 53,000 children with health insurance coverage in FY 2022 under the policy changes noted above. Furthermore, the FY 2023 Budget in Brief indicates that NJ FamilyCare currently had 26,000 more members under the age of 21 years than it did in June 2021. The department would

Discussion Points (Cont'd)

continue to implement these FY 2022 initiatives in FY 2023, including the creation of an outreach and enrollment working group.

- ***Questions:*** **Please indicate the date on which health care coverage for children who are currently ineligible solely due to immigration status would become available under the Cover All Kids Initiative. For each month of FY 2023, please indicate the anticipated enrollment in NJ FamilyCare of children who are currently ineligible solely due to immigration status and the associated cost. What is the estimated annualized cost of this expansion of coverage in FY 2024, FY 2025, and FY 2026? Are State funds the only payment source available to support the expansion of coverage or are federal funds anticipated to be made available?**

- **Does the recommended $11.0 million appropriation for the FY 2023 expansion of coverage to children who are currently ineligible solely due to immigration status reflect the full cost estimate for the expansion in FY 2023 or does the plan to finance the expansion anticipate the subsequent use of supplemental appropriation authority to cover any cost in excess of $11.0 million?**

- **How many children does the department estimate currently lack health insurance coverage? In FY 2023, how many additional children does the department anticipate receiving health insurance coverage: 1) under the FY 2023 $11.0 million appropriation for the expansion of the Cover All Kids Initiative; and 2) under the policy changes implemented in FY 2022? By the end of FY 2023, how many children does the department anticipate will remain uninsured, and for what reason? How many children's coverage will be terminated in FY 2022 because of a loss of eligibility? When does the department anticipate the goals of the program will be met and all of the State's children will be insured?**

- **Please describe the enhanced outreach efforts implemented under the Cover All Kids Initiative during FY 2022 and any changes to those strategies for FY 2023. What are the department's plans to reach families and children under phase two of the initiative? What other State agencies or local entities has the department collaborated with to implement these strategies? Have the department's partners incurred related expenses? If so, please explain. What is the status of the outreach and enrollment working group?**

- **What are the FY 2024 plans for this initiative? Will any new components be implemented? What are the anticipated costs of those components?**

- **Please provide an FY 2023 cost estimate for the FY 2022 phase one components of the Cover All Kids Initiative.**

  DHS Response:

  In 2019, Rutgers estimated that New Jersey is home to 86,922 uninsured children. Of these, 67,815 were likely income eligible for Medicaid or CHIP;

Discussion Points (Cont'd)

43,903 of whom were eligible but not enrolled, and 23,912 were not eligible due to their specific immigration status.

In FY22, Governor Murphy and Human Services launched Cover All Kids, a new initiative to ensure that no child in New Jersey is left without the support and security of health care coverage. Since the inception of Cover All Kids in July 2021, children's enrollment in NJ FamilyCare grew by 20,374 (17,725 Title XIX non-ABD Medicaid eligible children, and 2,649 CHIP). During this first year of the Cover All Kids plan, Human Services eliminated premium collection (avg. $30m annually) and eliminated an antiquated requirement that families must go without insurance during a waiting period before enrolling in NJ FamilyCare (avg. $2m annually). These requirements frequently discouraged families from enrolling, led to coverage denials, and/or churn in and out of enrollment. NJ FamilyCare sent letters to families previously impacted by these restrictions informing of the change in rules and encouraging them to reapply, including to families whose coverage had previously ended due to non-payment of premiums, and applicants previously denied because of the waiting period requirement.

In FY22, DHS launched an *Outreach, Enrollment, and Retention Working Group* comprised of government and community stakeholders, focused on strategies to strengthen outreach, and increase and retain enrollment of children who are eligible for Medicaid. Additionally, DHS engaged in numerous outreach activities in FY22, including sending outreach letters to thousands of families with potentially uninsured children according to data from the Department of Education, Division of Taxation, and Supplemental Nutrition Assistance Program. Additionally, NJ FamilyCare Back-to-School flyers were provided to all schools, and English and Spanish NJ FamilyCare enrollment posters were mailed to Childcare Centers, Child and Health Advocacy Organizations, WIC Locations, Local Departments of Health, Family Success Centers, Community Based Organizations, Immigration Advocacy Organizations, Food Pantries, Family Planning Centers, Laundromats & Diners, Libraries, and English as a Second Language Adult Class Locations.

DHS is in the process of hiring three individuals in its Office of New Americans, one each for the Northern, Central and Southern regions of the state, who will assist with outreach to trusted local leaders and clergy, and training of Community Based Organization staff. These are important partners who can reach and educate eligible families, help to dispel harmful myths about the Public Charge, and encourage enrollment of eligible children. Grants for community-based organizations are also being developed.

In FY23, these outreach activities will continue and expand, and the State agencies participating in the *Working Group* are formulating outreach plans to their served populations to help broaden reach.

Beginning January 1, 2023, children that are income-eligible but were previously ineligible because of their immigration status will become eligible for NJ

Discussion Points (Cont'd)

FamilyCare. Children will enroll in the same coverage, with the same Managed Care Organization options as all other enrolled children. DMAHS estimates incremental enrollment, with an average of 500 newly eligible children enrolling each month (*i.e.,* 3,000 newly eligible children by the end of FY 2023, 9,000 by the end of end of FY 2024, 15,000 by the end of FY 2025, and the total by December 2026). Similarly, DMAHS estimates that the 67,815 previously eligible but uninsured children will also enroll in over a 48-month timeframe.

FY23 estimates are fully funded in the proposed budget and supplemental appropriation authority is not expected to be needed.

Breakout of Rutgers Census Estimates by BB&A MM Percentage Estimates						
Population	% of Total	Member Months	% of Grand Total	Undocu-mented Children	Citizens and Legally Residing	SFY22 Cap Rate
Medicaid	77.30%	35,733	52.69%	12,600	23,133	$ 202.07
KidCare A/MCHIP	13.57%	6,273	9.25%	2,212	4,061	$ 202.07
KidCare B&C	9.13%	4,219	6.22%	1,488	2,731	$ 202.07
Total	100.00%	46,225	68.16%	16,299	29,926	$ 202.07
KidCare D		21,590	31.84%	7,613	13,977	$ 216.80
Total	146.71%	67,815	100.00%	23,912	43,903	
Ineligible for Medicaid/CHIP		19,107		6,737	12,370	
Total Uninsured		86,922		30,649	56,273	

6. The Governor's FY 2023 Budget proposes $2.5 million in additional State funds to support the implementation of the New Jersey Integrated Care for Kids (NJ InCK) Model. According to the department's public notice to seek a Medicaid amendment to provide NJ InCK associated services, the anticipated FY 2022 costs to implement the model from January 2022 through June 2022 are $1.1 million - 60 percent of which will come from federal funds.

In 2020, Hackensack Meridian Health, along with the Visiting Nurse Association of Central Jersey and the New Jersey Health Care Quality Institute, were awarded a seven-year federal grant from the Centers for Medicare and Medicaid Services, totaling $15.8 million, to implement the model in Monmouth and Ocean counties. The grant is distributed as follows: $3.0 million in 2020 and in 2021; and $2.0 million in each year from 2022 through 2026.

Discussion Points (Cont'd)

NJ InCK is a local service delivery model aimed at reducing out-of-home placement as well as health care expenditures for children covered by NJ FamilyCare. The goals of NJ InCK are to: ensure that all children receive Early Periodic Screening, Diagnosis, and Treatment care at least annually; identify children and adolescents who have more complex health, behavioral, or social needs; and provide community-based care management that integrates with the pediatric health system.

- ***Questions:*** **To date, what are the FY 2022 expenditures, both State and federal, for the NJ InCK program, disaggregated by service type? Outside NJ FamilyCare reimbursements, did the department incur any additional costs associated with this program? Please explain. What are the anticipated uses of the FY 2023 appropriation, both State and federal, by service types?**

- **In each fiscal year of implementation, what does the department anticipate regarding: provider participation, beneficiary participation, State and federal cost? Please explain any anticipated State cost savings, by fiscal year, associated with this program.**

- **How are the expanded payments for pediatric providers determined under the model? How do they compare to payments made outside of the NJ InCK model?**

- **What performance metrics have been set to assess the implementation of the model?**

- **Are there plans to expand the model outside of the existing counties? What is the fiscal impact, by funding source, associated with Statewide implementation?**

DHS Response:

DHS has not incurred any additional costs associated with this program outside of NJ FamilyCare service reimbursements. To date, the department has recorded minimal SFY 2022 NJ FamilyCare reimbursements (<$1,000) on the NJ InCK model, which reflects both gradual program ramp-up after the January 1, 2022 start date, and the normal delay between service utilization and payment processing. SFY 2023 expenditures are expected to include 1) payments to pediatric primary care providers for interpretation of a comprehensive health assessment and 2) payments for care management for a subset of members.

DMAHS is projecting that participation under the InCK model will gradually ramp up over several years. Ultimately, we expect that comprehensive health assessments will be completed annually for most of the approximately 140,000 pediatric beneficiaries in Ocean and Monmouth Counties. A relatively small subset of these beneficiaries will qualify for and receive care management under the InCK model. While the Division is hopeful that the InCK model will result in savings, due to avoidance of more intensive medical services through improved care management, no specific projection of potential savings amounts has been made.

Discussion Points (Cont'd)

Pediatric providers are paid $29 for each interpretation of the comprehensive health assessment. This amount was determined in consultation with grantees and based on comparison to reimbursement for similar services in other states. The NJ InCK Model will be rigorously evaluated as part of the national CMS/CMMI-funded InCK Model. Current performance metrics include clinical (depression screening) and non-clinical (food insecurity) measures.

According to the terms and conditions of the cooperative agreement between the grantees and CMMI, the demonstration area must be limited to Ocean and Monmouth Counties for the duration of the InCK Model through 2026.

Department-wide

7. Pursuant to the federal American Rescue Plan Act of 2021, the State received a flexible $6.2 billion Coronavirus State Fiscal Recovery Fund grant. All stimulus funds must be obligated by December 31, 2024 and expended to cover such obligations by December 31, 2026.

The Governor's Budget in Brief indicates the intent to use $5.0 million in Coronavirus State Fiscal Recovery Fund resources to implement a targeted advertising campaign to raise broader awareness among the public about services provided by the Department of Human Services.

- ***Questions:*** **If the department were given the opportunity to expend an additional $500.0 million in Coronavirus State Fiscal Recovery Fund balances on priorities of its choosing that meet federal guidelines for fund usage, to what initiatives would the department allocate the funding and for what reasons?**

- **Please describe how the $5.0 million in federal funds would be used to implement an advertising campaign. How would this campaign overlap with the department's current outreach efforts? Would additional staff be hired or contracted by the department to implement the campaign, and at what cost?**

- **What are the targeted populations for the campaign? How does the department intend to monitor the campaign to measure success?**

- **Please indicate the department initiatives that will be promoted during the campaign and the amount of the $5.0 million that will be allocated to the promotion of each program.**

DHS Response:

The department has and will continue to work closely with the Governor's office to access recovery funds to provide important services and benefits to individuals impacted by the pandemic. Using State Fiscal Recovery Funds to increase services, system capacity, and reimbursement presents a clear challenge as it leads to funding reductions or cliffs at the end of the spending period that provider agencies are not able to sustain without additional government funding. For this reason, one-time investments in workforce

Discussion Points (Cont'd)

development, infrastructure development, retention and recruitment bonuses, marketing, and similar projects have been beneficial uses of these funds.

Plans for the use of the advertising dollars are in development. This funding is important because social service programs do not always reach the individuals and families they were designed and created to serve. Likewise, for new initiatives and expanded benefits to be most meaningful for New Jersey families, those eligible to access the benefits and services need to be aware they are available. Wider-scale awareness of NJ Human Services programs can be achieved through a targeted advertising campaign. NJ Human Services was recently able to launch ad campaigns for two of our programs using federal funding, and our data shows marked increases in call volume at our ReachNJ and Mental Health CARES hotlines when ads are running.

With this funding, NJ Human Services plans to hire a marketing vendor to develop content and create a strategic advertising plan to promote NJ Human Services programs. The campaign could potentially include one or more of the following: promoting access to mental health care assistance; prescription drug and utility bill assistance for seniors; expanded Medicaid coverage for all children, information about SNAP and online grocery shopping, Grow NJ Kids quality child care providers, expanded maternal health benefits in Medicaid, assistive device programs for deaf & hard of hearing individuals, and legal services.

If approved by the legislature, the ad campaign would begin as soon as the contract and creative assets are finalized. Most ads would be developed in both English and Spanish and comprise a combination of television and radio, including streaming services; in-store advertisements via public address systems; social and digital advertising; roadway billboards and mass transit signage; print advertisements; and posters for targeted locations such as bodegas and medical facilities. Targets will be developed to measure the reach and success of each campaign.

8. The State anticipates receiving $641.0 million as part of a nationwide settlement agreement with producers of opioid-based pharmaceuticals. The amount is to be divided almost equally between the State and local governments; and some 85 percent, or $544.85 million, thereof must be used to address the ongoing opioid crisis through treatment, education, and prevention efforts. It is anticipated that states and local governments will begin receiving the first of several multi-year payments as early as May 2022. The Governor's FY 2023 Budget in Brief indicates these funds would be utilized over the next 18 years to support a variety of substance use disorder programs, including programs administered within the Department of Human Services.

- ***Questions:*** **What are the anticipated settlement amounts distributed to the department in FY 2023, FY 2024, and FY 2025, disaggregated by division and purpose? Will the funds distributed for existing programs supplant or supplement FY 2022 funding levels?**

Discussion Points (Cont'd)

- **Does the department anticipate utilizing any settlement funds in FY 2023 to establish new programs? If so, please describe the program, target population, and anticipated population size.**

- **What policies will the department implement to monitor that the settlement funds are utilized for approved purposes? What performance measures will the department establish to track the impact of the settlement funds on mitigating the opioid epidemic over the multi-year implementation period?**

DHS Response:

In February 2022, all 21 counties in New Jersey, and all 241 municipalities with populations over 10,000 or that filed related lawsuits, joined the State in signing onto nationwide settlement agreements with Johnson & Johnson, McKesson, Cardinal and Amerisource Bergen to resolve claims involving their role in accelerating the opioid crisis. New Jersey and participating local governments will receive $641 million in settlement funding as result of this lawsuit over the next 16-18 years. The State will receive fifty percent of the opioid settlement funding, with participating local governments dividing the remaining fifty percent. County and local governments will receive funding directly from the settlement; the State will not be responsible for distributing funds to the local governments.

The Administration has already received over $14 million in opioid settlement funding from McKinsey and Kapoor in calendar year 2021 and is expected to receive over $43 million in opioid settlement funding from Johnson & Johnson and the distributors in calendar year 2022. The Administration submitted a request to the Joint Budget Oversight Committee on February 28, 2022, to transfer $9 million of the McKinsey settlement funds from OAG to DCF, DOC, and DOH to support a variety of new and expanded initiatives aimed to support youth, families, individuals in state correctional facilities, and to expand harm reduction services.

As part of the Administration's continued whole-of-government approach to combating the opioid epidemic, DHS is coordinating with Governor's Office and other state agencies to review existing initiatives and relevant data and will collaborate with public health officials, impacted individuals and families, and experts on substance use disorder and harm reduction to seek the most effective allocation of this settlement money. This thorough review will help our state determine the best use of these funds so that they may have the greatest impact on our efforts to combat the opioid epidemic.

The settlement agreement enumerates that opioid settlement funding can be used on the following categories: treating Opioid Use Disorder; supporting people in treatment and recovery; providing connections to care; addressing the needs of criminal-justice involved persons; addressing the needs of pregnant or parenting women and their families, including babies with Neonatal Abstinence Syndrome (NAS); preventing the over-prescribing and ensuring appropriate prescribing of opioids; preventing problematic use of opioids; preventing overdose deaths and harms through harm reduction strategies; and

Discussion Points (Cont'd)

other strategies, including supporting first responders, leadership and planning, training efforts and research.

9. The Executive anticipates collecting $19.1 million in on-budget revenue through the Adult Use Cannabis program in FY 2023, a $15.0 million increase compared to the estimated FY 2022 levels. These revenues will be distributed for a variety of initiatives based on recommendations to the Governor and Legislature by the Cannabis Regulatory Commission, including programs within the Department of Human Services. For example, the Executive anticipates providing funds to Impact Zones, or communities disproportionately affected by previously implemented drug policies, in order to reduce gun violence and improve public health. Some 87 municipalities, in 18 counties, qualify as Impact Zones.

Other revenues would support current public health programs, including the department's four current Regional Health Hubs: 1) the Healthy Greater Newark Accountable Care Organization; 2) the Trenton Health Team; 3) the Camden Coalition of Health Care Providers; and 4) the Health Coalition of Passaic County. Each health hub is to coordinate and improve the effectiveness and efficiency of health care and wrap-around services, and the engagement and cooperation of relevant stakeholders in the region in which it operates. The FY 2023 Governor's Budget maintains a $1.3 million appropriation in State and federal funds for each health hub.

- ***Questions:*** **How much FY 2023 revenue from the Adult Use Cannabis program is anticipated to be recommended for allocation to the department, disaggregated by division and purpose? Would the funds distributed for existing programs supplant or supplement FY 2022 funding levels?**

- **Would there be any funding requirements placed on resources allocated to the Regional Health Hub Project? What is the anticipated allocation from this revenue source to each health hub in FY 2023 and FY 2024? Would these allocations receive a federal match?**

- **Does the department anticipate utilizing any revenue from the Adult Use Cannabis program in FY 2023 to establish new programing? If so, please describe the program, target population, and anticipated population size.**

- **What role will the department play in administering the allocation of funds to Impact Zones?**

DHS Response:

The Administration and Legislature have not yet determined allocations from Adult Use Cannabis revenue. If the State allocates revenues towards supplementing existing DHS public health programs, then the department will administer funds toward Impact Zones.

10. The State minimum wage will rise to at least $14 per hour as of January 1, 2023 and then $15 per hour on January 1, 2024. Furthermore, P.L.2020, c.89 requires that the minimum

Discussion Points (Cont'd)

wage for long-term care facility direct care staff members is $3 higher than the prevailing minimum wage - or $17 per hour as of January 1, 2023 and $18 per hour as of January 1, 2024.

The Governor recommends an additional $69.7 million appropriation for the Department of Human Services in FY 2023 to pay for minimum wage increases for services providers with whom the department contracts: $41.7 million to the Division of Developmental Disabilities for direct support professional wages; $15.0 million to the Division of Medical Assistance and Health Services for nursing home workers; $12.8 million to the Division of Family Development for Work First New Jersey childcare facilities; and $157,000 to the Division of Aging Services for congregate housing staff and Jersey Assistance for Community Caregiving program providers.

- ***Questions:*** **How much funding will the department require in FY 2024 to accommodate the statutory minimum wage increases in that fiscal year?**

- **Has the department collected data regarding changes to the direct support and personal care services workforce, as well as the quality of care provided by the workforce, in relationship to the various wage increases implemented by the State? If not, why? If yes, please explain any trends. Have the minimum wage increases resulted in direct support and personal care services workforce growth and improvements in quality of care?**

- **What non-wage department policies and initiatives support the direct support and personal care services workforce? What are the costs of these efforts in FY 2023, by initiative?**

DHS Response:

The department anticipates funding increases similar to those recommended for FY 2023 will be needed in FY 2024 to accommodate the continued increase in the minimum wage for positions across the care economy, including for Personal Care Assistants, Home Health Aides, Direct Support Professionals, Certified Nurse Aides, mental health and addiction professionals, child care workers, and others across the health and social services system.

Growing and strengthening the workforce and creating career pathways in the care economy is a priority for DHS. By way of example, DDD has launched a DSP Competency and Capacity Building Steering Committee to enhance DSP training opportunities and professionalization opportunities. Likewise, Medicaid and Aging are partnering with the Rutgers Heldrich Center to increase the number of individuals seeking and receiving certification as Certified Home Health Aides (CHHAs) and to expand the available HCBS workforce.

These wage increases are improving workforce recruitment and retention, as well as New Jersey's performance compared to other states. For example, in the latest National Core Indicators Staff Stability Survey (CY20), New Jersey ranked 5th highest for wages and 3rd lowest for staff turnover. New Jersey has made additional investments in this workforce since CY20 and we anticipate we will perform even higher in the next national survey.

Discussion Points (Cont'd)

11. Executive Order No. 277 of 2021 launched the New Jersey Health Care Cost Growth Benchmark Program. This program is an extension of the Office of Health Care Affordability and Transparency, established in 2020, which, in collaboration with the Department of Banking and Insurance, addresses rising health care costs and ensures greater oversight and accountability in the health care system.

Executive Order No. 217 of 2021, moreover, convened an Interagency Health Care Affordability Working Group, of which the Director of the Office of Health Care Affordability and Transparency is chair and the Commissioner of Human Services is a member, to identify ways in which the public and private sectors can ensure a more affordable, accessible, and transparent health care system.

- ***Questions:*** **What role will the department take in establishing and implementing the health care cost growth benchmark initiative? Will the department require additional resources in FY 2022 or FY 2023 to support this initiative? If yes, please detail any new resources that the department will require.**

  DHS Response:

  The Health Care Affordability, Responsibility and Transparency Program (HART Program) as established by the Governor's EO No. 277 sets targets for health care cost growth, in an effort to slow the unsustainable rate of growth. The Governor's Office of Health Care Affordability and Transparency convenes the Health Care Affordability Interagency Working Group, of which Department of Human Services is a member. Working Group members are responsible for supporting the development and implementation of administration-wide health care affordability and transparency policy efforts. The Department of Human Services will continue to support the Working Group's efforts and will assist as needed in the implementation of the HART Program. The department has provided data and technical and analytic expertise to assist in the benchmark and cost driver analysis.

  The department's NJ FamilyCare program is one of the programs that the annual cost growth targets apply to. Therefore, the department will work to produce data as appropriate for the purposes of the annual health care cost growth benchmark and the health care cost growth cost drivers analyses. The department plans to use existing staff and resources to accomplish this.

12. The Coronavirus 2019 pandemic caused significant disruption in the labor market with a record number of workers leaving their jobs and employers across industries reporting difficulties in filling vacant positions.

- ***Questions:*** **How has the current job market impacted the department's hiring and retention of employees? Has there been an increase in employee turnover at the department relative to historical levels? In which divisions or offices are the staffing shortages concentrated? What, if any, strategies has the**

Discussion Points (Cont'd)

department implemented to ensure adequate staffing levels during the pandemic?

- **How has the current job market impacted service capacity regarding program providers contracted with the department? By division, program, and provider type, have there been any service disruptions in FY 2022, and are there any concerns for disruption in FY 2023, due to challenges in hiring and retaining employees? How is the department supporting providers to ensure adequate staffing levels during the pandemic?**

DHS Response:

Staff recruitment is always a priority. The department has hired close to 500 new staff so far in FY22 to help offset the normal range of attrition and retirements, though we continue to seek additional staffing at all levels in program areas across DHS.

DHS continues to monitor providers' ability to maintain services across the programs funded and administered by the department. Beginning before the COVID-19 pandemic and enhanced throughout, the Murphy Administration has made significant investments to help providers attract and retain qualified staff with completive wages.

During the pandemic, we also used waiver authority and made policy adjustments to make hiring easier and quicker for community providers, and to allow family members to become paid caregivers.

13. The FY 2023 Budget in Brief states that "[t]he Governor is committed to ensuring that New Jersey remains a leader in combating climate change, preparing for its impact, and mitigating environmental harms."

- ***Questions:*** **What initiatives is the department undertaking to combat climate change, prepare for its impacts, and mitigate environmental harms? What is the anticipated cost to the department of each initiative?**

DHS Response:

The Murphy Administration is committed to a whole-of-government approach to address climate change. Climate change has far-reaching impacts and often has the most adverse effects on higher risk populations, including lower-income families, older adults, those with pre-existing health conditions and individuals with disabilities. The Department of Human Services participates in the Interagency Council on Climate Resilience and was a partner in the development of the state's Climate Change Resilience Strategy. With this plan, DHS and the entire administration are working toward more resilient communities and a stronger and safer New Jersey for everyone, no matter their circumstance.

Discussion Points (Cont'd)

Division of Mental Health and Addiction Services

14. Pursuant to the federal American Rescue Plan Act of 2021, the Division of Mental Health and Addiction Services received $80.8 million in federal grants - $40.5 million under the Community Mental Health Services Block Grant and $40.3 million under the Substance Abuse Prevention and Treatment Block Grant. The Community Mental Health Services Block Grant provides comprehensive, community-based mental health services to children and adults; and the Substance Abuse Prevention and Treatment Block Grant funds substance abuse prevention, treatment, and recovery support activities at the community level. Both grants can be spent through FY 2025.

States can use the grant funds to pay for comprehensive services not covered by Medicare, Medicaid, or private insurance. Federal guidance encourages states to utilize these funds to: expand technology and access to telehealth services; develop community-based partnerships with key stakeholders; support a continuum of crisis care for children; provide services related to adverse childhood experiences; and implement programs targeting underserved individuals and population.

- ***Questions:*** **By supplemental federal grant, fiscal year, and program, how does the department anticipate allocating these federal funds? Will the federal funds be used to supplement or supplant State resources? For new programs established with these funds, please provide a description that includes details on target population and the anticipated number of individuals served.**

- **Following the expenditure of these funds, does the department anticipate continuing any of these initiatives with an alternative source of funding?**

DHS Response:

Pursuant to the federal American Rescue Plan Act (ARPA), the DMHAS received $38,907,646 under the Community Mental Health Services Block Grant (MHBG) and $39,121,366 under the Substance Abuse Prevention and Treatment Block Grant (SABG). MHBG funds are and will continue to strengthen the components of our statewide crisis care continuum. DHS has dedicated funding to a series of programs to reduce emergency department admissions, support 9-8-8 implementation, and support youth experiencing acute behavioral health crises. MHBG dollars are used to address health disparities of underserved populations including those dually diagnosed with SMI and ID/DDD. ARPA funds are used to support several trainings including: Mental Health First Aid, Peer Wellness, and Recovery-Oriented Cognitive Therapy (Ct-R). Federal Funds will not supplant state resources.

SABG ARPA funding supports prevention activities (e.g., creation of "Prevention Hubs" in each county to serve as one-stop shops with evidence-based prevention resources; programs targeting underage marijuana use; warm line services for adolescents, young adults, and parents; and programs for underserved populations such as Native American tribes, families involved with criminal justice, military and veterans, and older adults.) Funding will support

Discussion Points (Cont'd)

the development of school-based/youth-focused prevention and recovery programs including vaping and Electronic Nicotine Delivery Systems (ENDS) drop sites; expanding access to recovery high schools; and upgrading the Prevention Outcomes Monitoring System (POMS). Additionally, funding currently supports or will support: the 9-8-8 crisis call line; universal screenings for alcohol and drug use in primary care and other settings; training NJ's peer workforce and expanding DMHAS' Maternal Wraparound Program which provides recovery support services to pregnant women with an opioid use disorder (OUD); treatment services for underserved populations in need of access to SUD treatment; expanded hours in SUD treatment facilities for increased access to services; SUD crisis services; care coordinators across all levels of care; and recovery peer specialists in residential settings.

Infrastructure: Funds are used to improve contracted provider agency connectivity and equipment to improve service delivery for virtual services. DMHAS identified the need to provide check-in opportunities for individuals who have completed treatment.

SABG ARPA is available until September 2025 and will be used to continue programs (described above) that are funded by the SABG COVID 19 Supplemental grant which ends March 2023. The following is a description of additional programming to be funded with SABG ARPA funds.

Prevention: Funding vaping and ENDS drop sites; expanding access to recovery high schools; and upgrading the Prevention Outcomes Monitoring System (POMS).

Treatment: Expanding hours for SUD outpatient treatment services.

Recovery Support: SABG ARPA funding will bolster mobile recovery efforts across the state and develop transitional housing and case management wraparound services for individuals with OUD served in DMHAS' Opioid Overdose Recovery Program (OORP) or Support Team for Addiction Recovery (STAR) program.

DHS will determine continuation of these services following expiration of the federal funds. Decisions will be based on performance assessments and available funding.

15. The Division of Mental Health and Addiction Services estimates that its Community Care Services programs will serve 263,415 clients in FY 2023, which is identical to the number of clients served in FY 2022. Nationwide, however, mental health needs have risen during the pandemic and studies project that demand for mental health services will continue to increase post-pandemic.

- ***Questions:*** **Explain the methodology used by the division to project a stable client base for community care services from FY 2022 to FY 2023. Does the department have any concerns about meeting the needs of the community in**

Discussion Points (Cont'd)

light of recent forecasts regarding the demand for mental health services during and following the pandemic?

DHS Response:

Programs funded from Community Care Services state appropriations enables us to continue to serve the same number of clients in FY2023 as in FY2022. Over and above the Community Care Services, the division have leveraged federal funds to increase our ability to provide to mental health services across the state. Given State and federal appropriations anticipated for FY2023, the department is confident of its ability to fund community mental health services next year at a level that meets client demand.

16. The Governor's FY 2023 Budget includes $27.0 million in new State funding for a $1 per-hour increase in wage rates for mental health and substance use disorder providers. An unknown amount of federal funds is also likely to defray the cost of the wage rate increases.

- ***Questions:*** **What are the specific terms of the wage increase? When will the wage increase be implemented? By budget line, how many providers will receive wage increases? Are there any provider exceptions to this policy proposal?**

- **How does this wage increase interact with statutorily mandated increases to the minimum wage under P.L.2019, c.32? What will be the average hourly wage, by provider group, following the implementation of this wage increase?**

- **Please list, by amount and source, additional funding that will support this increase.**

DHS Response:

Provider rate increases will begin with the start of the State fiscal year and are anticipated to impact all providers in cost-based contracts and billing fee-for-service through the DMHAS or Medicaid with the exception of contracts supported with fines/assessed fees, technical assistance contracts, university/county college one-time infrastructure dollars, support teams for addiction recovery (fully supported with State Opioid Response dollars). While existing provider rates are built upon wage assumptions that already exceed the minimum wage, current labor market conditions require higher wages to recruit and retain staff in this challenging field of work. To support their unique needs, community providers will have discretion to allocate enhanced revenues from fee-for-service and Medicaid rate increases as they deem appropriate to increase wages and promote adequate staffing. In addition to the $27 million in proposed State funding, DHS projects that increases applied to Medicaid rates will draw in $12 million in additional federal funds, for a total FY 2023 provider impact of $39 million.

Discussion Points (Cont'd)

17. The Governor's FY 2023 Budget recommends appropriating $12.8 million of new State funding, within the Community Care account, to support the federally-mandated 9-8-8 national suicide prevention hotline. On July 16, 2022, this hotline will replace the ten-digit suicide hotline number currently in use. The federal National Suicide Hotline Designation Act of 2020 also authorizes states to establish an additional fee on mobile services users to support the operations of 9-8-8 call centers. Currently, five crisis hotline centers in the State operate the existing service.

Furthermore, the federal American Rescue Plan Act of 2021 provides for an enhanced federal Medicaid matching rate of 85 percent, over a three-year period, for community-based mobile crisis interventions services to individuals experiencing a mental health or substance use disorder crisis.

- ***Questions:*** **What is the total estimated cost of establishing the 9-8-8 system and the estimated annual cost of operating the system? Please provide a breakdown of how the $12.8 million FY 2023 appropriation would support the 9-8-8 system, disaggregated by purpose. What additional FY 2023 funding sources will support the 9-8-8 system, disaggregated by source, amount, and purpose? Does the department anticipate requiring revenues from a fee charged to mobile service users to support the 9-8-8 system? If yes, please explain the fee structure, required revenue, and intended purposes.**

- **How many crisis hotline centers will the State need to meet the anticipated public demand for the new 9-8-8 system? Will the existing centers be incorporated into the new system? If new or additional centers will be used, please list the names and locations of the new centers. How much funding, disaggregated by source and purpose, will each center receive to implement the new system in FY 2023?**

- **What are the anticipated fiscal impacts on local entities to operate mobile crisis intervention units in support of the work of the 9-8-8 system? What plans does the department have to support local governments and mobile crisis invention units in their efforts? Will the department issue any guidance on the composition of, and equipment requirements for, the mobile crisis intervention units? Please explain.**

- **What challenges does the department anticipate in implementing the new 9-8-8 system and in supporting a Statewide mobile crisis intervention system, particularly in regard to technology, training, and staffing? How will these challenges be addressed?**

- **In FY 2023, how much Medicaid revenue does the department anticipate receiving under the enhanced federal match for community-based mobile crisis interventions services? What projections can be made for this revenue source in fiscal years beyond FY 2023, as the new 9-8-8 system becomes established?**

  DHS Response:

Discussion Points (Cont'd)

The implementation of the 9-8-8 system is an enormous undertaking that will require ongoing and long-term support as the entry point to the state crisis care continuum. It will require building on our successful NJ Hopeline and existing crisis call centers while simultaneously creating new systems and services to serve individuals in crisis. NJ currently has 5 call centers. In total, there is nearly $4 million available from SAMHSA to build capacity at our states five crisis call centers ($1.5 million via the COVID Supplemental and APRA as well as an additional $2.5 million via SAMHSA's 988 capacity building line item.) The call center network in NJ will need to have the adequate staffing and technology infrastructure to be able to answer calls and respond to texts and chat 24/7.

The national 988 technical assistance vendor helped the department determine the Year One estimated cost of $13 million. This funding will support NJ's ability to respond to the anticipated increase in call volume, expand capacity to respond to text and chat 24/7 and launch a marketing campaign.

There are several current funding opportunities DHS is utilizing and exploring to support the crisis care continuum. In addition, there are federally funded crisis call center capacity building grants, federal Medicaid match opportunities to fund community-based mobile crisis intervention services, and collaboration opportunities with the National Suicide Prevention Hotline nationwide system.

The Division of Medical Assistance and Health Services and the DMHAS are actively exploring the opportunities to generate federal financial participation through administrative claiming for the call line operations and mobile crisis response.

18. The FY 2023 Governor's Budget renews FY 2022 budget language appropriating $4.0 million from the Community Care account to fund the Psychiatry Residential Program. The department anticipated funding ten four-year resident slots in FY 2022 via a competitive solicitation process. These slots were planned to be filled in the 2022–2023 academic year.

• ***Questions:*** **What is the status of the Psychiatry Residential Program? How many slots is the program funding in the 2022-2023 academic year, disaggregated by institution? Will these slots be maintained in the 2023-2024 academic year?**

DHS Response:

The initiative funds ten new resident positions, one in each of NJ's ten psychiatric residency programs, for the upcoming academic year beginning July 1, 2022. These ten institutions are: Atlanticare Medical Center, Bergen New Bridge Medical Center, Cooper University Health Care, Hackensack Meridian Health - Ocean University Medical Center, Hackensack Meridian Health - Jersey Shore University Medical Center, Prime Healthcare - St. Claire's, Rowan University School of Osteopathic Medicine, New Jersey Medical School (Rutgers), RWJ Medical School (Rutgers), Trinitas Regional Medical Center.

Discussion Points (Cont'd)

Funding will support all four years of the residency. The programs must maintain the resident, or another resident, in the new positions for the four years of the funding. The program ensures that residents are provided with didactic discussion and experiential sessions and activities on topics relevant to public and community psychiatry, including extensive experience in the public behavioral health system. The resident rotations will include serving populations served by the Department of Human Services.

$4 million remains in the Governor's proposed SFY 2023 budget, which will allow the program to add ten more residents beginning in the July 2023 academic school year.

Division of Developmental Disabilities

19. The Governor's FY 2023 Budget recommends nearly $9.0 million for one-time renovations at Hunterdon Developmental Center. Located in Clinton in Hunterdon County, the center is one of five residential developmental centers for individuals with developmental disabilities administered by the department.

The New Jersey Commission on Capital Budgeting and Planning recommended funding $27.9 million in capital projects for the developmental centers in FY 2023 - $21.3 million at the Hunterdon Developmental Center for electrical system upgrades, replacement of air handler units, and food services renovations and $6.6 million at the New Lisbon Developmental Center, located in New Lisbon in Burlington County, for fire protection upgrades. The commission did not recommend the remainder of the department's $113.7 million in capital requests for funding, including $7.2 million in high-priority electrical system upgrades at the Woodbine Developmental Center.

- ***Questions:*** **Please detail the one-time renovations that will occur at Hunterdon Development Center in FY 2023, disaggregated by cost and project. How will the projects improve the quality of life of residents? What plans are in place to minimize the disruption to residents while these improvements are being made?**

- **Does the department have any concerns about the unmet infrastructure improvements at the State's developmental centers? Are there any safety concerns for residents and staff, particularly regarding the priority electrical improvements at Woodbine Developmental Center?**

DHS Response:

Currently, Hunterdon Developmental Center (HDC) does not have an on-site commercial kitchen / food service building, unlike the other development centers. Instead, through a partnership with DMAVA, their staff prepare meals at an offsite kitchen and deliver meals multiple times per day to HDC. When preparing for COVID, HDC had no way of storing or preparing an adequate amount of food supplies in the event of supply chain disruption, and would not have been self-sufficient if our partners had disruptions in their cooking or

Discussion Points (Cont'd)

delivery operations. This funding project will allow the Department to build an on-site commercial kitchen and food service building to ensure resident food access at all times, especially during weather events or other emergencies. Reducing food transport and delivery will allow for long-term savings.

DHS regularly evaluates infrastructure needs in the short-term and longer-term to reduce risks to resident and staff safety and seeks funding for improvement projects that will enhance the safety and quality of life for those living and working at the developmental centers.

20. Effective January 1, 2022, the Division of Developmental Disabilities eliminated the temporary 20 percent increase to the Individual Supports per diem rate during the COVID-19 pandemic. The Governor's FY 2023 Budget includes $56.8 million in savings due to the expiration of this enhanced rate. This enhancement was provided as a result of the mandated closure of congregate day programs in response to the COVID-19 pandemic, which increased staffing needs of congregate residential providers during the hours when residents would have been attending day programs. The mandated closure of congregate day programs was lifted in June 2021; however, the division has been providing congregate day programs with State Supplemental Payments since June 2020. Effective January 1, 2022 the supplemental payment was reduced from 50 percent to 25 percent of the baseline payment, or the provider's highest month of billing between July and December 2019. Division guidance indicates that the supplemental payment will cease at the end of the current fiscal year, or sooner if funds become unavailable

- ***Questions:*** **What is the status of congregate day providers since the lifting of the mandated closure? Have all providers returned to operation? Of those in operation, what percentage have returned to full pre-pandemic capacity? Please quantify the capacity that has been lost.**

- **Does the division anticipate maintaining the State Supplemental Payment to congregate day providers through the end of FY 2022? Does the division have any concerns regarding the financial stability and workforce needs of congregate day program providers following the elimination of this supplemental payment?**

- **Does the capacity of congregate care services providers following the COVID-19 pandemic meet the needs of the intellectual and developmental disabled community? Are the providers adequately staffed? How is the department addressing any concerns about adequate provider capacity and staffing?**

DHS Response:

All DDD day services providers were permitted to reopen by DDD in June 2021. Re-opening data below is as of April 2022.

- **323 sites open (94%); 21 sites not yet reopened (6%).**
- **7,920 persons attending in person or hybrid (72% of pre-pandemic utilization), and 624 participating remote only (6% of pre-pandemic utilization).**

Discussion Points (Cont'd)

The department is aware of two day program agencies that served a total of approximately 30 clients pre-pandemic that will not reopen. Ensuring that the day program network survived the pandemic was a priority for DDD and this outcome was possible due to the provision of Retainer Payments and State Supplemental payments to closed day provider agencies, as well as other flexibilities.

While the State Supplemental Payments were scheduled to end at the start of calendar year 2022, DDD extended the payment to March 31, 2022 to account for the Omicron surge. The additional payment reduced to 25% on April 1, 2022 and is set to sunset on June 30, 2022.

Along with industries across the state and nation and within other sectors of the care economy, IDD provider agencies are reporting staffing recruitment challenges. While there is some improvement, it is expected that meeting staffing needs will continue to be a challenge and remain a priority for the industry. Therefore, maintaining wages that are above the state minimum wage and increasing opportunities for career pathways are critical. Continuing enhanced payments established during the pandemic period is not a long-term solution to care economy workforce growth and stability.

Day program providers report that they are often not at full capacity each day, in part due to clients choosing not to attend their program every day and in part because some programs do not have adequate workers to fully staff the program.

To ensure that day program options remain available for individuals who want to attend, day service rates received an increase of over 16% effective 10/1/2021. This increase to day program funding is annualized in the Governor's FY23 Proposed Budget.

DHS continues to closely coordinate with the provider industry to monitor day program stability.

21. P.L.2021, c.421 establishes a career development program for direct support professionals within the New Jersey Community College Consortium for Workforce and Economic Development. The program will be guided by an advisory council that will work in partnership with the Division of Developmental Disabilities. The program will identify and recruit individuals who are interested in learning about and serving people with intellectual and developmental disabilities, and will work with existing and potential direct support professionals to identify their educational goals. The program is required to implement a competency-based Direct Support Professional Career Development Pathway and develop a curriculum specific to the field of intellectual and developmental disabilities, including a certificate, associates' degree, and bachelors' degree. The Governor recommends $1.0 million in FY 2023 to fund this program in the Office of the Secretary of Higher Education.

Moreover, the Governor's FY 2023 Budget proposes renewing the FY 2022 $44.0 million State appropriation, centrally budgeted in Interdepartmental Accounts, to sustain a previous Direct Support Professional Wage Increase. An additional $41.7 million is recommended in the

Discussion Points (Cont'd)

division's budget to support the wages of direct support professionals ($31.3 million) and their supervisors ($10.4 million).

- ***Questions:*** **What role does the division anticipate playing in the implementation of P.L.2021, c.421 and what are the FY 2023 costs of these activities to the division?**

- **How many direct support professionals currently provide Division of Developmental Disabilities-funded services and what is the average career length for a direct support professional? What level of growth in this workforce is necessary to meet the needs of division clients? What are the anticipated changes in the direct support professional workforce following the implementation of P.L.2021, c.421? Does the department plan to make any changes to Division of Developmental Disabilities provider credential requirements following the implementation of P.L.2021, c.421?**

- **What is the average hourly rate of a direct support professional and a direct support professional supervisor in FY 2022? Under the Governor's FY 2023 Budget, how will these rates increase in FY 2023? Please explain any increase in federal funds due to the appropriations identified above, disaggregated by budget line.**

DHS Response:

DDD has begun collaborating with the Office of the Secretary of Higher Education (OSHE) on PL 2021 c.443 and will continue to be a resource as the OSHE moves forward with implementation.

The Coalition for a DSP Living Wage estimates that there are about 30,000 DSPs supporting individuals with IDD in New Jersey. The 2020 National Core Indicators Staff Stability Survey ranks New Jersey as having the 5th highest wages and the third lowest turnover rate of participating states.

DDD has received a $5 million grant from CMS for the Money Follows the Person (MFP) program. This funding is for Community Capacity Building and will be used to advance DSP training across the DDD system. To aid that effort, DDD has established a DSP Competency and Capacity Building Steering Committee to improve training for DSPs as part of workforce professionalization and improvement of career pathways. A training framework will be developed that will include mandatory pre-service training, initial onboarding training; ongoing professional development; and opportunities to specialize in specific skill areas that will be established to create a career pathway/DSP certificate program for the State of New Jersey.

National Core Indicators Staff Stability Survey recently published its 2020 results that showed an average DSP hourly wage in New Jersey of $15.36. Since that time, the Division has increased wages by a $1.25 for both DSP's and supervisors in FY2021 and FY2022. Based on this, DDD projects the current median hourly wage to be about $17.86 per hour. The proposed FY2023 budget includes an additional $1.25 increase for DSPs and supervisors. This would

Discussion Points (Cont'd)

increase the median hourly wage to about $19.11/hour in FY23 when minimum wage will reach $14 per hour.

22. The Executive proposes $8.3 million in FY 2023 for a rate increase for out-of-State providers who serve New Jersey residents receiving services funded by the Division of Developmental Disabilities. According to the Governor's FY 2023 Budget, the cost per out-of-State placement in FY 2023 is $196,777, an increase of $39,048 per individual from FY 2022 levels. The average monthly census for out-of-State placements in FY 2023 is 277 individuals, or 18 individuals fewer than in the current fiscal year.

The State no longer routinely places Division of Developmental Disabilities clients in out-of-State facilities. Other than the individuals currently living in an eligible out-of-State setting, the only additional placements are individuals whose out-of-State placement is court-ordered. Clients may return to New Jersey if an acceptable alternative service provider is identified in-State, but P.L.2015, c.192 prohibits the department from compelling the transfer of individuals with developmental disabilities from out-of-State to in-State facilities unless certain exceptions apply.

- ***Questions:*** **Please justify the projected $39,048 increase in the cost per out-of-State placement in FY 2023. Please specify the components of the increase and the rate changes. Of the projected FY 2022 and FY 2023 costs for out-of-State placements, what portions are paid with State funds, federal funds, and individual contributions?**

- **How many of the individuals who currently receive Division of Developmental Disabilities-funded care in out-of-State placements are enrolled in Medicaid? How many out-of-State facilities are hosting division clients? How many of these facilities are Medicaid-eligible?**

- **Does the department actively search for acceptable in-State alternatives for out-of-State placements? How many out-of-State placements in the last three fiscal years have moved to an in-State alternative? Does the department have an assessment tool to determine if an out-of-State placement, based upon clinical and social needs, is a good candidate for relocation in-State, should an acceptable in-State alternative be identified? Please explain.**

DHS Response:

DDD currently serves over 25,000 persons, with about 300 residing in out-of-state settings. Almost all of these individuals have resided in their out-of-state placement for many years and are statutorily allowed to remain in those settings for as long as they choose under PL 2015 c. 192.

Two of these non-NJ providers are Medicaid eligible, and they serve about 1/3 of DDD's out of state-clients. They are receiving a mix of federal and state funds for serving NJ residents.

Discussion Points (Cont'd)

Most of the out-of-state providers serving NJ residents have not received funding increases for care and services for close to a decade or more. They are not entitled to rates increases allocated to NJ providers, including enhanced payments during the COVID pandemic. As a result, out of state providers have expressed a need for higher reimbursement to keep up with the growing costs of serving individuals.

DDD does not seek to return individuals to NJ who are subject to PL 2015 c. 192 but will work to find in-state residential placement for anyone served by DDD who wishes to return to NJ.

23. The Governor's FY 2023 Budget proposes $250,000 for the establishment of a new Disability Information Hub. According to the FY 2023 Budget in Brief, the department will implement the virtual hub in collaboration with individuals with disabilities. The hub will provide up-to-date, consumer-friendly information about disability services in a central location.

Furthermore, in FY 2022, the department launched the Office of Education on Self-Directed Services. The Office provides a centralized place for the delivery of education and training for people with intellectual and developmental disabilities receiving services, as well as their families, advocates, support coordinators, interested community partners, and other stakeholders. The office consists of subject matter experts on best practices in self-directed services and is available to provide technical assistance and education. Currently, the office is accessible by e-mail only.

- ***Questions:*** **Please explain how the new Disability Information Hub will be implemented and how it will support the needs of the intellectual and developmentally disabled community. How many clients does the office anticipate serving in FY 2023? How does the department plan to assist individuals without the technological means to access this virtual resource?**

- **What are the anticipated costs of the Office of Education on Self-Directed Services in FY 2022 and FY 2023, by funding source? How many staff work in the office, by job title, and did the department hire these staff or transfer them from other units within the department?**

- **To date, in FY 2022, how many clients has the office served? How many clients does the office anticipate serving in FY 2023? How does the department plan to assist those individuals without technological means to access this resource?**

- **Does the department anticipate any collaboration between these two centralized information resources? Please explain.**

DHS Response:

The Disability Information Hub will be accessible to all disabled New Jersey residents, regardless of disability type, caregivers if applicable, and others searching for information about disability services. The Hub will be an online, centralized repository of up-to-date, consumer friendly information about

Discussion Points (Cont'd)

available services, eligibility guidelines, and other information to help assist individuals in navigating disability services.
The Office of Education on Self Directed Services is supported within the existing DDD staffing budget and represents no additional cost. The duties of the unit were merged with an existing unit which address the Community Services Waiting List and various Special Projects. Presently, the unit is comprised of the below titles at an annual cost of approximately $1.4 million:

- **Director**
- **Supervising Community Program Specialist**
- **Five Program Specialists**
- **Four Senior Community Program Specialists**
- **Seven Habilitation Coordinators**
- **Secretarial Assistant**

The Office will provide broad training so there is not a limit or specific number of individuals and families to be served. The purpose of the Office is to provide education on self-directed services which is critical to true choice in service options and ability to pursue self-directed services.

DHS has resources that can help persons who live in a family home with access to technology. The Lifeline program and the Affordable Connectivity Program help make phone and internet service more affordable for low-income individuals. Eligible individuals also qualify for a free smartphone through the Lifeline program. If a person participates in certain assistance programs like Medicaid, NJ SNAP or SSI, they automatically qualify for both federal programs.

Division of Family Development

24. The Division of Family Development received nearly $700.0 million in supplemental federal grants under the American Rescue Plan Act of 2021 to invest in childcare in the State. Of that amount, $427.5 million was awarded under the Child Care Stabilization Grant, which the division is distributing as non-competitive grants, through April 30, 2022, of up to $120,000 to licensed child care centers and $4,000 in payments for family child care providers.

Under this program, providers may use the funds for wages and benefits, insurance, rent, mortgage, utilities, cleaning and sanitizing, professional development related to health and safety, mental health services, and other operation expenses to remain open and operating. As of April 1, 2022, some $398.2 million, or 93 percent, of the total grant amount has been expended or is encumbered.

The division also received $267.3 million in supplementary discretionary funds under the Child Care and Development Block Grant program. These funds may be used for activities allowed under the Child Care and Development Fund, which include the provision of child care services, activities to improve the quality of child care, and administrative costs. Under federal law, these funds must be obligated by September 30, 2023 and spent by September 20, 2024. As of April 1, 2022, none of these discretionary funds have been expended or encumbered.

Discussion Points (Cont'd)

The department has discussed the following uses for the $267.3 million: the continuation of temporary COVID-19 family differential payments - which provide up to $300 for full-time care, or $150 for part-time care, per eligible child, per month, in addition to the child care assistance rate paid by the State - through the end of 2023; the continuation of the waiver on co-payments under the Child Care Subsidy Program; and the implementation of financial incentives to increase the number of child care providers that offer non-traditional evening and weekend hours.

- ***Questions:*** **To date, how many licensed child care centers and how many family child care providers have applied for a stabilization grant? Of these applications, how many are approved, denied, or pending? How many applicants are participants in the State's Child Care Subsidy Program? Has the department worked with denied applicants to correct any deficiencies or errors in applications to secure funding?**

- **How may grants have been issued to licensed child care centers in each of the following amount ranges: $60,000 or less; $90,000 or less; and $120,000 or less. Please disaggregate grant awards by intended purpose of funds.**

- **What is the anticipated number of recipients of funds under the Child Care Stabilization Grant? What protocols does the department have in place to monitor the use of the funds and the grantees' operating status following the receipt of the grant award?**

- **What is the department's anticipated use of the $267.3 million in discretionary Child Care and Development Block Grant funds in FY 2022, FY 2023, FY 2024, and FY 2025, disaggregated by fiscal year and purpose? Following the expenditure of these funds, does the department anticipate continuing any of these initiatives with an alternative source of funding?**

DHS Response:

Stabilization grant applications break down as follows:

Provider Type	Total applicants	Number of applicants in State's program	Approved	Pending	Denied
Licensed centers	2,387	1,857	2,298	57	28
Registered FCCs	557	557	549	5	3

Applications that were denied did not meet grant eligibility requirements, for example, the provider was not open or operating at the time of the application. We anticipate some of these providers will be eligible when applications re-open in the upcoming months.

Discussion Points (Cont'd)

The department has proactively offered business counseling, technical assistance, and support available to all licensed centers and Family Child Care Providers needing help with their grant application. Support has been provided through the New Jersey Small Business Development Center to help applicants fill out the financial sections of the grant application. This one-on-one support has reached over 650 providers since the grants became available. In addition, the division's Office of Child Care conducted webinars, provider information sessions, as well as one-on-one provider assistance with the application process. The department also developed user guides, video tutorials, and webinars in English and Spanish as resources for applicants available on our child care website.

Stabilization grant award amounts break down as follows:

Grant award	Total recipients
Up to $30,000	1,192
$60,000	1,005
$120,000	852

Stabilization Grants provide up to $120,000, depending on licensed capacity and estimated monthly expenses. Providers receive 2/3 of the total grant award after they are approved, and the grant balance in January 2023 after completing a recertification process. Grant awardees are able to use the funds across six categories of allowable expenses to cover costs incurred from September 2021 – August 2023. Allowable expenses include: personnel costs, rent, utilities, and insurance, facility maintenance and improvements, PPE, cleaning and other health and safety supplies or equipment, goods and services and mental health supports. Most grant applications indicated funds will be used for a combination of all allowable expenses under the grant.

Child Care Stabilization grants are non-competitive grants available to all 4,038 licensed child care providers and 1,238 registered family child care providers. Providers must have been operating on or before March 11, 2021 or if they temporarily closed, they expect to reopen within 60 days of submitting the application. DHS works closely with the Department of Children and Families Office of Licensing to confirm a licensed center's operating status. Grantees are required to keep records of grant funds expenses including receipts/invoices and the Department conducts internal reviews of applications and case files.

The Department received $267 million in ARP discretionary funds, which must be liquidated by September 30, 2024. DHS is using these funds in the following ways:

- **Continuing to provide supplemental payments to providers for children receiving assistance through the state's child care assistance program. These additional payments cover the difference between what the state pays and the provider charges and any other fees. These additional payments provide up to $300 for full-time care, or $150 for part-time care,**

Discussion Points (Cont'd)

per eligible child, per month on top of the child care assistance rate paid by the state on behalf of the family.

- **Continuing to provide child care assistance for parents who do not meet work requirements due to work hours' fluctuation at redetermination of benefits.**
- **Working to develop and implement financial incentives to increase the number of child care providers that offer non-traditional evening and weekend hours. The department intends to use ARP discretionary funds for these financial incentives.**

25. The FY 2022 Appropriations Act appropriated $100.0 million in flexible federal Coronavirus State Fiscal Recovery Fund balances established pursuant to the federal American Rescue Plan Act of 2021 to the newly established Child Care Revitalization Fund. Furthermore, P.L.2021, c.144 provides the department with $30.0 million from the Child Care Revitalization Fund for grants to licensed child care providers, registered family day care providers, or the providers' employees. With these funds, the department initiated phase 1 of a Hiring and Retention Bonus Grant, which provided $1,000 bonuses to help providers recruit new child care employees and retain current staff. The program ended January 31, 2022. According to the department, funding for an additional bonus will be provided in spring or summer of 2022.

The Governor's FY 2023 Budget in Brief indicates that the Administration intends to: 1) continue to implement programs via the Child Care Revitalization Fund in FY 2023; and 2) develop new initiatives, under a collaboration between the department and the Economic Development Authority, using funds from the Coronavirus State Fiscal Recovery Fund to encourage small businesses to provide child care benefits to the employees.

- ***Questions:*** **How many child care workers received a hiring or retention bonus grant, disaggregated by type of grant? What total grant amount was awarded?**

- **When will the next round of Hiring and Retention Grants open? What is the anticipated cost of this grant round? Following this grant round, how will the department use any of the remaining $30.0 million in federal funds provided to the department from the Child Care Revitalization Fund?**

- **Please describe how the State would use federal funds to encourage small businesses to provide child care benefits to their employees. What would be the department's role in this initiative, and how would the department collaborate with the Economic Development Authority? What would be the anticipated total allocation from the Coronavirus State Fiscal Recovery Fund to implement this program?**

DHS Response:

Since the beginning of CY22, a total of 31,000 child care workers have received a $1,000 bonus grant, totaling $31 million in total awards. A second round of the program reopened for applications on April 11 and will accept applications through May 6. This round is available to individuals hired after Round 1 closed

Discussion Points (Cont'd)

and to anyone who was eligible but was not included in the initial round. Phase 2 of the grant payments will be available later this year in the Fall. The department will use CCDF discretionary dollars to fund these additional bonus payments. The department anticipates providing another $30 to $40 million in bonus payments through subsequent rounds.

The pandemic has demonstrated the importance of making child care available for working parents. The Administration hopes to work with its partners in the legislature on a program that encourages small businesses to begin offering child care benefits to their employees. This may be accomplished through matching grants for employers who reimburse child care expenses, reserve slots with local providers, or provide other meaningful benefits. The Department will work with the Economic Development Authority (EDA) and other partners to support provider coordination.

26. The Governor's FY 2023 Budget recommends eliminating $5.0 million in funding for two pilot programs for child care providers. The Child Care Facility Improvements Pilot Program, with a FY 2022 appropriation of $4.5 million, was intended to allow child care providers to make needed capital improvements to their facilities in exchange for participating in the Grow NJ Kids program. The Grow NJ Kids program is a rating and improvement system designed to assess child care providers, provide training and incentives to improve the services offered by providers, and communicate participants' level of quality to the public. As of March 31, 2022, none of the appropriated funds has been expended.

The Child Care Shared Services Pilot Program, with a FY 2022 appropriation of $550,000, was intended to provide support for shared service collaborations in Central and Southern New Jersey to reduce child care providers' administrative costs. As of March 31, 2022, none of the appropriated funds has been expended, while $100,000 has been encumbered.

- ***Questions:*** **Please detail the timeline for the implementation of the Child Care Facility Improvements Pilot Program and the Child Care Shared Services Pilot Program. When are the appropriated amounts anticipated to be disbursed? Does the departments anticipate returning any unspent funds to the General Fund at the end of the current fiscal year?**

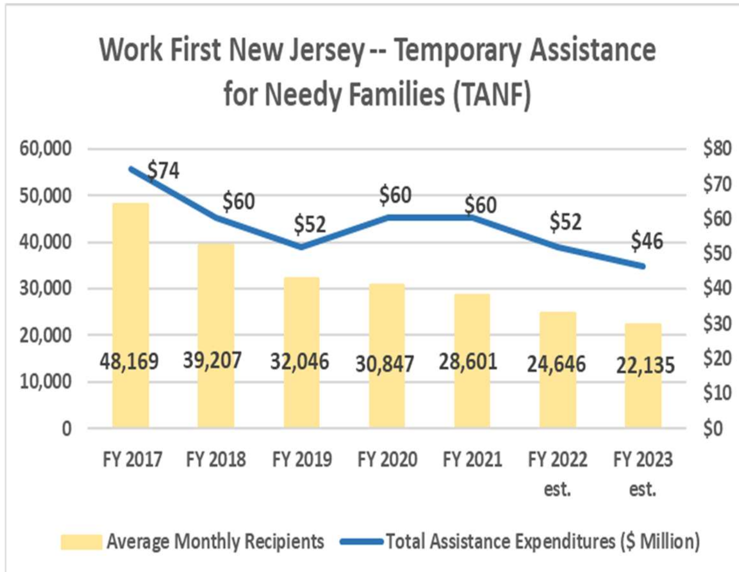
DHS Response:

The department does not anticipate returning any of the funds to the General Fund. The $4.5 million in funding is being transferred to the Economic Development Authority to be integrated with the EDA's Capital and Facility Improvement Grant Program they plan to release in the upcoming months. The $550,000 appropriation is being used to strengthen the department's shared services resources by increasing access to Shared Services resources and tools and enhancing support staff for providers through the Child Care Resource and Referral agencies. The department is providing funds to providers to access online content through existing Shared Services platforms where they can access webinars, technical assistance, and other support. These tools support providers looking to learn about shared services models and develop

Discussion Points (Cont'd)

local alliances. The department has also expanded the hiring of shared services coordinators throughout the Child Care Resource and Referral Agencies network to support providers at the local level.

27. The Division of Family Development projects that total assistance expenditures for the Work First New Jersey – Temporary Assistance for Needy Families (TANF) program will decrease by $5.3 million from $58.1 million in FY 2022 to $54.7 million in FY 2023. Enrollment, in turn, is forecast to continue its long-term decline. Some 2,511 fewer average monthly recipients are estimated in FY 2023, a reduction from a count of 24,646 in FY 2022 to 22,135 in FY 2023. Throughout the COVID-19 pandemic, diminishing annual enrollment persisted, notwithstanding widespread income volatility caused by a temporary spike in unemployment at the onset of the pandemic, substantial temporary increases in unemployment insurance and other monetary benefits as well as tax benefits such as the enhanced federal child tax credit, and the withdrawal of the temporary fiscal stimulus in more recent months.



- ***Questions:*** **Please explain what factors account for the sustained decline of Work First New Jersey – Temporary Assistance for Needy Families (TANF) enrollment since FY 2019. Does the gradual growth in the State's minimum hourly wage rate play a role? How have the COVID-19 pandemic and the public policies responses thereto contributed to the diminishing trend? Is the trend counterintuitive, considering that the pandemic was reported to have a disproportionate destabilizing effect on the finances of the least affluent?**

- **Please explain the variables and assumptions that produced the estimate that Work First New Jersey – Temporary Assistance for Needy Families (TANF) enrollment would continue to decline in FY 2023. How is the withdrawal of temporary federal COVID-19-induced income support policies factored into the estimate?**

DHS Response:

Historically, the need for public assistance benefits tend to trend upward during any economic downturn. TANF caseloads rose slightly at the start of the pandemic, began to decline in July 2020, began to increase again in October 2021, and have been increasing every month since. This increase is likely is due to the fact that many pandemic related unemployment benefits ended in

Discussion Points (Cont'd)

September 2021. However, enrollment remains below the peak seen at the height of the pandemic.

During the pandemic, the Department made it easier for enrollees and applicants to get assistance through policy and program changes, including waiving work requirements including job search activities for new and existing applicants, and waiving sanctions to prevent case closures.

A few factors that may be responsible for the decline between July 2020 and October 2021 are:

- **At the height of the pandemic, pandemic federal unemployment benefits were available to workers including those who traditionally are not eligible for unemployment insurance benefits. Someone receiving or eligible to receive UI is not eligible for WFNJ until they have exhausted UI or were determined not eligible for UI.**
- **Federal economic impact payments and enhanced child tax credit benefits were excluded from income eligibility criteria for TANF and did not impact current program enrollees although it likely played a role in someone's decision to apply for TANF.**

Other non-COVID factors to consider are the income impact of increases to minimum wage, the 60-month lifetime TANF limit, and federal rules that can result in immigrant and mixed status families being ineligible to receive TANF assistance despite meeting income requirements.

Current caseload projections assume recent enrollment trends continue into FY 2023. We anticipate enrollment to decline as the economy continues to recover from the pandemic.

Division of Management and Budget

28. The FY 2023 Governor's Budget proposes a $385,000 appropriation for the Office of New Americans, a $185,000 increase from FY 2022 levels. The office was established by Executive Order No. 74 of 2019 to build trust, promote immigrant integration, and improve access to services for immigrants and refugees in New Jersey. According to the department, the FY 2022 funding of $200,000 supported a $130,000 director's salary and the anticipated salaries of a Community Engagement Coordinator and a Programs and Initiatives Coordinator.

- *Questions:* **What is the status of the Community Engagement Coordinator and Programs and Initiatives Coordinator positions, and what is the current salary of each position? Please explain the reasons for the recommended $185,000 appropriation increase for the Office of New Americans. Will any additional staff be hired to support the office in FY 2023? Are any expenditures of the office, especially any salaries, charged to federal funds, and, if so, to what federal grant?**

Discussion Points (Cont'd)

DHS Response:

The Community Engagement and Program Coordinator positions have been filled with a current annual salary of $90,000. In the last two years, the ONA has expanded its services significantly and is now overseeing and managing the two publicly-funded legal services programs for immigrants facing detention/deportation and unaccompanied migrant children and youth totaling $11.2 million. The $185,000 are to cover existing salary needs and to fund an additional position to coordinate and manage office operations. The ONA also oversees the Refugee Resettlement Program and the salaries of the five ONA staff working in this program are 100% federally funded by the Administration of Children and Families.

29. In FY 2022, the Office of New Americans administered the Excluded New Jerseyans Fund, which provided a one-time, direct cash benefit to eligible low-income households who were excluded from federal stimulus checks and pandemic-related unemployment assistance. This included undocumented individuals and residents returning from incarceration. Benefit amounts were $2,000 per eligible individual, with a maximum benefit of $4,000 per household. Individuals with annual household incomes at or below $55,000, who lived in New Jersey, and were over 18 years of age were eligible for this benefit. Applications for the program were accepted through the end of February 2022, and the program reportedly received over 35,000 applications and distributed over $40.0 million in assistance.

The Executive allocated $40.0 million from the federal Coronavirus Relief Fund to the relief program in FY 2020, which was required to be spent on expenditures incurred between March 1, 2020 and December 31, 2021. As of April 1, 2022, the State accounting system indicates that of these federal funds, $25.7 million are uncommitted. Moreover, the FY 2023 Budget in Brief indicates that the Governor intends to allocate $60.0 million in federal funds from the Coronavirus State Fiscal Recovery Fund, established pursuant to the federal American Rescue Plan Act of 2021, to the Excluded New Jerseyans Fund.

According to the FY 2023 Budget in Brief, the Governor also proposes the distribution of $53.0 million in federal funds from the Coronavirus State Fiscal Recovery Fund for Individual Taxpayer Identification Number holders who did not receive federal stimulus aid during the pandemic. This new program would provide a $500 benefit to over 100,000 individuals.

If the allocations out of the Coronavirus State Fiscal Recovery Fund were to be made in FY 2022, the approval of the Joint Budget Oversight Committee would be required. Under the provisions of the Governor's FY 2023 Budget, however, legislative approval for the disbursement of Coronavirus State Fiscal Recovery Fund resources would not be required.

- ***Questions:*** **How many applications did the office receive for the Excluded New Jerseyans Fund program? Of these applications, how many are approved, denied, or pending? Has the department worked with applicants to correct any deficiencies or errors in applications to secure funding? If so, how?**

- **What is the total anticipated cost of the Excluded New Jerseyans Fund program, disaggregated by funding source and benefit or administrative costs? Does the**

Discussion Points (Cont'd)

department anticipate returning any federal funds allocated to the program from the Coronavirus Relief Fund due to non-compliance with the federal deadline?

- **What are the eligibility requirements for the Individual Taxpayer Identification Number holders program? Will recipients of payments from the Excluded New Jerseyans Fund be eligible for this new program?**

- **Will the Office of New Americans administer the Individual Taxpayer Identification Number holders program or contract with an outside entity? What are the anticipated administrative costs of this program and will addition staff be required to administer the program?**

- **Does the department anticipate requesting the approval by the Joint Budget Oversight Committee in FY 2022 for the use of: 1) $60 million in Coronavirus State Fiscal Recovery Fund resources for additional Excluded New Jerseyans Fund payments; and 2) $53 million in Coronavirus State Fiscal Recovery Fund resources for the Individual Taxpayer Identification Number holders program?**

DHS Response:

The Excluded New Jerseyans Fund (ENJF) received approximately 38,000 applications in total. As of April 13, 2022, 7,000 applications were approved and 400 deemed ineligible. Of the remaining applications, 29,000 are currently in review and awaiting documents to determine eligibility, and 2,000 have been withdrawn or are considered inactive.

The department continues to work with applicants directly or through the contracted community organizations to assist applicants with pending applications to secure funding. All applicants with a pending application have received at least two touch points in their preferred contact method to let them know the status of their application and what is needed to complete the application for review. In addition, eight community organizations are proactively reaching out to applicants to offer assistance over the phone and in-person through office hours or document clinics.

Total costs for the ENJF program will not be known until application processing is complete, however current estimates suggest total expenditures of approximately $80 million split between federal funding allocations from the Coronavirus Relief Fund and up to eight allocations from the American Rescue Plan. Of total projected spending, administrative costs are expected to represent approximately five percent, with remaining dollars distributed as relief payments to recipients. ENJF is made up of multiple, $10 million pandemic-related programs that the Governor was able to allocate at his discretion.

The Governor's proposed budget includes a $53 million proposal to use ARP State Fiscal Recovery Funds to fund a one-time direct payment to ITIN holders who were excluded from federal stimulus aid and whose income falls below 200% of the Federal Poverty Level. This program is different from the Excluded New Jerseyans Fund which is a COVID relief assistance program for low-income households excluded from COVID federal financial assistance. Receipt of ENJF

Discussion Points (Cont'd)

assistance will not make someone ineligible for the ITIN program if they otherwise meet the criteria to receive the benefit.

ONA will not administer the ITIN program. The ITIN program currently requires JBOC approval or legislation to start.

30. In August 2021, the United States completed its withdrawal from Afghanistan. The fall of the United States-backed Afghan government caused a refugee wave. More than 10,000 Afghan refugees were temporarily housed on the Joint Base McGuire-Dix-Lakehurst. In March 2022, the last Afghan refugee had reportedly left the base. In all, about 700 Afghan refugees were reportedly resettled within New Jersey. With the ongoing war in Eastern Europe, a new exodus of refugees is occurring.

- ***Questions:*** **Please highlight, with metrics, the role the department played in providing health, resettlement, and other social services to the Afghan refugees temporarily housed on the federal Joint Base McGuire-Dix-Lakehurst. What lessons has the department learned about its and New Jersey's capacity to welcome, provide services for, and resettle a large, sudden influx of refugees? What were the department's expenditures in providing services to and resettling Afghan refugees? What part of the State's expenditures were paid out of federal funds?**

- **Is the department preparing for an influx of refugees from Eastern Europe? If so, please describe the preparations and provide a preliminary estimate of the number of refugees from Eastern Europe who may be resettled within New Jersey in FY 2022 and FY 2023.**

DHS response:

Operation Allies Welcome was a federal operation led by the US Department of Homeland Security to evacuate Afghan refugees and provide them with emergency shelter and supports at nine military installations across the country, including Joint Base McGuire-Dix-Lakehurst (JBMDL). Most of the supports provided to Afghan while at the military bases were delivered by the federal government or their contracted vendors including emergency shelter, health care, food, and legal services. New Jersey Human Services, as part of the Governor's Operation Allies Welcome Task Force, worked closely with our federal partners to provide support as needed. For pregnant women who delivered a baby while they were at JBMDL, their newborns were enrolled into Medicaid and received Medicaid benefits while in New Jersey.

Over several months, Afghan guests were moved from military installations to their final resettlement destinations across the United States. The federal government set up an allocation process to determine resettlement destinations for Afghans at military bases. As a result, NJ has welcomed 740 Afghan evacuees for resettlement. Our department oversees and manages the federally funded resettlement program in partnership with the International Rescue Committee and three local resettlement agencies. Refugee admissions had dropped significantly during the previous federal administration which resulted

Discussion Points (Cont'd)

in funding reductions that impacted resettlement capacity across the country. As a result of OAW, resettlement agencies had to work quickly to ramp up services to welcome an unprecedented number of refugees in a 6-month timeframe. Under the Biden administration, there has been a commitment to increase refugee admissions and more funding has been provided to restore resettlement capacity.

Resettlement Agencies help find long-term housing for refugees, assist with enrolling children in school, identifying employment opportunities for adults, and other important services to build a new life in the United States. Refugees are also eligible to receive social services such as Medicaid and SNAP.

The Department of Human Services is specifically responsible for ensuring that refugees receive domestic health screenings and vaccinations. We provide these services through contracts with community healthcare providers and the administration of these services are 100% federally funded. DHS received $553,000 to provide these services to Afghans.

President Biden announced that the U.S. would welcome up to 100,000 refugees from Ukraine. To date, DHS has not received additional details on this announcement or an estimated number of refugees that will be assigned to New Jersey from Eastern Europe.

31. In FY 2023, the Executive proposes a $1.2 million appropriation to establish the Office of Long-Term Care Integrity and Oversight. The office would complement the existing Office of the State Long-Term Care Ombudsman whose mission includes investigating and resolving complaints concerning long--term care facilities; and initiating actions to secure, preserve and promote the health, safety, welfare and civil and human rights of residents.

- ***Questions:*** **What is the mission of the new Office of Long-Term Care Integrity and Oversight and how will the office accomplish this mission in FY 2023? How is the office's mission different from that of the Office of the State Long-Term Care Ombudsman? How will the new Office of Long-Term Care Integrity and Oversight collaborate with the department's various divisions, as well as other State departments and entities, to meet its goals?**

- **Please detail the Office of Long-Term Care Integrity and Oversight's organizational structure, including a listing of positions by title and salary.**

- **Please detail the anticipated uses of the office's recommended $1.2 million appropriation.**

DHS Response:

The Office of Long-Term Care Integrity and Oversight will help to identify long term strategies and solutions to continually improve the delivery of long term care services for New Jersey residents. The Office will also support coordination between the various state entities involved in the long term care

Discussion Points (Cont'd)

system. This is critical, as the oversight of the long term care system involves multiple agencies: federal CMS certifies nursing facilities operating in New Jersey; the DOH is the regulatory oversight and licensing entity for long term care facilities in New Jersey and is responsible for overseeing nursing facility staffing ratios; the DHS is the payer and rate-setter for many nursing home residents through Medicaid and is responsible for implementing the Direct Care Ratio law to ensure Medicaid funds are used for the direct care of residents; the Office of the Long Term Care Ombudsman is a federally required office that serves as an advocate for nursing home residents and their families, investigates complaints, and observes first-hand the conditions of care in facilities; and the DOL exercises oversight concerning minimum wage requirements for certain nursing facility workers. Another objective of the Office of Long-Term Care Integrity and Oversight will be to create a dedicated unit focused on integrating various data into nursing facility payment policies and rate-setting methodology.