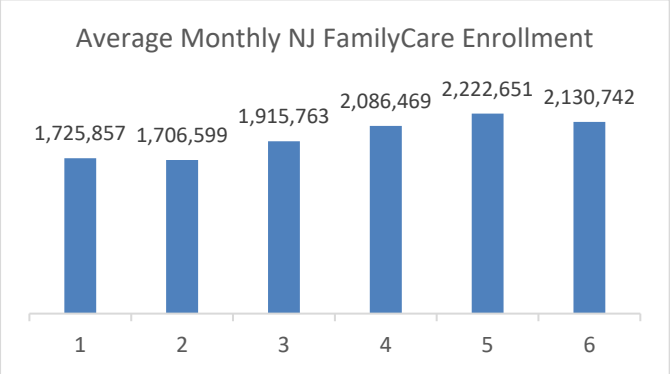
Discussion Points

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

1. On April 1, 2023, pursuant to federal law, the State will resume reviewing all NJ FamilyCare enrollees' eligibility and will begin ending coverage for those found ineligible, potentially hundreds of thousands of New Jerseyans. The State has been required to provide continuous NJ FamilyCare coverage to all individuals enrolled in the program, regardless of any changes in individuals' circumstances that otherwise would result in termination of coverage, since March 18, 2020 as a condition of receiving enhanced federal Medicaid and Children's Health Insurance Program cost reimbursement rates during the federal COVID-19 public health emergency. As of February 2023, the department estimates NJ FamilyCare enrollment at 2.3 million, over 570,000 more than at the onset of the pandemic in March 2020. The department estimates that the average monthly enrollment will fall to 2.1 million in FY 2024.



Not all newly ineligible NJ FamilyCare enrollees would lose their coverage on April 1, 2023. Per federal requirements, the State must initiate renewals within 12 months of April 1, 2023 and must complete renewals for all individuals within 14 months of April 1, 2023. The department anticipates that NJ FamilyCare will initiate 186,000 renewals each month of the 12-month period and that redeterminations will require the entire 14 months to process, ending on May 31, 2024. From June 2024 onward, the department indicates that there will be a continued need to process ongoing good-faith cases and fair hearings. The department projects that nearly 1 million renewals will be the responsibility of the county welfare agencies, and nearly 1 million will be the responsibility of Conduent, the NJ FamilyCare Health Benefits Coordinator.

- ***Questions:*** **By the end of FY 2024, how many NJ FamilyCare beneficiaries, by eligibility group, are projected to have their coverage terminated due to the resumption of eligibility redeterminations?**

- **Please project for each month, starting in April 2023 through June 2024, the enrollment in NJ FamilyCare and the number of beneficiaries, by eligibility group, whose coverage will be terminated. What are the assumptions used to determine these numbers? Does the department anticipate that NJ FamilyCare enrollment will return to pre-pandemic levels beyond FY 2024? If not, what factors are effecting the higher enrollment?**

- **When does the department anticipate completing good-faith cases and fair hearings? What is the estimated number of beneficiaries who will be involved in these proceedings, as well as the number that will face termination via these proceedings in FY 2025?**

- **What mechanisms are in place to track the progress of the county welfare agencies and Conduent in order to ensure compliance with the federal requirements? Will additional**

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staff be required, by the department or the eligibility determining agencies, to support this effort? How are these costs reflected in the FY 2024 Governor's Budget? What plans are in place if the pace of eligibility renewals falls below the necessary level to comply with federal requirements?

- **Will Medicaid managed care organizations play a role in the resumption of the eligibility renewal process? How will the organizations communicate with their members regarding the renewal process and renewal determinations?**

- **What procedures are in place to transition applicable beneficiaries who lose NJ FamilyCare eligibility to other medical assistance programs, such as Medicare Savings Programs and the Jersey Assistance for Community Caregiving program, as well as coverage via the State-based health insurance exchange? What steps, if any, have been taken to encourage and facilitate the migration of beneficiaries from NJ FamilyCare to the exchange?**

- **What support, if any, will the department offer to beneficiaries who lose NJ FamilyCare eligibility but lack employer-based insurance coverage and cannot afford to purchase insurance through the State-based health insurance exchange?**

"Unwinding" from the COVID-19 Public Health Emergency will have a significant impact on New Jersey's Medicaid program in SFY 24. Eligibility renewals resumed on April 1, 2023, will be staggered over the next year, and the 90-day process will lead to material disenrollment numbers beginning July 1, 2023. National disenrollment estimates of 12-13% advised the disenrollment expectations included in the Governor's Budget**.**

Because this is an unprecedented scenario for Medicaid programs in every state, it is difficult to project what might drive variance or which sub-populations may be most significantly impacted. For budget purposes, we assume that they will be the populations that grew most substantially through the maintenance of effort period, primarily members in the Medicaid Expansion, Title XIX Parents and Children, and CHIP groups.

No enrollment estimates are available beyond FY2024. Estimates will be developed for FY2025 once the impact of renewals can be assessed through enrollment data.

Similarly, DMAHS does not yet have a point estimate for the number of cases that will have been granted good faith extensions or remain in the fair hearing process as of June 2024; once we have fully completed one or more monthly unwinding renewal cycles, we may be better positioned to generate such estimates. In general, we expect that members whose renewals remain incomplete as of June 2024 will represent a small and rapidly diminishing share of total NJ FamilyCare enrollment. While it is likely that a very small number of outlier cases may continue unresolved into SFY 2025, we expect that these will represent a nominal share of the total.

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Through operational reporting, DMAHS will closely track the initiation, status, and ultimate disposition of renewals during the unwinding period. As part of this monitoring effort, DMAHS anticipates the ability to isolate performance across a number of domains, including geography, demographics, eligibility category, managed care organization, and eligibility determining agency (EDA; i.e. Conduent or County Welfare Agency). This data-driven monitoring approach will allow DMAHS to make real-time adjustments as needed, potentially including adjustments to the spread of cases across months, the assignment of cases to specific EDAs, and implementation of corrective action plans for EDAs.

Additionally, Medicaid Managed Care Organizations (MCOs) are playing an important role in the eligibility renewal process. MCOs are responsible for:

- sending a postcard to all members at the beginning of the month in which they are scheduled to renew in order to alert members that their renewal mail is on the way and remind them to respond to NJ FamilyCare mailings;
- following up later in the mailing month with reminders in multiple modalities, including phone calls, text messages and/or email when available;
- conducting targeted outreach to members deemed high risk due to clinical conditions;
- sending letters to members who have been terminated but are in their 90-day reconsideration period;
- transmitting all member address changes to DMAHS as newly permitted by federal waiver; and
- participating in community events to raise awareness.

Importantly, we believe the overwhelming majority of current NJ FamilyCare members will either be eligible to remain in NJ FamilyCare, or will have access to affordable coverage, either through an employer, through Get Covered NJ (the State-based health insurance exchange), or through Medicare.

Some will lose eligibility as a result of not responding to or completing the renewal. These individuals can contact NJ FamilyCare to complete the process and may qualify for retroactive reinstatement if they do so within 90 days.

Individuals who are no longer eligible for coverage may be referred to the State Based Exchange (Get Covered NJ) or to a Medicare Savings Program (MSP), as appropriate. Members who lose eligibility due to income will in most instances have their information transferred to Get Covered NJ automatically for outreach. Aged or disabled members whose Medicaid eligibility is terminated will, where appropriate, have their information transferred to the Division of Aging Services for enrollment in a Medicare Savings Program. Termination and denial notices include applicable language encouraging members to apply for coverage (or to check on their account transfer application) through Get Covered NJ.

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2. Studies have indicated that people who have moved since the start of the pandemic, those with limited English proficiency, and people with disabilities, may be at greater risk for losing NJ FamilyCare coverage when the continuous enrollment provision ends.

- ***Question:*** **For each of these categories, please explain the initiatives the department plans to carry out to minimize the number of beneficiaries who will become uninsured.**

  In preparation for the unwinding year, the Department has been very focused on raising public awareness and working collaboratively with our community partners to minimize the number of beneficiaries who lose Medicaid eligibility and become uninsured.

  In 2022, DMAHS launched a public education and advertising campaign to spread the word about Medicaid eligibility "unwinding." The www.NJ.gov/StayCoveredNJ website provides user-friendly information on NJ Medicaid unwinding, can be translated into dozens of languages, and includes ready-to-print posters in 21 languages commonly spoken in New Jersey.

  Specifically, for populations mentioned in the question above:

  - **People who have moved** – NJ is using multiple sources of updated address information, including the National Change of Address Database and addresses collected by managed care organizations. In our public messaging, we have emphasized the need for members to provide updated address information, and have set up a single hotline (1-800-701-0710; TTY: 711) that can accept updates from all members. When renewal mail is returned with a forwarding address, we will resend the mail with the updated address. We will also be reaching out to members through multiple modalities, including phone, email, and text messaging when we have those contact options available.

  - **People with Limited English Proficiency** – NJ FamilyCare's unwinding website includes material translated into 21 languages, and the entire site can be translated into dozens of languages. Bilingual notices and renewal packets are increasing accessibility for members who speak Spanish. For members who speak other languages, our mailings include information on accessing NJ FamilyCare's translation service, which provides translation in 240 languages. Additionally, all NJ FamilyCare call center agents and managed care staff have access to translation and interpretation services. The NJ FamilyCare call center's telephone number is prominently displayed on all mailings and on NJ FamilyCare websites. Finally, we are working closely with community stakeholders to ensure that information is available through local organizations and in languages spoken by new Americans.

  - **People with Disabilities –** DMAHS works closely with the Division of Disability Services, the Department of Children and Families, and the Division of Developmental Disabilities. DMAHS runs monthly reports to help our sister agencies assist their

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consumers with maintaining Medicaid coverage. DMAHS also meets regularly with member advocates and organizations to share information and ensure that concerns and barriers specific to people with disabilities are being addressed.

In addition to NJ FamilyCare and County offices, DMAHS has leveraged additional support through the Division of Aging Services and from their county Aging and Disability Resource Centers located in each county. They will provide consumers with another place they can go to access assistance with initial and renewal Medicaid applications and receive screenings for other available services.

3. The State will have a significant volume of eligibility and enrollment actions to complete upon the expiration of continuous NJ FamilyCare enrollment on April 1, 2023. To address this administrative challenge, the United States Centers for Medicare and Medicaid Services is encouraging states to reexamine their automatic renewal policies and procedures to improve capacity. Automatic renewals, or those renewals based on data sources such that the beneficiary is not required to take any action to maintain Medicaid coverage, have been proven to: manage increased volume with fewer manual touches; improve retention of beneficiaries at renewal; and reduce the volume of new application processing due to the temporary loss of NJ FamilyCare coverage in which a beneficiary dis-enrolls and then re-enrolls within a short period of time.

- **What existing and new policies is the department implementing to increase the number of automatic renewals? Pre-pandemic, what percentage of renewals were automatic? For FY 2024, what is the projected percentage of renewals that will be automatic? What data sources does the department currently use to process renewals automatically? Will these sources expand in FY 2024?**

  As we start the unwinding period, New Jersey has significantly expanded the share of eligibility renewals that may be completed on an ex parte or administrative basis. Key steps we have taken in this area include using data from the State's SNAP program, allowing ex parte renewal to take place even where the member has no income, and maximizing use of existing flexibilities in federal regulations to increase ex parte completion rates.

  During the unwinding period, ex parte renewal will be attempted for all members before they are mailed a renewal packet. Data sources used will include (depending on the member) the Federal Data Services Hub (which includes federal tax and benefit data), the DHS Online Verification of Eligibility or DOVE system (which includes various State data sources), the Asset Verification System (which includes data from financial institutions), and SNAP data. New Jersey continues to review opportunities to improve systems and policies to further increase rates of ex parte renewals, and may implement additional enhancements over the course of the unwinding period.

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4. Pursuant to the federal Families First Coronavirus Response Act of 2020, the State has received over $3.4 billion in enhanced federal cost reimbursements under Medicaid and the Children's Health Insurance Program (CHIP) - branded together at NJ FamilyCare – from FY 2020 through March 2023. Since FY 2020, the Medicaid enhancement has equaled 6.2 percent and the CHIP enhancement 4.34 percent. Starting in April 2023, under the federal Consolidated Appropriations Act of 2023, the enhanced cost reimbursements will phase out until they expire at the end of calendar year 2023.

Medicaid and CHIP Coverage Expenditures
(in $ Million)

FY	Total	Federal Funds	State General Fund	Other Funds
2019	$12,610	$7,999	$4,336	$575
2020	$13,057	$8,182	$4,251	$625
2021	$14,365	$9,473	$4,076	$816
2022	$15,870	$10,541	$4,509	$820
2023 est.	$16,757	$11,148	$4,454	$1,155
2024 est.	$18,701	$11,793	$5,777	$1,132

Despite an anticipated enrollment decline due to the resumption of eligibility redeterminations, the Executive projects that FY 2024 expenditures for Medicaid and CHIP general medical services from all funding sources will increase by $1.9 billion, or 11.6 percent, over FY 2023 to $18.7 billion. State General Fund expenditures are projected to rise by $1.3 billion to $5.8 billion in FY 2024, and expenditures charged to federal funds are estimated to increase by $645 million to $11.8 billion.

- ***Questions:*** **What are the drivers of the projected $1.9 billion, or 11.6 percent, increase in FY 2024 expenditures for Medicaid and CHIP medical coverage from all funding sources? Considering that the projected increase includes offsetting assumptions regarding enrollment declines as eligibility redeterminations resume, what would be the estimated cost increase in dollar and percentage terms in FY 2024 if there were no offsetting assumptions regarding enrollment declines?**

- **What will be the effects of the loss of enhanced federal matching funds on the types, quantity, and quality of services under NJ FamilyCare? Will the State backfill the lost federal revenue without adjustments to the services the department provides? What is the anticipated cost to replace the enhanced federal match in FY 2025?**

- **Considering that FY 2024 State General Fund expenditures for Medicaid and CHIP medical coverage are expected to remain $1.4 billion above FY 2019, the last complete fiscal year prior to the COVID-19 pandemic, does the department expect FY 2025 expenditure to return to the long-term trend? What are FY 2025 expenditure projections by State, federal, and all other funds, assuming no policy changes?**

  The FY23 column reflects one-time savings during that fiscal year, most notably COVID-19 risk corridor credit from the managed care contract, and a similar credit from the program's transportation vendor. In FY24, costs will trend upward without the benefit of these one-time savings. Rising costs include two significant factors: The County Option program will expand to include 5 additional counties in FY24, and, even if overall enrollment declines after the end of federal PHE redeterminations, the long-term care population, which is more costly, is projected to increase throughout FY24 due to demographic trends.

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Enhanced federal matching funds will be phased out over the next three quarters, due to the federal Omnibus, ending entirely after the second quarter of SFY 2024. The loss of the enhanced federal funding will not affect the types, quantity, and quality of services provided to NJ FamilyCare beneficiaries. The SFY 2024 reduction due to the enhanced FMAP phasedown is $144 million, which will need to be replaced in SFY 2025.

The rate of growth for the NJ FamilyCare program averaged 5.79% from 2000 to 2020 (Source CMS-64/21), and only 2.6% in the three years immediately prior to the pandemic. Since the start of the pandemic, the average year over year growth for the NJ FamilyCare program has been 9.5%. It is too soon to say whether expenditures for FY 2025 and beyond will revert back to the long-term trend growth rate of 5.79% or possibly the recent trend rate prior to the pandemic of 2.6%. FY2025 projections will not be available until next fiscal year and are largely dependent on the trend observed during the PHE Unwinding.

5. The average coverage cost per client for each of the Medicaid Title XIX Parents and Title XIX Children eligibility group is projected to increase by 24 percent in FY 2024. For parents the average cost is projected to rise by $1,813 from $7,613 in FY 2023 to $9,426 in FY 2024. For children, in turn, the average coverage cost is forecast to grow by $563 from $2,370 in FY 2023 to $2,933 in FY 2024.

- ***Questions:*** **What factors drive the projected 24 percent increase in average coverage cost for the Medicaid Title XIX Parents and Title XIX Children eligibility groups in FY 2024? Is the department considering any additional cost control policies to avoid similar increases in FY 2025 and FY 2026?**

  See response in Question 4.

6. The FY 2024 Governor's Budget proposes an increase of $14.1 million for the Cover All Kids Initiative, first implemented in FY 2022. The aim of this initiative is to provide health insurance to the State's uncovered children. Phase I of the initiative sought to enroll children in NJ FamilyCare who were uninsured but met eligibility requirements. In January 2023, Phase II expanded NJ FamilyCare coverage to children who were previously ineligible solely due to immigration status. The department responded to an FY 2023 OLS Discussion Point that it estimated that NJ FamilyCare enrollment would increase by an average of 500 newly eligible children each month under Phase II, until total enrollment had been achieved in December 2026.

Phase I of the initiative included: the elimination of Children's Health Insurance Program (CHIP) premiums; the removal of the 90-day CHIP waiting period; enrollment of United States citizens and children with "qualified immigrant" status; and enhanced outreach.

In 2019, Rutgers estimated that 86,922 New Jersey children were uninsured, with 43,903 likely eligible for NJ FamilyCare but not enrolled, and 23,912 likely ineligible due to their specific immigration status. As of February 2023, almost 59,000 additional children have enrolled in NJ FamilyCare since the inception of Cover All Kids in July 2021.

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- ***Questions:*** **Since its inception in FY 2022, what has been the annual cost of the Cover All Kids Initiative, disaggregated by program component and funding source? What are the anticipated costs in FY 2024 and FY 2025, by component and funding source?**

- **By month since January 2023, please indicate the actual enrollment in NJ FamilyCare of children who were previously ineligible solely due to immigration status. What is the average monthly cost per enrollee? For the remainder of FY 2023 and all of FY 2024, what does the department project as the monthly enrollment growth of this population? When does the department predict enrollment of this population will be complete?**

- **Please specify the amount of the proposed $14.1 million appropriation increase for the Cover All Kids initiative in FY 2024 that will be used to fund the enrollment in NJ FamilyCare of children who were previously ineligible solely due to immigration status, and the amount that will be used for higher costs related to Phase I of the initiative.**

- **How many children does the department estimate currently lack health insurance coverage in the State, and for what reason?**

- **How many children will lose health insurance coverage through the end of FY 2024 due to the resumption of NJ FamilyCare eligibility renewals? Will the Cover All Kids initiative play any role in ensuring that eligible children do not lose benefits following the resumption of eligibility renewals?**

  The Cover All Kids initiative, enacted in July 2021, has reduced the number of uninsured children in New Jersey.

  Enrollment of children under 19 in NJ FamilyCare grew by 51,245 members between July 2021 and January 2023[1], at an average cost of $261 per member per month[1]. 48% of the 51,245 net enrollment change has been in the CHIP program (65% FMAP), with the remaining 52% net enrollment increase in Title XIX Children (50% FMAP).

  Increase in program growth since July 2021 is due to the maintenance of effort, normal program growth, and increased engagement resulting from Cover All Kids-specific program changes and community outreach. Costs associated with Phase I Cover All Kids cannot be disaggregated from other components driving enrollment. SFY2024 and future costs for Phase I populations are incorporated in overall trend growth for impacted Title XIX and Title XXI programs at relevant FMAP for the eligibility group.

[1] Per member per month reflects blended MCO capitation payment for net enrollment change. Additional nominal costs are associated with transportation capitation, services carved out from the managed care contract and paid fee for service, and the initial eligibility period of 30 to 60 days after enrollment before an eligible is enrolled in managed care.

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Since the January 2023 launch of Cover All Kids Phase II, over 10,000 undocumented children have been fully enrolled. Cover All Kids Phase II capitation is $199.96[2] and is 100% State funded. OMB and DMAHS are presently evaluating program data to adjust FY2024 estimates. Rutgers estimates from 2019 suggest there may be approximately 14,000 additional undocumented children who may be enrolled in NJ FamilyCare in the coming months.

Importantly, DMAHS is including all families in outreach and awareness related to the unwinding of the Public Health Emergency, and we are working with our Cover All Kids community stakeholders to ensure that information is available through local organizations and in languages spoken by new Americans. In 2023, Cover All Kids information sessions have included information on the unwinding to ensure that families are aware of how to become and remain covered by NJ FamilyCare.

Information sessions have been provided for community-based organizations, faith-based organizations, County Board of Social Services staff and Human Services Directors, childcare providers, Federally Qualified Health Centers and other health care providers, and staff from sister agencies in state government. Additionally, the department will be issuing Community Outreach Grants to further support awareness of the expanded Cover All Kids program.

In the FY2024 budget proposal, $13.29 million of the $14.1 million growth requested for Cover All Kids is to support the projected enrollment of Phase II undocumented children. The remainder of $800,000 is for continuing growth of Phase I.

Estimates are not available for Cover All Kids in FY2025 or beyond. FY2025 forecasts will be created when additional months of actual enrollment data become available.

7. New Jersey's Medicaid program and Children's Health Insurance Program (CHIP) operate under a single, unified Section 1115 demonstration: the New Jersey FamilyCare Comprehensive Demonstration. On March 30, 2023, the United States Centers for Medicare and Medicaid Services (CMS) approved the State's demonstration renewal application effective April 1, 2023 through June 30, 2028.

The FY 2024 Governor's Budget includes $27.2 million in new State funding to support the work outlined in the waiver renewal. Specifically, under the approval letter, CMS authorizes New Jersey to implement several new demonstration elements, such as: 12-month continuous eligibility for adults whose Medicaid eligibility is based on their Modified Adjusted Gross Income; and the provision or increased coverage of certain services that address health-related social needs, including nutritional

[2] Per member per month reflects blended MCO capitation rate for non-documented children. Additional nominal costs are associated with transportation capitation, services carved out from the managed care contract and paid fee for service, and the initial eligibility period of 30 to 60 days after enrollment before an eligible is enrolled in managed care.

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services and transitional housing supports for individuals with a clinical need or who are transitioning out of institutional care, congregate settings, homelessness or a homeless shelter, or the child welfare system.

Several proposed initiatives were not approved by CMS: Medicaid reimbursement for up to four behavioral health care management visits for certain soon-to-be released incarcerated Medicaid-enrolled individuals; authority to reimburse for care provided in subacute psychiatric beds in institutions for mental disease; and the expansion of short-term nursing facility stays from 180 days to up to 365 days for beneficiaries supported through the Division of Developmental Disabilities.

- ***Questions:*** **Please identify, along with cost and projected date of implementation, the new components of the approved waiver renewal that will be implemented in FY 2024 using the $27.2 million State appropriation. What is the anticipated federal funding for each initiative?**

- **With certain requests not approved by CMS, does the department anticipate needing all of the $27.2 million to implement the waiver renewal in FY 2024? If so, what portion is no longer necessary?**

- **How will the implementation of 12-month continuous eligibility for adults whose Medicaid eligibility is based on their Modified Adjusted Gross Income impact the administrative burden imposed by the resumption of NJ FamilyCare eligibility determinations on April 1, 2023? Please explain.**

- **How does department anticipate the coverage of certain health-related social needs, such as transitional house, will impact the health outcomes for beneficiaries? Is there any anticipated cost saving in FY 2024 or in future fiscal years to provide these services to beneficiaries?**

  Following CMS's March 30, 2023 approval of NJ's 1115 renewal request, DMAHS is actively reviewing and updating implementation timelines for each waiver element. We note that for most major elements of the 1115 renewal, additional post-approval documents (e.g. implementation plans or protocols) must be submitted to and approved by CMS before implementation – meaning that start dates are not fully under DMAHS's control. While work around detailed implementation timelines is ongoing, we generally expect there to be significant DMAHS activity (and potentially associated costs) within several broad demonstration areas in SFY 2024, including housing-related services, behavioral health integration planning, nursing home diversion, continuous eligibility for certain adult populations, interoperability incentives for behavioral health providers, and the community health worker pilot.

  In most instances, 1115-related expenditures will be eligible for federal matching funds at New Jersey's normal Federal Medical Assistance Percentage (FMAP), which varies depending on the population served (and will be enhanced during the first two quarters of SFY 2024).

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The FMAP for the adult continuous eligibility provisions of the 1115 renewal remains to be determined, based on additional supporting data to be submitted by the State to CMS.

While there is considerable uncertainty, we continue to believe the full $27.2 million budget request remains a reasonable estimate of the costs of implementation of the 1115 renewal. Certain proposed demonstration elements were not approved by CMS, but these were generally only minor contributors to the overall budget. Conversely, some additional programmatic requirements added by CMS as part of 1115 negotiations may somewhat increase the costs of implementation.

Like other features of the 1115, the implementation of the continuous eligibility provision for modified adjusted gross income (MAGI) adults is dependent on post-approval discussions with CMS. Unwinding redetermination efforts will be well underway before this provision is implemented. Once implemented, this policy reduces administrative burden and improves continuity of care by confining redetermination efforts to once a year.

With respect to new services that address health-related social needs, our expectation is that these will ultimately result in improved health outcomes for members. We are not, however, projecting any specific offsetting savings in SFY 2024 because savings would likely not materialize immediately. It should also be noted that a positive health outcome (e.g. member receiving regular treatment due to a more stable housing situation) may come with both savings (e.g. reduced emergency utilization) and expense (e.g. increased primary care and prescription costs).

8. In March of 2023, the Office of the State Comptroller issued an updated report regarding the use of Medicaid funds to support nursing homes that consistently received the lowest federal overall quality rating of one star. According to the report, New Jersey's 12 lowest-rated nursing homes provide services to over 1,500 Medicaid beneficiaries. Seven of the twelve lowest-rated nursing homes identified in this report were also identified in comptroller's original report, issued in February 2022, and only one of the twelve nursing homes identified in this report has shown any signs of recent improvement. Moreover, of the nursing homes listed in the comptroller's original report, one – Woodland Behavioral and Nursing Home in Sussex County – has since closed, after the Centers for Medicare and Medicaid Services (CMS) terminated all federal funding to the nursing home over mounting concerns for the safety of its residents. Another nursing home - Silver Healthcare in Camden County - has been designated as a Special Focus Facility by CMS due to a history of serious quality issues.

Following the Office of the State Comptroller's initial report, the Department of Human Services modified the Quality Incentive Payment Program. The program provides supplemental payments to nursing home facilities that meet or exceed five quality measures. Effective July 1, 2022, the department implemented changes to program eligibility standards, which excluded all of the 12 lowest-rated nursing homes on the federal rating system from the program in FY 2023. The FY 2024 Governor's Budget recommends continuing this provision. The comptroller has also recommended

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that the department curtail or cap admissions to nursing homes that consistently perform poorly and remove existing Medicaid beneficiaries from nursing homes that fail to improve.

- ***Questions:*** **How did the department assist Medicaid beneficiaries relocate following the closure at Woodland Behavioral and Nursing Home? Were residents able to remain in proximity to family and any other community support services?**

- **How many Medicaid beneficiaries currently reside at Silver Healthcare in Camden County? How is the department working with this facility to resolve its quality deficiencies?**

- **How many vacant Medicaid beds currently exist at nursing homes in the State that participate in Medicaid? If Silver Healthcare were to close, would the State's Medicaid nursing homes be able to absorb that facilities' population?**

- **Does the department have any concerns regarding continued operations at any of the other nursing homes identified in the Office of the State Comptroller's September report? If so, which ones? How are those concerns being addressed?**

- **Does the department have any concerns about the financial stability of the nursing homes that did not qualify for quality incentive payments in FY 2023? How will the department support these facilities in their efforts to regain eligibility in the Quality Incentive Payment Program, or to otherwise address the department's performance and quality concerns?**

- **Please assess the effectiveness of the Quality Incentive Payment Program for nursing homes, particularly in light of the FY 2023 initiative to bar the lowest functioning nursing homes from eligibility. What data support the conclusion that the FY 2023 program changes are sufficient to incentivize low-functioning nursing homes to improve the quality of care at their facilities? Does the department anticipate any future changes to improve outcomes under the Quality Incentive Payment Program? Why has the department not implemented recommendations from the Comptroller to cap nursing home admissions and remove existing Medicaid beneficiaries from low-functioning nursing homes?**

  In 2022, DMAHS worked closely with federal partners, State agencies, and MCO care managers who outreached each Woodland resident/guardian and formulated a discharge plan for every member based on the member's choice including short/long term options and preferences for placement. Members expressed priorities like moving closer to a family member or transferring to the same facility as a roommate or friend, and these preferences were part of the transition planning. For residents who could not make their preferences known and did not have a guardian in place, options counseling was performed in partnership with the Long-Term Care Ombudsman's Team.

  When any facility is closing, Medicaid works directly with sister agencies, especially the Department of Health, to find suitable alternative settings for their residents. Importantly, these conversations are person-centered and focused on individual goals and preferences.

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Medicaid works closely with the Division of Aging Services, the LTC Ombudsperson, and managed care organizations to ensure that individual rights and preferences are respected when a move is necessary. In general, finding alternative settings for individuals is most challenging in large closures when many individuals need to relocate at once and/or in the closure of specialty units (e.g. behavioral units, ventilator units).

There are currently 148 Medicaid recipients residing at Silver Healthcare in Camden County.

For all nursing facility quality concerns, Medicaid works closely with the Department of Health, the Division of Aging Services, and the LTC Ombudsman. The Department of Health has a team that works with facilities to address specific quality concerns.

The Division of Medical Assistance and Health Services continues to work in collaboration with the Department of Health and CMS – the State and federal regulators of nursing facilities – to identify poor performing facilities and implement strategies to compel quality improvement.

The Office of the State Comptroller's (OSC) report rightly focused on analyzing data and evaluating facility performance over time. To this end, the Department of Health (DOH) recently launched a public-facing dashboard that consolidates a wide variety of nursing facility data, including CMS Star Ratings, other federal quality measures, staff turnover, RN/LPN/CNA/PT hours per resident, and longitudinal displays of survey findings and deficiencies. DOH surveyors and Mission Critical Teams have continued to provide Human Services with critical information and insights that can be applied to caring for Medicaid beneficiaries at the individual level and to informing appropriate interventions.

Beginning in Fiscal Year 2021, nursing facilities have been eligible for rate add-ons through the Quality Incentive Payment Program (QIPP), primarily based on resident health data published by the Centers for Medicare and Medicaid Services (CMS). For Fiscal Year 2023, the department added three new QIPP criteria to exclude these low performing facilities. Facilities no longer receive a quality payment if, during the measurement period, they are included on CMS Special Focus Facility Lists A, B, E or F; receive a CMS Star Rating of 1; or are cited by DOH for two or more Level G licensing violations (i.e., actual harm).

As the OSC report notes, quality measurement can be difficult, with some facilities exceeding national averages for CMS quality measures while also receiving low CMS star ratings. In response to this and similar stakeholder feedback, facilities must now exceed the higher of national or New Jersey averages to receive a quality payment for each metric.

This approach incentivizes facilities to improve while also recognizing the limitations of the CMS Star Rating system. In particular, the survey component, which is the most heavily weighted, uses a forced ranking so that there will always be a cohort of facilities receiving the lowest score. And linking reimbursement to Medicaid program participation with self-

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reported data, like CMS Minimum Data Set (MDS) measures, can unintentionally influence dataset quality. For this reason, the State's approach to improving quality has leaned towards defining standards and providing support for all facilities to meet them.

Along with these enhancements, the department continues to develop long-term options that balance individual choice with systems-level quality. The Medicaid program is required to respect the autonomy of individuals and families as they select where and how to access Medicaid benefits. Although some facilities may be low performers, they remain licensed by CMS and DOH to provide these services.

9. The FY 2023 Appropriation Act provides, and the FY 2024 Governor's Budget renews, a $25 million appropriation to Robert Wood Johnson Barnabas Health in Newark. As of March 27, 2023, none of the FY 2023 funds has been expended. According to a NJ Spotlight article, this appropriation will fund multiple initiatives to improve infrastructure and telehealth capabilities, expand clinical technology to increase access to primary and specialty care, and invest in local programs to improve health equity and outcomes.

- ***Questions:*** **Please disaggregate this funding by amount and purpose for FY 2023 and FY 2024. For each initiative please indicate any other funding, by source, that will be used to support costs related to these initiatives. Please describe each initiative, including the completion date and the intended outcomes. How will outcomes be measured for each initiative?**

- **What are the anticipated State costs to achieve these initiatives in FY 2025 and FY 2026?**

  An estimated $9.4 million will be distributed in FY2023 to RWJ Barnabas Health in Newark through the Department's existing MAPS program, which supports improved access to primary care and specialty care services, with the remaining appropriation distributed via grant agreement to the hospital. The department anticipates that all funds will be obligated or expended by the end of the FY2023.

10. The NJ WorkAbility program offers people with disabilities who are working, and whose income would otherwise make them ineligible for Medicaid, the opportunity to pay a premium for the receipt of full Medicaid coverage. The FY 2024 Governor's Budget provides an additional $36 million in State resources to implement P.L.2021, c.344, which expands program eligibility.

As of April 1, 2023, the following components of P.L.2021, c.344 have been implemented: the provision of twelve months of coverage after a job loss; the expansion of eligibility from those aged 16 through 64 to those 65 and older; the phase out of a spouse's income in eligibility consideration; and the elimination of the program's current asset limits, which are $20,000 for an individual and $30,000 for a couple. According to the Medical Assistance Advisory Council, additional changes are currently being incorporated into the department's eligibility system to accommodate the implementation of higher income eligibility levels under the program.

Discussion Points (Cont'd)

- ***Questions:*** **Prior to the eligibility expansion under P.L.2021, c.344, what has been the average monthly enrollment, average monthly cost per beneficiary, and average monthly premium per beneficiary under the NJ Workability program?**

- **What is the anticipated enrollment in the NJ Workability program at the end of FY 2024? Does the department anticipate the average cost per beneficiary to change under the expansion? Please explain.**

- **What assumptions did the department make to determine the appropriation increase of $36 million for the expansion of NJ Workability under P.L.2021, c.344? Does this appropriation include the implementation of all components of the law? If not, when will the law be fully implemented? What will be the additional costs, by funding source, of these components?**

- **Does the department anticipate any changes to the existing premium requirements under the program to offset the costs of the expansion? Please explain.**

From July 1, 2022 through March 31, 2023 the average enrollment for the current WorkAbility program is 6,310, the average monthly capitation (MCO and transportation) is $642, and the average monthly per member cost is $1,086. The average monthly per member cost includes managed care and transportation capitations, carved out FFS payments, Part D Clawback payments, and Medicare B premiums associated with the current WorkAbility program.

The chart below details expected new enrollment by June 2024. The managed care blended capitation rate, transportation, and Part D Clawback costs associated with the expanded WorkAbility population are expected to be similar to the existing WorkAbility population[3]. The Part B premium paid by the State on behalf of the beneficiary will be subject to the CMS guidelines[4] and will increase for higher income persons.

Fiscal Year	Estimated Phase I State costs by Fiscal Year (**April 2023 begin**)	Phase I additional enrollment by FYE (relative to current enrollment)	Estimated Phase II State costs by Fiscal Year (**October 2023 begin**)	Phase II additional enrollment by FYE (relative to current enrollment)
FY2023	$1.3m	1,075	$0m	0
FY2024	$25.5m	5,374	$10m	3,393

[3] Utilization of carved out fee-for-service services is expected to be lower in incoming WorkAbility population than in existing WorkAbility population.

[4] https://www.cms.gov/newsroom/fact-sheets/2023-medicare-parts-b-premiums-and-deductibles-2023-medicare-part-d-income-related-monthly#:~:text=Each%20year%20the%20Medicare%20Part,%245.20%20from%20%24170.10%20in%202022

Discussion Points (Cont'd)

Full enrollment assumes 20 percent of eligible working disabled individuals will enroll in WorkAbility and full enrollment will occur over thirty-six months for each phase. Enrollment estimates are modeled from Massachusetts' enrollment experience in its comparable Commonhealth for the Working Disabled program. Phase I changes were launched April 1, 2023. Phase I eligibility covers individuals who are <= 250% of FPL and removes the asset test and age limit that previously constrained participation in the program. Phase I also disregards spousal income. All Phase I costs except Part D Clawback payments are expected to be 50% federally matchable. Approximately 50% of the population expected to enroll became eligible in Phase I.

Phase II is expected to go live in the fall of 2023. Phase II eligibility covers individuals who have incomes greater than 250% of FPL and will include premium. 50% federal match is anticipated for MCO capitation and transportation costs. No match is expected on Medicare B premiums or Clawback for Phase II beneficiaries.

Premiums are expected to provide some offset to the cost of the Phase II (high income level) expansion. Premiums collected from Phase II beneficiaries are expected to be shared equally between State and federal accounts. Sources of funding projected for FY2024 are $35.5 million State, $18.8 million federal, and $7.3 million beneficiary contribution. These are estimates only: Premium design and actual enrollment by premium tier may materially change estimates.

In general, the program will establish progressive premium tiers, which will increase premiums with the income level of the beneficiary and recognize that NJ FamilyCare subsidies for Medicare Part B premiums will increase for higher income persons. The majority of WorkAbility members are expected to be dual eligible prior to their entry into the program. Since Medicare Premiums are a covered benefit for NJ WorkAbility, the premium structure is designed so that true cost to the beneficiary, after netting the Medicare Part B subsidy from the premium collected, will be moderate. Average premium paid per beneficiary will depend on the distribution of newly enrolled by premium tier.

11. Studies have shown that, while provider reimbursement rates alone do not determine provider participation in Medicaid, they are a key lever to ensuring access and quality care. In general, however, Medicaid provider rates are well below Medicare rates, which are themselves well below commercial rates. For example, in 2019, the State's Medicaid rates for physicians were 50 percent less than Medicare rates.

The FY 2024 Governor's Budget proposes new State funding to implement several Medicaid reimbursement rate increases; for example: $4.0 million to increase the private duty nursing rate from $61 per hour to $62 per hour for registered nurses and from $49 per hour to $50 per hour for licenses practical nurses; $6.3 million to increase the rates for mental health and substance use disorder providers to reflect wage rate growth; and $10.0 million for the annualized cost to increase pediatric specialty rates.

Discussion Points (Cont'd)

- ***Questions:*** **In implementing provider rate increases under NJ FamilyCare, does the department track the impact on quality of care and provider access? If so, what are the targets regarding provider density and what trends has the department noticed in increasing provider rates?**

- **Does the department believe that any current rate is insufficient to support adequate provider access? If so, which rates? How much would it cost, in State and federal resources, to raise these rates to such a level that ensures adequate provider access?**

  NJ DMAHS uses nationally recognized measure sets, wherever appropriate and possible, to measure clinical quality, access, and utilization management for the NJ FamilyCare program. The Managed Care Contract requires MCOs to submit performance measures specified by the State annually, at a minimum, including Healthcare Effectiveness Data and Information Set (HEDIS) measures as outlined by the National Committee for Quality Assurance (NCQA), NJ-specific Performance Measures, and Adult and Child Core Set measures as outlined by CMS. DMAHS' External Quality Review Organization (EQRO) validates HEDIS performance measures in a manner consistent with CMS protocols. The EQRO provides analyses highlighting trends and deficiencies across the program. MCOs are required to submit a work plan within forty-five (45) days of their annual performance measure submission for any measure falling below the State-defined benchmark. NJ DMAHS is implementing processes and requirements to report all CMS Child Core Set measures and Adult Behavioral Health Core Set measures by 2024. DMAHS uses a combination of these metrics to monitor MCO performance and improvement.

  NJ DMAHS also requires MCOs to participate in Performance Improvement Projects (PIPs). DMAHS works closely with the MCOS and the EQRO to define PIP study topic areas. PIPs are cyclical in that they test for change on a small scale, learn from each test, refine the change based on lessons learned, and implement the change on a broader scale. Twice yearly, MCOs must produce a progress report for each active PIP. Each submission must follow template guidelines set forth by DMAHS and the EQRO. Each submission is validated and reviewed by the EQRO; following the review, the EQRO submits a written recommendation to the MCO. The EQRO provides detailed feedback to the MCOs on PIP report submissions and PIP updates. In the event the EQRO finds that the MCO is not meeting the requirements/benchmarks, the MCO receives a Not Met rating during the annual assessment and is required to submit a Corrective Action Plan (CAP) for DMAHS approval. Currently, the NJ MCOs are engaged in at least one non-clinical PIP, one clinical PIP, and at least one MLTSS-specific PIP; at least one PIP must include activities that identify and reduce health care disparities.

12. Unlike a majority of other states, New Jersey has not negotiated any single-state or multi-state supplemental drug rebate pools with drug manufacturers for drugs purchased under NJ FamilyCare. Such supplemental rebate programs generate rebates that are at least as large as the rebates set forth in the Medicaid Drug Rebate Program. The State's five Medicaid managed care organizations, that provide services to approximately 95 percent of NJ FamilyCare enrollees, however, each utilize a unique formulary and negotiate supplemental rebate agreements with manufacturers

Discussion Points (Cont'd)

to manage pharmacy expenditures. According to the FY 2024 Governor's Budget, offsetting resources under NJ FamilyCare due to pharmaceutical manufacturer rebates have been stable at $800 million since FY 2021. Moreover, the estimated total prescription drug cost in FY 2024 is $2.5 billion, an increase of $353.1 million since FY 2021.

- ***Questions:*** **What is the FY 2021, FY 2022, FY 2023, and FY 2024 offsetting resource attributed to supplemental rebate agreements managed by the Medicaid managed care organizations? Would there be any advantage to the State if all NJ FamilyCare drug purchases were negotiated under a single supplemental rebate agreement? Please explain.**

- **What factors contribute to the stability of the State's receipt of pharmaceutical manufacturer rebates? Why have rebates not increased commensurate with the cost of drugs under NJ FamilyCare? What efforts have been made in recent years to maximize the State's pharmaceutical rebates?**

  The State's five Managed Care Organizations averaged $57 million per year in total supplemental rebate collections from SFY19 to SFY22. The supplemental collections reduce the overall reported managed care pharmacy expenditures. The resulting State savings to the managed care capitation rates is approximately $23 million per year (40% of total).

  If the State limited brand-preferred medications for Medicaid recipients, it is estimated the State could save approximately $40 million per year (State funding) by negotiating a multi-state supplemental drug rebate pool. This savings would be partially offset with additional administrative cost to implement this program. Pharmaceutical manufacturers are beginning to shift their rebate practices in response to the federal Inflation Reduction Act, and this new economic behavior could impact the success of new rebate arrangements.

  For FY2023, rebate collections are anticipated to be consistent with the two prior fiscal years at $800 million, even though estimated payments are expected to increase by 4%. Rebates do not always follow cost trend for a number of reasons. Amount billed, timing of collection, and posting of rebates on the financial system are highly variable. They are also dependent on the mix of drugs eligible for rebates in a particular quarter, the timely receipt of rebates from manufacturers and managed care partners. Collections and/or corrections for the prior year also increase variability in the receipts posted by quarter. The estimated $800 million represents what has been a reliably consistent 12-month collection for rebates; it is not modified for small variations in expected pharmacy spend.

Department-wide

13. 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. This increased federal match must be used in accordance with a spending plan, approved by the United States Centers for Medicare and Medicaid Services, that outlines the uses of the additional federal funds to improve, expand, or strengthen Medicaid Home and Community-Based Services.

Discussion Points (Cont'd)

New Jersey's initial approved spending plan anticipated the receipt of $391.2 million; however, the State has received $529.3 million under the enhanced match. As of March 27, 2023, some $406.3 million of these revenues have been unexpended. The State has until March 31, 2025 to use these funds.

Initiatives approved under the State's initial spending plan included: a personal care assistance rate increase; a personal preference program rate increase; an assisted living rate incentive; enhanced reimbursement for applied behavioral analysis services; intensive mobile services for youth with intellectual and developments disabilities; and a support coordinator rate increase.

- ***Questions:*** **What is the current projection of enhanced federal matching rate payments the State will receive for Medicaid home and community-based services? Please provide the most recent, federally-approved, spending plan for the enhanced federal matching rate. Please highlight any changes from the original spending plan. What new initiatives, if any, have been added to the original spending plan? Please describe the new initiatives.**

- **Does the department intend to implement any additional initiatives using the enhanced federal cost reimbursements that the federal government is still to approve? Please list any initiatives that are pending federal approval.**

- **Please indicate which initiatives funded at least in part through the enhanced federal cost reimbursement will be one-time and which will be recurring beyond FY 2024? What programs, by division, under the State's spending plan are being shifted to State funds in FY 2024? Does the department plan to transition funding for all of the recurring initiatives implemented under the State spending plan to State funding once the enhanced federal matching funds have been expended? If not, please identify which initiatives will not be implemented beyond FY 2025. What will be the cost in FY 2025 and FY 2026 of any anticipated shift from the enhanced federal funding to State funding?**

  The most recent quarterly update to NJ's HCBS Spend Plan was approved by CMS on April 10, 2023. Per this approved plan, the total enhanced match New Jersey received is $529.3 million. Since the original spend plan was submitted, the department has augmented the plan with an increase to the Traumatic Brain Injury provider payment rate in addition to the already approved one-time COVID-19-related payment to the same providers. Currently, the department has a proposal pending to use the HCBS Spend Plan to fund portions of the newly approved Housing Transition and Tenancy Support services contained in NJ's 1115 Comprehensive Demonstration renewal. The last activity is not yet approved, as it first required approval of the 1115 Demonstration renewal (which occurred March 30, 2023). We expect approval next quarter.

  HCBS Spend Plan items consist of both one-time investments and recurring expenditures. The department plans to phase the recurring expenditures onto State funds over the current and next budget cycle. Specific activities and their shift to the State budget, or status as a one-time spend, are outlined below. This proposed schedule would mean an $82.9 million shift

Discussion Points (Cont'd)

from the spend plan to the State budget in FY24 and approximately a $70.8 million shift in FY25.

Activities that shift in SFY 24:

- PPP Rate Increase
- Assisted Living Facility Rate Increase
- Support Coordinator Rate Increase
- JACC Program Rate Increase

Activities that shift in SFY 25:

- PCA Rate Increase
- PCA Rate Increase – Additional
- Assisted Living Facility Tiered Rate Increase
- Traumatic Brain Injury Provider Rate Increase – Ongoing
- Applied Behavior Analysis Rate Increase
- Housing Transition and Tenancy Supports

14. According to the department, there will be several one-time expenditures for home and community-based services totaling $100 million in FY 2024 including: $20 million for loan redemption for community-based care workers; $60 million for recruitment and retention bonuses for several department workforces; over $13 million to develop housing options for nursing facility residents who wish to transition to community settings.

- ***Questions:*** **Please describe each of the initiatives to be implemented using the $100 million one-time FY 2024 allocation. What division or divisions will administer each initiative and how will the initiatives be promoted? What is the anticipated population size and impact of each initiative? What is the anticipated funding source for each initiative?**

  The department will finalize the proposals for the remaining/unallocated $100 million in the HCBS spend plan pending the approval of the Governor's FY24 proposed budget. The intended focus of these final items will be developing and sustaining the HCBS workforce and expanding community housing options**.**

  Human Services will be making $100 million in new one-time investments in home and community-based services, including major investments in workforce development:

  - Nearly $20 million for loan redemption and similar programs for community-based care workers in fields such as behavioral health care, private duty nursing, applied behavioral analysis, and substance use disorder treatment.
  - Up to $60 million for recruitment and retention bonuses for the workforce that serves individuals with intellectual and developmental disabilities, mental health conditions, and substance use disorder.
  - Certification and training programs for certified recovery support practitioners, staff working in the community to support individuals with intellectual and developmental disabilities, and certified community health workers in apprenticeships.

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- Funding for universities, community colleges and other key partners to hire multi-lingual instructors and to translate training programs, certifications and curriculums into languages that correspond with New Jersey's prominent and growing immigrant communities. This will help new workers in our economy who are seeking home and community-based care sector jobs such as certified home health aides.

And finally, this funding includes more than $13 million to develop housing options for individuals residing in nursing facilities and institutional settings who could be supported in the community and wish to transition to less restrictive settings. This initiative will be primarily focused on individuals under the age of 65 with mental illness and/or intellectual and developmental disabilities.

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

To date, the Department of Human Services has been allocated $157.2 million from the Coronavirus State Fiscal Recovery Fund to several programs, which are listed below. All programs have yet to expend any of the funding with the exception of the two shaded programs.

Program	Allocated
Excluded New Jerseyans Fund	$60,200,000
Enrollment Based Payment Extension for Childcare Facilities	$48,000,000
Child Care Workers Recruitment And Retention	$30,000,000
Centralized Social Services Advertising Budget	$5,000,000
Mental Health First Aid	$4,200,000
County Area Agencies on Aging	$4,000,000
Potable Water Treatment Improvements - New Lisbon/Hunterdon	$2,417,000
Higher Education Peer Counseling	$2,400,000
Child Care Resource and Referral Technology Assistance and Outreach Program	$1,000,000
TOTAL	**$157,217,000**

- ***Questions:*** **Please provide an update on the status of each program listed in the table above. For each program, other than the currently operational Excluded New Jerseyans Fund and Child Care Workers Recruitment and Retention programs, please describe the purpose of each program and the amount of the allocated funds that will be expended in each fiscal year leading up to December 31, 2026. Please explain any other funding, by fiscal year, that will be used to fund these initiatives.**

  As with all prior COVID-19 federal funds dedicated to the State of New Jersey, the Administration has instituted a strict process to ensure that American Rescue Plan State Fiscal Recovery Funds, or SFRF, are spent in compliance with complex federal rules. Several of the programs listed above are in various stages of review by the Governor's Disaster Recovery Office or the Department of Community Affairs' Division of Disaster Recovery & Mitigation

Discussion Points (Cont'd)

that must be completed prior to funds being expended. Federal law allows until December 31, 2026 for SFRF money to be expended.

Excluded New Jerseyans Fund

ENJF provided direct COVID financial assistance payments of $2,000 to $4,000 to over 24,000 households that were eligible for this benefit. Those who benefited from this first of its kind benefit in NJ were primarily immigrants left out of federal COVID relief programs. This program is winding down and we do not anticipate the need for additional transfers for the remainder of this FY 23 or in FY 24. As of March 2023, total program expenditures totaled $62.3 million ($5.6 million CRF and $56.7 in ARP-SFRF).

Enrollment Based Extension for Childcare Facilities

The COVID-19 pandemic created financial challenges for child care providers. In response to helping providers keep their program operating and remain viable so families can access child care services, DHS/DFD instituted enrollment-based Child Care Assistance Program payments on a temporary basis. These payments were designed to provide stability and much needed support to providers, as well as the parents who rely on their services. Providers were paid in accordance with the authorized child care agreement. This funding covers the variance between the total agreement cost and the attendance amount (estimated at $4m/month).

Child Care Workers Recruitment and Retention

DHS used a combination of $30 million of SFRF and American Rescue Plan funds directed to the Child Care Development Fund agency for these bonuses. In total, DHS has issued over $80 million in two rounds of recruitment and retention $1,000 bonuses to around 40,000 child care workers.

Centralized Social Services Advertising Budget

Social service programs sometimes fail to reach the individuals and families they were designed and created to serve. Similarly, in order 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. NJ is also challenged by NY and PA advertisements airing in our regional media market, causing consumer confusion about who to call for assistance and whether New Jersey offers similar services.

NJ Human Services is using an existing State contract to engage a marketing vendor to develop content and implement a strategic advertising plan to promote NJ Human Services programs. The advertising plan for FY23 includes: 988, Medicaid Unwinding, Cover All Kids, NJ ABLE, and recruitment for Teachers of the Visually Impaired. And advertising funding from other sources will continue for Reach NJ and expand to include NJSAVE. The Department hopes that additional resources can be allocated for the advertising campaign in FY24 and beyond for programs such as 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, child care subsidies, maternal health benefits, assistive device programs for deaf & hard of hearing individuals, and legal services.

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The ad campaign will begin as soon as the contract and creative assets are finalized. Ideally ads would be developed in both English and Spanish and comprise 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.

Mental Health First Aid

For the Mental Health First Aid (MHFA) Initiative, DMHAS has hired a Training Coordinator who has experience with the National Council of Mental Well-Being. Once funding is received from the Department of Community Affairs, DMHAS will facilitate Instructor training for faculty and staff on campuses and will partner with campus teams to offer MHFA training on every campus.

For the Teen Mental Health First Aid (tMHFA) initiative, DMHAS will expand an existing pilot with the Mental Health Association in New Jersey which is currently rolling out in 18 schools in New Jersey, by adding approximately 36 additional schools, training a total of 15,000 participants.

County Area Agencies on Aging

Once received, the $4m will be distributed to the county Area Agencies on Aging (AAA) based on the funding distribution formula used by the Division of Aging Services (DoAS) with each AAA receiving at least $75,000. The AAAs will use this funding to expand their capacity, through staff and equipment purchases, to conduct outreach and assist seniors in completing and submitting online applications for critical state services, especially SNAP. In preparation for the funding transfer, DoAS coordinated a training with the Division of Family Development (DFD) to train staff on becoming SNAP Navigators.

Potable Water Treatment Improvements

Critical water infrastructure improvements at two of the DHS-operated developmental centers serving individuals with intellectual or developmental disabilities.

1. $608k for the installation of a granular activated carbon filter to the potable water treatment plant at New Lisbon Developmental Center.
2. $902k for domestic hot water distribution loop upgrades to improve hot water temperatures at Hunterdon Developmental Center.
3. $907k to restore the water tower to use for backup water for domestic use and fire suppression at Hunterdon Developmental Center.

Higher Education Peer Counseling

For the Higher Education Peer Counseling initiative, DMHAS has created a team within the Disaster & Terrorism Branch that has collaborated with the Rutgers University Behavioral Health Care Technical Assistance Center to create an information letter to send to campuses introducing focus groups that will assess best practices and gaps for current peer wellness activities on campus.

Child Care Resource and Referral (CCRR) Technology Assistance and Outreach Program

Discussion Points (Cont'd)

These funds are part of the Child Care Employer Innovation Pilot Program under the Economic Development Authority to provide grants to small businesses to create financial assistance or other support for their employees to pay for child care related expenses. Once the grant program is available, CCRR's will provide technical assistance and outreach to the grantees that are part of this grant program to connect their employees to the child care assistance program and provide assistance to employees looking for quality child care options.

16. In recent years, the State has settled several claims against producers and distributors of opioid-based pharmaceuticals concerning their alleged liability for the nationwide opioid epidemic. Additional settlements might be reached in the coming years.

P.L.2023, c.25, establishes the non-lapsing Opioid Recovery and Remediation Fund within the Department of the Treasury where payments under the settlement agreements will be deposited. The Department of Human Services will function as the lead agency, and will be responsible for allocating and disbursing the funding, and performing the State's reporting, public disclosure, and other compliance obligations under the settlements.

The law also codified the Opioid Recovery and Remediation Advisory Council, established via Executive Order No. 305 of 2022. The council is to make recommendations for the Administration's consideration regarding the prioritization and effective use of the State's share of the settlement funds. The Commissioner of Human Services chairs the Council.

- ***Questions:*** **Please list all finalized settlements whose payments will be deposited into the Opioid Recovery and Remediation Fund, including the total amount and the payment schedule. What are the projected deposits into the fund in FY 2024, FY 2025, and FY 2026?**

- **How much does the department anticipate disbursing from the fund in FY 2024 and for what purposes? What activities and programs, along with associated costs, will the department advocate prioritizing using settlement funds?**

- **How does the department anticipate functioning as the lead agency for the allocation of opioid litigation funding and the management of the State's compliance under the settlement agreements? What staff will be responsible for these roles and does the department anticipate hiring additional staff to fulfill these roles? What is the anticipated annual cost to the department of performing these administrative functions? Will the costs be supported by the settlement funds?**

- **What are the department's plans 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?**

New Jersey will receive $641 million from federal opioid settlement agreements with J&J and the Distributors. The state will receive fully half of these monies, the other half will be provided directly to participating local and municipal government agencies. New Jersey and

Discussion Points (Cont'd)

its eligible subdivisions stand to receive up to an additional total of approximately $508.1 million from settlement agreements with CVS, Walgreens, Walmart, Teva and Allergan which have yet to be finalized. Settlements will all be paid out over different time lines, the longest of which is 18 years.

Regarding specific funding amounts for future years, due to the ongoing nature of existing settlements, it is difficult to provide exact amounts of expected state abatement funds for the years ahead. New Jersey and its subdivisions have a consolidated state allocation, a percentage that applies to all settlement agreements.

In accordance with state law, DHS has and will continue to convene the Opioid Recovery and Remediation Advisory Council who are charged with making recommendations regarding the prioritization and effective use of opioid abatement funds. Per the national settlement agreement, the funding must go towards goals such as treating opioid use disorder, addressing the needs of justice-involved individuals, offering harm reduction services, preventing overdose deaths, supporting relevant research and training, and other similar ways of combating the opioid epidemic. DHS will engage in a robust stakeholder process to elicit feedback and recommendations for the Council's consideration. DHS has already received almost 500 submissions s in response to a portal developed to elicit recommendations from the public from August 2022 – October 2022. Beginning later this spring, DHS will commence listening sessions for stakeholders to share with the Council their recommendations. This information will help inform the Council on the recommendations that will be submitted to the Governor's Office for final decision making.

As the lead state agency, DHS staff are intimately involved in the day-to-day operations of opioid abatement activities including the Opioid Advisory Council and will lead cross-department collaboration and coordination required to distribute opioid abatement funds.

DHS is hiring multiple staff positions to oversee and lead opioid settlement efforts including managing the Opioid Advisory Council, leading grant making processes for settlement programs and activities within DHS' purview, creating and monitoring evaluation metrics and reporting requirements in accordance with the national settlements, and serving as lead contact for subdivisions for these purposes. The costs associated with these roles and activities will be supported by the settlement funds.

Payer	Date	Abatement
McKinsey	2021	$13,972,426.65
Kapoor	April 2021	$1,000,000.00
Distributors Payment #1	July 2022	$10,918,778.93
Distributors Payment #2	October 2022	$11,475,104.36
Janssen Payment	December 2022	$12,955,967.8
Mallinckrodt	January 2023	$2,107,678.62
TOTAL TO DATE		**$52,429,956.36**

Discussion Points (Cont'd)

17. In recent years, the Department of Human Services has initiated programs or increased funding for programs that serve undocumented immigrants. Examples include:

1. New Jersey Supplemental Prenatal and Contraceptive Program, a limited-benefit NJ FamilyCare program providing prenatal and family planning services to undocumented women;
2. Cover All Kids initiative, which provides NJ FamilyCare coverage for children who are ineligible solely due to immigration status;
3. Excluded New Jerseyans Fund, which provides a one-time, direct cash benefit to eligible low-income households who were excluded from federal stimulus checks and pandemic-related unemployment assistance;
4. The federal government mandates the State to implement the Emergency Payment Program for Aliens, which is open to immigrants who have experienced a medical emergency and who are eligible for Medicaid except for their immigration status; and
5. Legal assistance to individuals at risk of detention or deportation based on their immigration status.

- ***Questions:*** **In FY 2022, and projected in FY 2023 and FY 2024, what are the department's total expenditures on services for undocumented immigrants and the projected affected population size, by program, funding source, and division?**

- **For each existing program, what is the impact on the applicable population? How are these outcomes measured?**

- **Does the department anticipate expanding other programs to include undocumented immigrants? Please explain. What would be the cost of those expansions?**

ENJF was administered by the Office of New Americans. Program expenditures over FY22 and FY23 totaled to $62.3 million and were funded with $5.6 million CRF and $56.7 ARP-SFRF. The impacted population was over 24,000 households who were approved to receive a one-time $2,000 to $4,000 COVID financial assistance benefit. This program has ended and does not anticipate any expenditures in FY2024. This was a COVID relief program meant to provide financial support to low-income residents who were excluded from federal COVID assistance such as the stimulus checks that were issued to households over 2020 and 2021 or Pandemic Unemployment Assistance. According to updated U.S. Treasury guidance, households whose incomes fell under 300% of the FPL were deemed disproportionally impacted and were eligible to receive assistance from SFRF funds without documenting COVID impact; therefore, for this program applicants had to prove their income was at or below 300% of the FPL and demonstrate they were excluded from federal COVID assistance, along with their New Jersey residency.

Legal assistance to individuals at risk of detention or deportation based on their immigration status is a state funded program administered by the Office of New Americans that provides free legal assistance and representation to low-income immigrants who are at risk of detention and deportation. Immigrants in immigration proceedings are not appointed legal counsel, even if they are not able to afford an attorney. This program ensures that immigrants

Discussion Points (Cont'd)

do have access to legal counsel during these immigration proceedings. A national study done by the University of Pennsylvania Law Review regarding access to counsel in immigration court found that only 5% of those seeking relief won their deportation case without an attorney, while detained immigrants are 10.5 times more likely to succeed in their legal case when represented by an immigration attorney. Outcomes are measured by tracking the number of service requests, number of legal screenings, cases offered legal assistance, relief from detention, and/or deportation and representation and program capacity to take on cases. So far, in FY2023 for Q1 & Q2 (July-December) the program has served 1,045 individuals. In FY22, the program served around 2,068 individuals. Since FY22, the program has received $8.2 million in funds each FY and has expended 100% of these funds. In FY 23, total expenditures for Q1 and Q2 are $4.5 million so far and we are on target to expend the full allocation. There is an additional $8.2 million appropriated for these services in FY24.

The following are payments made for undocumented individuals in the Division of Medical Assistance and Health Services. All payments will be made or have been made with State funding only. Recipient counts for the Supplemental Prenatal & Contraceptive Care Program reflect those eligible for the program in FY2022. Cover All Kids funding estimates begin with the January 2023 launch and reflect payment and enrollment assumptions used for the Governor's Recommended Budget. Outcomes for Cover All Kids will be included in the numerous performance metrics specified in the managed care contract.[5]

Division / Program	FY2022	FY2023 (est)	FY2024 (est)
Division of Medical Assistance and Health Services			
Supplemental Prenatal Care for Non-documented persons			
Payments	21,527,266	26,779,509	30,783,950
Deduplicated Recipients	11,845	14,700	16,900
Cover All Kids - Phase II (non-documented children)			
Payments*	-	2,163,015	15,450,106
Deduplicated Recipients at Fiscal Year End*	-	2,989	8,967
** Reflects Governor's Recommended Budget.*			
FY23/FY24 CAK Phase II estimates are being reevaluated			
due to steeper than expected enrollment			

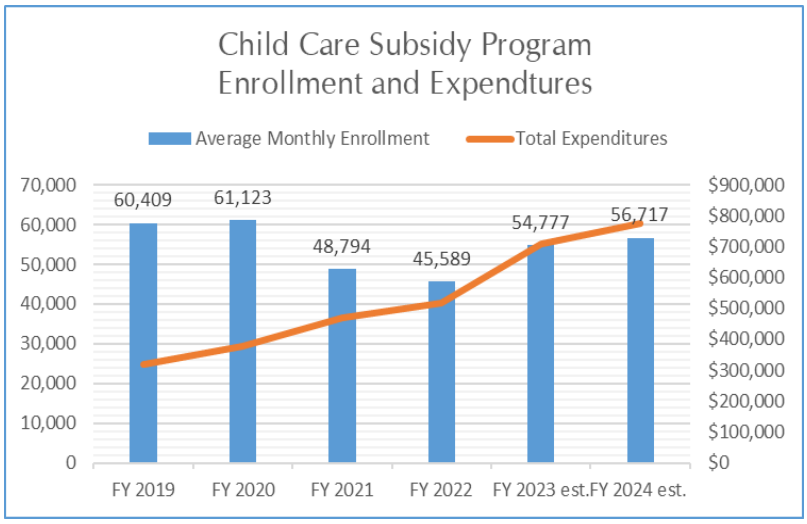
The department does not have additional expansion plans for this population at this time.

[5] https://www.state.nj.us/humanservices/dmahs/info/resources/care/hmo-contract.pdf

Discussion Points (Cont'd)

Division of Family Development

18. The Child Care Subsidy Program assists lower-income families who are working, participating in training programs, enrolled in school, or a combination of these activities to pay a portion of their child care costs. Since FY 2019, total expenditures for the program have increased by 143 percent from $317.9 million in FY 2019 to a projected $773.8 million in FY 2024. Enrollment, however, has not followed the same trend. From FY 2020 to FY 2021, the effects of the COVID-19 pandemic caused enrollment to decline by over 12,000 and, despite significant increases in FY 2023, enrollment projections for FY 2024 are still under pre-pandemic levels. In sum, the average expenditure per child is projected to increase from $5,263 in FY 2019 to $13,643 in FY 2024, which reflects an increase of 159.2 percent or $8,380.



Since March 2020, in response to the COVID-19 pandemic, the Division of Family Development has received various amounts of federal funding to support the Child Care Subsidy Program and the child care industry. For example, the FY 2023 Appropriations Act includes $48.0 million from the State's federal Coronavirus State Fiscal Recovery Fund grant for the extension of enrollment-based, rather than attendance-based, payments to child care providers under the subsidy program. Moreover, as of March 27, 2023, over $100 million of the $267.3 million federal supplementary Child Care and Development Block Grant, which was received in May 2021 under the American Rescue Plan Act, is unexpended. Under federal law, these funds must be obligated by September 30, 2023 and spent by September 30, 2024.

According to the department, the FY 2024 Governor's Budget recommends maintaining the following policies first implemented during the pandemic: a $300 monthly supplemental payment to providers and a co-payment waiver for families.

- ***Questions:*** **Please identify, and quantify, the contributing factors to the projected 143.0 percent increase in the cost of the Child Care Subsidy Program from FY 2019 to FY 2024 projected, when FY 2024 enrollment is still under the enrollment in FY 2019. Is the department considering implementing any cost control measures in FY 2024, FY 2025 and FY 2026 to limit the cost of the program?**

- **As federal COVID-19 funds are spent down, does the department anticipate financial support to parents and providers returning to pre-pandemic levels? Specifically, does the**

Discussion Points (Cont'd)

department anticipate extending enrollment-based payments to child care providers, supplemental provider payments, and waived copayments beyond FY 2024? What source of funds would support these policies in FY 2025? Does the department have any concerns about the impact on families and providers if these policies were to be rescinded? How will those concerns be addressed?

- **Please describe the factors affecting Child Care Subsidy Program enrollment since FY 2021. What factors caused the enrollment increase of 9,188 children between FY 2022 and FY 2023? How did the expenditure of federal COVID-19 funds affect enrollment?**

- **What are the anticipated sources of federal funding for Child Care Subsidy Program expenditures in FY 2022, FY 2023, and FY 2024, by amount and purpose? Does the department anticipate the need for a State supplemental appropriation to cover expenditures in FY 2023?**

Child care enrollment has fluctuated over the last 3 years due to the COVID-19 pandemic. In FY2019, DHS was serving an average of 60,409 children monthly. Although enrollment numbers decreased during the pandemic to a low of 45,589 (FY2022), they have increased over the past year and we are now averaging close to 54,000 children based on our latest enrollment data. During the pandemic, DHS implemented some measures to help providers stabilize and sustain their operations while they managed the challenges brought by COVID. This included paying providers based on enrollment rather than attendance as they dealt with significant absences due to COVID and paying them a supplemental rate of $300 per child per month to take into account the higher operating costs of providing child care under a COVID-19 environment.

Prior to the pandemic, the Murphy administration also invested nearly $100 million in federal and state dollars to increase provider rates as they had been stagnant for over a decade and through state funds it has supported provider rate increases as they implement minimum wage increases every year.

In FY24, the Governor's proposed budget includes $112 million in new state funding to continue to support our vital child care sector. As federal pandemic-era funding ends, this investment, combined with federal CCDF dollars, allows us to continue to waive copayments for families, to pay providers based on enrollment rather than attendance, make the $300 supplemental payment to child care providers permanent as part of the rates, and increase rates when the minimum wage goes up to $15 in January 2024.

Under federal rules, DHS is required to periodically conduct a child care Market Rate Survey (MRS), and to use the information collected through this study to inform subsidy payment rates. The federal law requires states to certify that payment rates are sufficient to ensure that children in the assistance program have equal access to child care services. The federal benchmark for equal access is at least the 75th percentile rate of the child care market. New Jersey's most recent MRS was published in 2022. As fees for child care have risen, increasing

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subsidy payment rates by $300 helps us meet the federal benchmark and support access to child care.

As a result, since the beginning of the Murphy Administration, child care provider rates have essentially doubled and more than doubled for infant care as shown below:

Age	May 2018	April 2023 with $300	% increase since 2018
Infant	$723.98	$1,548.74	113.92%
Toddler	$717.04	$1,371.75	91.31%
Preschool	$585.42	$1,225.51	109.34%
School-Age	$579.36	$1,167.13	101.45%

Below are the federal funding sources for the Child Care Assistance program. DHS does not anticipate the need for additional state appropriations for FY23. In FY25, DHS will continue to leverage federal funds to support these increases; however, state investments will continue to be needed to support minimum wage increases and other policies such as paying based on enrollment.

DESCRIPTION	2022	2023	2024
CCDF Funding	$193,875,160	$233,594,949	$233,594,949
TANF Transfer/Direct Charge	$84,950,084	$87,927,621	$106,066,032
TOTAL FEDERAL CHILD CARE	**$278,827,266**	**$321,524,593**	**$339,663,005**

19. The FY 2023 Appropriations Act provided $20.0 million to the Division of Family Development and $8.0 million to the Economic Development Authority to implement the grant program under the Thriving By Three Act, P.L.2022, c.25. The program is designed to support the creation of infant and toddler slots in day care centers s. Through the Division of Family Development, in the current first year of the grant program, approved providers will receive a minimum grant award of $3,000 per new infant or toddler child care slot, of which $1,000 must be directed for a teacher-related bonus or incentive. Providers must commit to creating a minimum of four slots and, if not already enrolled in or rated by Grow NJKids, the State's quality rating improvement system for child care facilities, providers must enroll within six months of receiving the grant. The Division outlines Year 2 and Year 3 Grant rewards parameters on its website, pending the availability of funding, under which approved providers will receive a minimum grant award of $1,200 per infant or toddler slot of which $400 must be directed for teacher-related expenses.

As of March 27, 2023, of the $20.0 million FY 2023 appropriation, some $7.1 million is uncommitted and only $1.2 million has been expended. The Governor does not propose continuing this funding in FY 2024; however, the Executive proposes new budget language appropriating unexpended balances in this account in the preceding year for the same purpose.

Discussion Points (Cont'd)

- ***Questions:*** **For what reasons is no State funds appropriation recommended for the Thriving by Three program in FY 2024? Is the current $7.1 million uncommitted account balance sufficient to meet provider demand for grants? Are program costs shifted to federal funds?**

- **Is the first year of the Thriving By Three Grant program supported completely by the FY 2023 State funds appropriation of $20.0 million or does the program draw on other resources as well?**

- **How many infant and toddler slots currently exist in New Jersey, by type and county, within the Child Care Subsidy Program? What is the projected current demand for infant and toddler slots, by type and county?**

- **How many additional infant and toddler slots does the division anticipate creating with the FY 2023 appropriation of $20.0 million, by type and county? How many of these slots will represent slots in the Child Care subsidy program? Have costs due to growth in infant and toddler slots under this grant program been factored into the FY 2024 recommended appropriation for the Child Care Subsidy Program? Please explain.**

  DHS opened up the Thriving by Three new grant opportunity in March 2023 to help providers expand infant and toddler child care capacity and increase high-quality services. Under the grant, eligible providers can receive a minimum of $12,000 to support the creation of at least 4 new infant and/or toddler spots. Providers can request $3,000 for each additional slot. This is a 3-year grant program that also focuses on improving program quality. Providers will need to participate in Grow NJ Kids (GNJK), the state's quality rating and improvement system and will have up to 3 years to complete the rating process. This will ensure that once the grant funds end, providers will transition to higher quality reimbursement rates.

  This program is supported entirely with state funds and the budget includes language that allows for unused funds to be carried forward as this is a 3-year grant program. We estimate that this grant program could support the creation of up to an additional 3,500 slots statewide depending on number of applications, program capacity to expand, and demand. It is too early to estimate how many new slots by type and by county will be created as the application period is still open and we are in the process of reviewing applications received so far. As part of the application process and proposed expansion, there may be licensing implications. Therefore, part of the review process is to refer applicants to DCF as needed. There are no restrictions for providers requiring that newly created slots must be filled with only subsidy-eligible children. We don't have data on the demand of infant and toddler care in the state; however, as part of the Thriving by Three application we are asking providers to demonstrate the need to increase capacity based on demand.

  The DCF's Office of Licensing is the entity that licenses child care providers and may be able to provide information on the licensing capacity in the state to serve infant and toddlers. As

Discussion Points (Cont'd)

far as the child care assistance program, we currently serve approximately 6,300 infants and 7,600 toddlers. County breakdown as follows:

County	Infants	Toddlers
01-Atlantic	200	270
02-Bergen	229	314
03-Burlington	177	206
04-Camden	526	797
05-Cape May	33	39
06-Cumberland	235	235
07-Essex	908	1152
08-Gloucester	185	252
09-Hudson	604	831
10-Hunterdon	12	22
11-Mercer	190	240
12-Middlesex	434	534
13-Monmouth	250	299
14-Morris	122	151
15-Ocean	1140	966
16-Passaic	542	678
17-Salem	47	68
18-Somerset	114	133
19-Sussex	41	48
20-Union	212	271
21-Warren	54	61
Total	**6,255**	**7,567**

20. The federal COVID-19 Supplemental Nutrition Assistance Program (SNAP) emergency allotment guaranteed a minimum $95 federal benefit per household per month. The temporary federal emergency allotment expired at the end of February 2023 per the federal Consolidated Appropriations Act of 2023. P.L.2023, c.13 continues the minimum $95 monthly benefit with the State newly paying the difference between $95 and the federal benefit if the federal benefit is less than $95. To pay for the $95 minimum monthly benefit guarantee, the FY 2024 Governor's Budget includes a recommended $24.1 million appropriation and provides for the carryforward of unexpended FY 2023 balances in the same account from an $18.0 million appropriation in FY 2023 for a $50 minimum monthly benefit in anticipation of the expiration of the federal $95 minimum monthly benefit.

- ***Questions:*** **In March 2023, how many households received a State benefit under P.L.2023, c.13 and what was the average amount? What is the anticipated total cost of this law in FY 2023?**

Discussion Points (Cont'd)

- **What assumptions did the department make to determine the FY 2024 appropriation for the initiative? What is the total projected cost to the State to implement P.L.2023, c.13 in FY 2024? What are the anticipated costs of this benefit in FY 2025?**

- **Did the department or eligibility determining agencies need to alter the electronic benefits transfer system to provide the additional State benefit? Were there any costs for these changes in FY 2023, disaggregated by funding source?**

  In March 2023, around 39,000 households received a state benefit under the new state SNAP benefit o ensuring that all recipients received a minimum of $95 in combined state and federal funds. Among these households, the average state benefit was $56. Based on caseloads and benefit amounts when the law was implemented, we estimated that the potential cost for FY24 could be around $30 million. This dollar amount will fluctuate depending on caseload trend and federal benefit levels which are updated every year at the beginning of the federal fiscal year based on cost of living adjustments. The state benefit required an update of the EBT system which cost $60,000 which was funded with 50/50 state and federal funds.

21. Universal preschool is the Governor's stated long-term objective and every year the annual appropriations act includes additional funding to create new pre-K slots in public schools. Universal preschool would compete with tuition-charging day care centers for children. Currently, income-eligible families can receive child care subsidies for preschool children, aged 30 months to five years of age, from the Division of Family Development.

- ***Questions:*** **Has the department experienced any changes in the Child Care Subsidy Program due to the expansion of pre-K seats throughout the State? What impacts on the program does the department anticipate as pre-K becomes more available to low- and middle-class families through the State's public education system? How many preschool slots currently exist in New Jersey, by type and county, within the Child Care Subsidy Program?**

- **Does the department anticipate any Child Care Subsidy Program cost savings as pre-K expands? Is the department collaborating with the Department of Education to support the Universal Pre-K program?**

  The Murphy administration supports a mixed delivery early childhood education system that focuses on parental choice, quality, and affordability. DHS has not seen any significant changes in enrollment of preschool age children in the child care assistance program that can be tied to pre-k expansion. As with the general caseload, enrollment in the subsidy program fluctuated during the pandemic. However, we are serving more preschool children today than we were in 2019. In 2019, the average monthly enrollment of preschool-aged children was 19,963. In 2023 thus far, the monthly average enrollment of preschool aged children in the subsidy program is 21,966. As of March 2023, there are nearly 24,000 preschool children enrolled in the program. Child care subsidy program costs have increased as a result of higher

Discussion Points (Cont'd)

rates and other policies; therefore, the department does not anticipate any cost savings at this time.

DCF is the entity that licenses child care providers and may be able to provide a statewide report on licensing capacity for preschool in child care provider settings. The department collaborates with DOE and DCF and was involved in the DOE's Universal Pre-K Strategic Plan.

Discussion Points (Cont'd)

Division of Mental Health and Addiction Services

22. The FY 2024 Governor's Budget recommends renewing a $28.8 million appropriation to support the federally-mandated 9-8-8 national suicide prevention hotline, first implemented in July of 2022. In FY 2023, $12.8 million of these funds was used to support the five division-contracted contact centers in the New Jersey 988 Suicide and Crisis Lifeline system and $16 million was used to establish a Statewide mobile crisis response program for situations requiring a mental health response in the community. Moreover, the division has indicated that it has received an $11.5 million federal grant to develop State Crisis Receiving and Stabilization Centers, which will offer community-based services in a facility designed to meet the immediate needs of people experiencing a mental health or substance use crisis. The department also received $2.5 million under the American Rescue Plan Act to build the capacity of the 9-8-8 system.

In December 2022, the in-State answer rate for the State's 9-8-8 contact centers was 71 percent. The goal established by Vibrant, the current national administrator for the 9-8-8 system, for in-state answer rates is 90 percent. The Executive anticipates the number of contacts to the 9-8-8 system to increase by 25 percent, from 224,600 contacts in FY 2023 to 280,750 contacts in FY 2024.

Pursuant to P.L.2022, c. 35, which established a Statewide mobile behavioral health crisis response system, including the 9-8-8 system, the Department of Human Services is required to seek out all sources of federal funding as may be used to support the system. According to the department's response to an FY 2023 OLS Discussion Point, the department is actively exploring opportunities to generate federal financial participation for services provided by the call centers and mobile response units.

- *Questions:* **How much funding was distributed to each call center, to date, in FY 2023 by purpose and source? What is the anticipated total allocation to each center, by purpose and source, in FY 2023 and FY 2024? Please provide performance data on each center since the implementation of the 9-8-8 system. What are the existing challenges to implementing the 9-8-8 system? What plans are in place to address these concerns in FY 2024? What efforts are being made to reach the in-State answer rate goal of 90 percent?**

- **What is the status of the Statewide mobile crisis response program? How were funds allocated, by purpose and source, in FY 2023 to support the establishment of this program? What is the anticipated allocation, by purpose and source, in FY 2024? What is the projected start date for the program?**

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

Discussion Points (Cont'd)

- **What is the status of the development of Crisis Receiving and Stabilization Centers throughout the State? How were funds allocated, by purpose and source, in FY 2023 to support the establishment of these centers? What is the anticipated allocation, by purpose and source, in FY 2024? Will there be any centers established in FY 2024? How will the location of the centers be selected? Will these centers overlap with existing services offered by the division, such as early intervention and support services and psychiatric emergency screening services? Please explain.**

- **What progress has the department made in generating federal financial participation for services provided by the call centers and mobile response units? What are projections for this revenue source in FY 2024 and beyond?**

FY 2023			
SAMHSA 988 Capacity Building	Total Actual	Remaining FY 2023 Forecast	Forecasted 2023 Total
Agency			
CONTACT OF BURLINGTON COUNTY	$95,991	$14,584	$110,575
NEW JERSEY MENTAL HEALTH ASSOC	$450,999	$72,918	$523,917
RUTGERS THE STATE UNIVRBHS	$176,479	$463,385	$639,864
CONTACT WE CARE DBA CARING CONTRACT	$75,000	$72,918	$147,918
CONTACT OF MERCER COUNTY, NJ,	$173,086	$25,834	$198,920
TOTAL	$971,555	$649,639	$1,621,194

The sources of funding for the above are all from SAMHSA. They are the 988 Capacity Building Grant ($1,105,428), 988 Supplemental Grant ($359,321) and Mental Health Block Grant, COVID Supplemental ($156,445). All of the resources provided to date were awarded to the call centers to support their ability to strengthen their infrastructure in preparation for increases in call volume.

FY 2024	
SAMHSA 988 Capacity Building	Forecasted 2024 Total
Agency	
CONTACT OF BURLINGTON COUNTY	$80,205
NEW JERSEY MENTAL HEALTH ASSOCIATION	$452,083
RUTGERS THE STATE UNIVRBHS	$1,685,517
CONTACT WE CARE DBA CARING CONTRACT	$33,082
CONTACT OF MERCER COUNTY, NJ	$142,080
TOTAL	$2,392,967

Discussion Points (Cont'd)

FY23 funding sources are noted above. The FY24 funding sources for the above projected contracts are: the 988 Capacity Building Grant ($1,105,428), 988 Supplemental Grant ($359,321), Mental Health Block Grant, COVID Supplemental ($156,445), Substance Abuse Prevention and Treatment Block Grant, COVID Supplemental ($331,719) and ARPA Mental Health Block Grant ($439,454). In addition to the above, DHS awarded $2M to an organization in March 2023 to serve as the Managing Entity (ME) for the 988 Suicide and Crisis Lifeline in NJ. The ME's responsibilities will include dispatching mobile crisis, monitoring performance of 988 call centers, and making training available to call centers as necessary. In addition, DHS will engage in a competitive Request for Proposal process in Spring 2023 to award $10M across one or multiple call centers to expand call line, text, and chat capacity.

Calls from NJ phone numbers are routed to the NJ center, which provides primary coverage to that county if the center is open at that time. If that center is not open or cannot take the call, it is rerouted to the backup center for that county. In the event that neither center can take the call, it is routed to and handled by a 988 national backup center.

NJ total	2022 JUL	AUG	SEP	OCT	NOV	DEC	2023 JAN	FEB
Received	5,420	5,325	5,093	5,076	4,790	5,256	5,061	4,559
Answered	4,068	4,072	3,915	3,755	3,606	3,527	3,578	3,375
Answer Rate	75.1%	76.5%	76.9%	74.0%	75.3%	67.1%	70.7%	74.0%

At present, CONTACT of Mercer County is the only center in New Jersey funded by DMHAS to provide chat and text services, in addition to answering calls. This is a service that will be expanded by the summer of 2023 through a competitive bid process.

DMHAS plans to offer a robust funding opportunity for chat and text services in FY 2024.

In addition to state appropriations, NJ DMHAS is exploring Medicaid reimbursement for Mobile Crisis Outreach Response as a source of ongoing funding.

NJ 988 Lifeline centers continue to recruit and onboard staff to expand the capacity for responding to calls, chats and texts. Additional funding will be awarded through a procurement process to current and/or prospective 988 Lifeline centers for call and chat/text coverage. In addition, DMHAS has met with Vibrant representatives to reconfigure the routing of calls to NJ to improve the statewide answer rate. Future funding opportunities and ongoing funding streams are vital to reaching and maintaining this goal.

Three public listening sessions (2 in person and 1 virtual) were held to gather recommendations for consideration as we develop the 988 mobile outreach team model. DMHAS developed the model for 988 mobile outreach and shared with a third party vendor for review to ensure it comports with what the federal government will support in a Medicaid state plan amendment.

Discussion Points (Cont'd)

Feedback gathered from the listening sessions plus the third party vendor feedback were integrated into the Request for Proposals (RFP). The RFP will be posted Spring 2023. The Department anticipates multiple awards, each covering a catchment area, rather than one provider covering the entire state.

It is not anticipated that local entities will bear the costs of mobile crisis intervention units. The mobile units will be funded with state appropriations, coupled with Medicaid billing once it becomes available. The RFP to be issued will describe the composition of the teams, support one-time costs for equipment, vehicles, etc.

The intent is to have the Crisis Receiving and Stabilization Centers (CRCS) serve as a part of the continuum of behavioral health services. The service will be more robust than Early Intervention Support Services (licensed as a mental health outpatient service) in the array of services provided but the length of service is less than 24 hours in CRCS and it is approximately 30 days in Early Intervention Support Services. Additionally, CRCS will not be designated as a psychiatric emergency screening service (PESS). Consequently, they will not commit individuals to treatment if they deem it may be an appropriate course of action. Rather, they will call upon PESS to assess if an individual meets the standard for commitment.

The Department has engaged a third party vendor in supporting its efforts in pursuing federal financial participation (FFP) in services provided by the call centers and mobile response units. Currently, the vendor is actively supporting the Department in pursuing FFP for mobile outreach. There aren't any projected revenues at this time.

23. The Executive proposes eliminating a $500,000 appropriation for the Mental Health Safety Net account in FY 2024. This account provides payments to fee-for-service providers of mental health and substance use treatment programs that were once paid via cost reimbursement payment contracts. In the cost-reimbursement payment model, providers receive a monthly payment at the predetermined contracted rate, regardless of the actual services provided to clients. At the end of the contract year, a close-out process reconciles payments that were made to providers with their actual costs, and the State reclaims excess payments. By contrast, a fee-for-service system requires providers to submit a claim for each unit of service that is delivered, at a standard rate set by the State, after the services have been delivered. The Division of Mental Health and Addiction Services transitioned to the Mental Health Fee-for-Service Program in January 2017 and the payments from the Mental Health Safety Net account were designed to support any funding gaps while the State transitioned to the new payment approach. All of the FY 2023 appropriation in the account has been committed.

- ***Questions:*** **Regarding provider financial stability, what is the status of the transition to the fee-for-service payment method for providers of mental health and substance use treatment programs? Is the department aware of any providers who are in need of funding to support financial gaps due to the transition from cost-reimbursement contracts to fee-for-service payment? How does the FY 2024 Governor's Budget support these providers?**

Discussion Points (Cont'd)

The Governor's FY24 Proposed Budget provides significant support to all behavioral health providers, including those submitting fee-for-service and Medicaid claims. In both FY23 and FY24, the Department has invested about $38 million in behavioral health rate increases, totaling a combined $76 million in state and federal funds. This results in about a 5% rate increase per year, or 10% over both years. This growth more than offsets the safety net funding, which only results in average payments of about $14,000 per year to a very limited number of providers.

24. The Division of Mental Health and Addiction Services pays 85 percent of the costs for maintenance of county patients and 100 percent of the costs for maintenance of State patients in county psychiatric hospitals. Currently, four counties (Bergen, Essex, Hudson, and Union) operate county psychiatric hospitals, which primarily serve individuals who are involuntarily committed to inpatient psychiatric treatment. Following the United States Supreme Court decision in Olmstead v. L.C., 527 U.S. 581 (1999), department policy has been to place clients in the least restrictive appropriate environment, typically within the community rather than an institution.

According to the FY 2024 Governor's Budget, the estimated average daily population of State-billable patients at county psychiatric hospitals is 413 in FY 2022, FY 2023, and FY 2024; however, the FY 2023 Governor's Budget indicated the average daily population at 390 in FY 2021, FY 2022, and FY 2023. Contemporaneously, the FY 2024 Governor's Budget proposes increasing the appropriation for the support of State-billable patients in county psychiatric hospitals by $13.0 million from $122.7 million in FY 2023 to $135.7 million in FY 2024.

- ***Questions:*** **What factors contribute to the higher estimates of the average daily population for State-billable patients at county psychiatric hospitals in the FY 2024 Governor's Budget? How do these increased estimates conform with department policy to place clients in the least restrictive appropriate environment?**

  The estimates of the average daily population are based on each hospital's capacity. The hospitals at times may operate under capacity for a myriad of reasons such as reducing the number of patients in a bedroom due to COVID. The higher estimates of the average daily population (FY24 vs. FY21) reflect increased utilization of the beds, primarily due to loosening of COVID-19 pandemic restrictions on bed occupancy; they are not related to the department's policy to place individuals in the least restrictive settings.

Discussion Points (Cont'd)

Division of Developmental Disabilities

25. The Division of Developmental Disabilities administers five residential developmental centers for individuals with developmental disabilities, which are supported by a combination of federal funds and State appropriations. Prompted by the United States Supreme Court decision in Olmstead v. L.C., 527 U.S. 581 (1999), which required that residents with disabilities live in the least restrictive appropriate environment, the division began transitioning residents of developmental centers into the community and limiting the number of new admissions to the developmental centers by providing services to clients in the community setting whenever feasible. Accordingly, developmental centers have experienced a long-term trend of declining population. In FY 2024, the department estimates that the average daily population of all five developmental centers will be 994, or 61 percent, lower, compared to FY 2012 levels. Of the five developmental centers, Green Brook Regional Center is projected to have the lowest average daily population of 61 in FY 2024 as well as the highest per-capita costs. The FY 2024 Governor's Budget proposes a State appropriation of $87.7 million to support the State's developmental centers, an increase of three percent, or 2.6 million, from FY 2023 funding levels to replace federal funding that will no longer be available in FY 2024 to support the centers.

- ***Questions:*** **Does the department believe that the existing population residing at the State's five developmental centers could be served within four or fewer facilities? Please explain. What is the current capacity at each of the five facilities, given current resources? What is the maximum capacity, assuming that all beds would be filled and that all positions at the centers would be filled?**

- **What would be the State savings if the State were to close one developmental center and provide services for those residents at one of the other developmental centers? What would be the State cost of relocating those residents to other facilities?**

  The Department does not believe the state would experience savings or achieve new efficiencies with closure or consolidation of the developmental centers into four or fewer facilities, and rather believes that consolidation at this time would come at a cost to resident quality of life and care. As census decreases across the centers, residential space is modified to reduce the number of residents sharing a bedroom which benefits those with sensory and behavior challenges who are easily overstimulated, and serves to reduce the spread of infectious diseases which helped protect residents during the pandemic. Unoccupied residential space is also converted to accommodate facility needs, such as providing non-resident space for COVID testing and PPE storage, or is closed altogether with a deferral of maintenance. Each center could accommodate an increase in census, but DDD would likely incur increased expenses to revert these spaces for residential use. Therefore, savings from a consolidation or closure would be minimal and not realized for many years.

  Given the high-level of skilled care needed by the residents, staffing costs are one of the largest expenses across all centers. Staffing costs would not decrease with a consolidation, unless census declines. The level of care needed will continue to be high, especially as the resident population across the centers continues to age, as nearly 60% of residents are over

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the age of 60. The Department respects the choice of developmental center residents to remain in the centers or seek community placement. However, only 30 residents/guardians are currently interested in seeking a community placement, so a closure or consolidation would cause significant disruption to residents who prefer to remain in their lifelong home at the centers where they are receiving highly specialized care.

26. The FY 2024 Governor's Budget recommends a $61.2 million increase in State funds appropriations across the Division of Developmental Disabilities Community Care and Supports programs due to community placements and services trends. The programs provide community-based services to individuals with intellectual or developmental disabilities and earn federal cost reimbursements through the Medicaid program.

In addition to the proposed $61.2 million increase due to trend, the Executive recommends a $41.7 million State funds appropriation increase to provide higher wages for direct support professionals, and a $36.0 million State funds appropriation increase for a three percent raise in provider rates due to inflation.

- ***Questions:*** **What is the total increase in the recommended FY 2024 appropriations from State and federal sources for Community Care and Supports programs due to community placements and services trends? Please disaggregate the components of total recommended appropriations increase due to trend. As to the cost of services, is trend due to higher costs per claim, more claims, or changes in the composition of claims?**

- **With the inflation rate at over six percent, does the department anticipate additional rate increases to support providers sufficiently? Does the division have any concerns regarding provider capacity to meet the demands for service, particularly in the wake of the COVID-19 pandemic and higher than normal inflation rates? How many providers have permanently closed, by service categories, since the start of the pandemic, by fiscal year? Does the department anticipate the FY 2024 rate increase will lead to growth in contracted providers? Please explain.**

- **What is the average hourly rate for a direct support professional and a direct support professional supervisor in FY 2023? Under the Governor's FY 2024 Budget, how will these rates increase in FY 2024? Please share any data that the department has collected that indicate that higher wages in recent years have increased retention among the direct support professional workforce.**

  Trend increases are driven by an increase in enrollment as individuals age into the adult system, as utilization increases for aging individuals, and as some costs increase. Approximately 650 adults annually are placed in residential settings as emergency placements and 1,150 young adults enter services each year as individuals reach age 21, such as those provided by Local Education Agencies (LEA) and the Children's System of Care (CSOC) within the Department of Children and Families (DCF).

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Payment rates for providers serving DDD clients in the community do not automatically increase for inflation. This has required providers to absorb inflation rates between 1.2% and 4.7% per year since 2014 (the year the rates were struck) in addition to more recent inflation exceeding 6%. The Division has observed very few closures since the start of the pandemic and instead has seen the provider community grow. However, the Division has observed program consolidations that may reduce options in certain geographic areas; challenges with providers' ability to contain increasing costs like transportation; and has observed some providers prioritizing the admission of individuals with less intense care needs due to staffing challenges.

Using the 2021 National Core Indicators State of the Workforce Survey, DDD projects the current median hourly wage for DSPs in New Jersey to be about $18.83 per hour, increasing to about $20.08 per hour starting January 1, 2024 when the proposed FY24 DSP and supervisor wage increase takes effect.

27. According to the Hoggs Foundation for Mental Health, it has been estimated that the rate of mental health conditions for those with intellectual and development disabilities is two to three times higher than for the general population. However, studies show that too many systems of care for people with intellectual and development disabilities continue to focus on controlling and managing challenging behaviors without adequate consideration of the potential for underlying mental health or medical conditions as the cause of the behavior. Moreover, within the mental health workforce there is limited expertise in working with people with intellectual and development disabilities, while many in the intellectual and development disabilities workforce have very limited knowledge and training in mental health. A recent NJ Spotlight article highlighted these gaps within inpatient, crisis care and outpatient, preventative care, noting a shortage of inpatient beds for people with intellectual and development disabilities. The FY 2024 Governor's Budget proposes a $5.0 million increase in funding within the Contracted Services account to restructure behavioral health emergency capacity beds for individuals with intellectual and development disabilities.

- *Questions:* **How many inpatient beds exist, by county, to treat adults with intellectual and developmental disabilities and coexisting mental illnesses? What is the current census and is there a wait list for these beds? How long does the average patient stay on the wait list? Does the department anticipate any increase in the number of these beds in FY 2024?**

- **How many outpatient programs exist, by county, to treat adults with intellectual and developmental disabilities and coexisting mental illnesses? What is the capacity of and average monthly enrollment in each program? Is there a wait list for these slots? How long does the average patient stay on the wait list? Does the department anticipate any increase in the number of programs or slots for these services in FY 2024?**

- **What efforts are being made within the department to build capacity for services provided to adults with intellectual and developmental disabilities and coexisting mental illnesses and to support provider training opportunities within the mental health and intellectual and development disabilities workforces to promote better understanding of the needs of the intellectual and development disabilities community with behavioral health needs?**

Discussion Points (Cont'd)

Human Services has prioritized the unique needs of individuals with both IDD and complex behavioral challenges over recent years, especially through the issuance of a $4 million contract with a new provider, YAI, to develop three behavioral health stabilization homes with the capacity of twelve beds. These homes offer a short-term highly structured and nurturing environment with professional staff to stabilize individuals and work to transition them back to their previous residential setting or a new, appropriate long-term placement. To build on these efforts, the Department will continue to expand services across the continuum of care. The FY24 budget includes $3.2 million to implement the START model in New Jersey to establish regional response teams to provide support to individuals and training of caregivers of persons with a dual diagnosis.

Additionally, to expand capacity for adults with IDD in need of emergency placements, the budget includes more than $5 million in state and federal funding for restructuring DDD's contracted emergency capacity services beds to better align with the level-of-care required by many individuals who need this service. Fully-staffed emergency group home beds are also critical to preventing hospital admissions when an individual needs immediate care due to behavioral challenges or caregiver incapacity. The 32 beds currently under contract were opened in the 2000s and are due for an adjustment to better serve our clients. DDD also recently opened a short-term Acute Behavioral Health Stabilization Program on the grounds of New Lisbon Developmental Center for persons with more acute needs than the community program can support.

Trinitas Regional Medical Center operates a 10-bed inpatient psychiatric unit in Elizabeth to provide short-term crisis stabilization for individuals with IDD and severe mental illness. Additionally, the Division of Mental Health and Addiction Services offers level A+ (24 hour supervised) Residential Program beds and supportive housing slots designed specifically for individuals dually diagnosed with a mental illness with IDD, and recently issued an RFP to fund two additional Level A+ Residential Programs to serve individuals with co-occurring needs who have utilized acute care services, such as psychiatric emergency services, hospital emergency departments, and inpatient psychiatric units to serve a minimum of five individuals each.

28. The Developmental Disabilities Waiting List Reduction Fund is to support the planning, development, and construction of community-based residential facilities for clients on the department's Developmental Disabilities Waiting List using the $160 million in general obligation bonds issued for that purpose in accordance with P.L.1994, c.108. The fund is projected to have a balance of $2.1 million at the end of FY 2023. In FY 2024, the balance is forecast to decline to $967,000 after a planned $1.1 million FY 2024 expenditure on "physical and mental health." It is unclear whether the expenditure is related to the department's anticipation that 1,939 individuals will be on the priority waiting list in FY 2024, a decline of 102 individuals from the FY 2023 projected level.

- ***Questions:*** **How does the department intend to use the $1.1 million anticipated expenditure from the Developmental Disabilities Waiting List Reduction Fund in FY 2024? Will the money enhance existing slots or create new slots? Where will the slots be located**

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and how will department determine how to distribute the funds? Is the anticipated expenditure related to the projected decline in the priority waiting list in FY 2024?

- **Does the department have any plans in FY 2025 for funds from this account? Please explain.**

The majority of projected spending in the Developmental Disabilities Waiting List Reduction Fund is expected to be incurred by the Division of Mental Health and Addiction Services (DMHAS), which had been allocated a portion of the original funds. Consistent with the intent of the funding, a significant portion of the spending (roughly $600,000) will be used to develop a residential program for individuals with a mental health diagnosis and medical needs. This will be expected to serve 5 individuals discharged from nursing facilities. Other projects focused on development of community/residential housing for adults diagnosed with a serious mental illness are being considered for the remainder of the funds.

Discussion Points (Cont'd)

Division of Management and Budget

29. Since FY 2022, the Office of New Americans administers the Excluded New Jerseyans Fund, which provides a one-time, direct cash benefit to eligible low-income households who were excluded from federal stimulus checks and pandemic-related unemployment assistance. The fund's beneficiaries include undocumented individuals and residents returning from incarceration. Benefit amounts are $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 closed in February 2022, at which point the department had received approximately 38,000 applications.

As of March 24, 2023, the Executive allocated $65.8 million to the program: $60.2 million from the State's largely discretionary $6.24 billion federal Coronavirus State Fiscal Recovery Fund grant under the American Rescue Plan Act of 2021 and $5.6 million from the State's $2.39 billion federal Coronavirus Relief Fund grant under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

- ***Questions:*** **Please provide a breakdown of the number of applications received, pending, approved, denied, appealed, and withdrawn under the Excluded New Jerseyans Fund program. If all pending applications were approved, would the remaining federal funding allocated for this program be sufficient to issue all payments? Does the department anticipate the need for additional transfers from the State Coronavirus State Fiscal Recovery Fund to issue payments to eligible applicants? If so, what is the anticipated total amount needed?**

- **To date, what have been the administrative costs of the Excluded New Jerseyans Fund? What is the total anticipated administrative cost of the program? When will all program applications be processed and all appeals be resolved?**

  The Office of New Americans distributed direct COVID financial assistance payments of $2,000 to $4,000 to over 24,000 households. The program closed its application period on February 2022. Program applicants initially had until September 30, 2022 to submit pending documentation in order to determine their eligibility. There were two additional deadline extensions through November 2022 and an appeal process open until January 2023. At this time, there are 26 pending applications from the appeal process that are awaiting a final decision. All remaining reviews are expected to be completed and resolved before the end of this FY. The Department does not anticipate the need for additional transfers from the SFRF.

  Administrative costs for the program totaled $2 million and included primarily a grants/project manager vendor and some advertisement.

Status	Total # of applications
Approved	24,010
Denied	566

Discussion Points (Cont'd)

Expired/Inactive/Withdrawn/Duplicates	3,056
Closed due to missing deadline	11,612
Total	**39,270**

30. The FY 2023 Appropriations Act provided a $1.2 million appropriation to establish the Office of Long-Term Care Integrity and Oversight; however, as of March 27, 2023, none of the FY 2023 appropriation has been expended. The FY 2024 Governor's Budget recommends maintaining the $1.2 million appropriation in FY 2024.

According to the department's responses to FY 2023 OLS Discussion Points, the office will: identify strategies and solutions to improve the delivery of long-term care services; coordinate efforts between various State and federal entities involved in the long-term care system; and integrate data to improve nursing facility payment policies and rate-setting methodology. The office was planned to have three full-time positions.

- ***Questions:*** **When does the department anticipate that the Office of Long-Term Care Integrity and Oversight will be operational? Please explain any delay in establishing the office. Does the department intend to expend the FY 2023 funds prior to the end of the fiscal year? Please detail the office's organizational structure, including a listing of positions by title and salary. What are the first envisioned activities for the office?**

  Meaningful and effective long term care oversight involves collaboration between multiple agencies and partners, so rather than establishing an office that could lead to more isolated or duplicative work, the DHS has convened a multi-agency committee to lead a collaborative effort across existing regulatory, payor, and oversight entities. This committee, which includes leaders from multiple divisions across DHS, the Department of Health, and the LTC Ombudsman, will take a systematic approach to collectively monitoring and coordinating efforts to improve the quality of nursing facilities. The funding for the office will be used to support data integration, data analysis, and technical assistance/other improvement efforts. The Committee is also engaged with National Academy for State Health Policy to receive technical assistance with launching this effort and to collaborate with other states engaged in NASHP's Aging Academy.

Discussion Points (Cont'd)

Division of Aging Services

31. The FY 2024 Governor's Budget recommends appropriating an additional $7.1 million to increase the rates paid to case managers and expand the number of weekly home health hours available to enrollees in the Jersey Assistance for Community Caregiving and the Statewide Respite Care programs. Both programs provide State-funded services and collect a sliding scale copayment from enrollees. The FY 2024 Governor's Budget does not specify the total cost of the two programs, as they are subsumed in a larger budget line.

The Jersey Assistance for Community Caregiving program provides home and community-based services to individuals age 60 and older who meet clinical eligibility for nursing home level of care and who desire to remain within the community. The Statewide Respite Care Program, in turn, gives short-term breaks to caregivers who support functionally impaired persons.

Additionally, the Executive recommends appropriating an additional $1.8 million in State funds to the Division of Aging Services in FY 2024 to backfill temporary enhanced federal funding received under the American Rescue Plan Act for home and community-based services. The approved spending plan for the enhanced federal funds included higher rates for the Jersey Assistance for Community Caregiving program.

- ***Questions:*** **Please explain how rates were raised under the Jersey Assistance for Community Caregiving program under the State spending plan for the enhanced federal match for home and community-based services. Please provide the current program rates under the Jersey Assistance for Community Caregiving and Statewide Respite Care programs and how those rates would be increased in FY 2024.**

- **Please specify the cost of each program in FY 2021, FY 2022, and projected for FY 2023 and FY 2024, as well as the offset to those costs due to the collection of copayments. Does the department have any intent to raise copayment rates in conjunction with the provider rate increases planned in FY 2024?**

- **In FY 2021, FY 2022, and projected for FY 2023 and FY 2024, what is the enrollment versus the anticipated demand for services in the Jersey Assistance for Community Caregiving and Statewide Respite Care programs? In FY 2021, FY 2022, and projected for FY 2023 and FY 2024, what is the maximum capacity of Jersey Assistance for Community Caregiving and Statewide Respite Care providers? Does the department have any concerns about meeting the demands for these two programs in FY 2024? How are those concerns being addressed? Does the department anticipate the increased rates proposed under the FY 2024 Governor's Budget will increase provider participation in the programs?**

  In FY23, the hourly rate for home health aides funded through Jersey Assistance for Community Caregiving (JACC) was increased to be in parity with the standard Medicaid rates for the same service. The rate is currently $24.52/hour and is not set to increase in FY24, to remain aligned with the Medicaid rate.

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	JACC	SRCP
FY 21 Cost	$8,760,000	$4,330,400
FY 21 Copay Income	$217,692	$180,254
FY 22 Cost (approx.)	$10,950,000	$4,354,000
FY 22 Copay Income (approx.)	$189,114	$220,000
FY 23 Cost (projected)	$11,400,000	$4,810,248
FY 23 Copay Income (projected)	$214,556	$260,616
FY 24 Cost (projected)	$14,600,000	$9,159,000
FY 24 Copay Income (projected)	$215,000	$280,000

Copayments for the Statewide Respite Care Program (SRCP) represent a percentage of the cost of the service provided, ranging from 0% to 25% of the cost of services provided. This means that as the HHA rate increases, the dollars paid by the participant increases accordingly. For example, a 25% copay for a $20 rate is $5, 25% copay for a $24.52 rate is $6.13. Copayments for Jersey Assistance for Community Caregiving (JACC) represent a flat fee each month, ranging from $0 to $120/month.

Enrollment for FY2021, FY2022, and projected for FY2023 and FY2024 for both programs are as follows:

JACC

- FY2021: 1,657
- FY2022: 1,756
- YTD FY2023: 1,587; projected 1,660 total
- FY2024 projected: 1,700

SRCP

- FY2021: 1,964
- FY2022: 1,756
- YTD FY2023: 1,272; projected 1,500 total
- FY2024 projected: 1,500

Demand is high for both programs, as there are currently over 450 individuals on waiting lists for these programs statewide. Program capacity is determined by funding availability, utilization of funded services, and the ability for contracted entities to provide a services (i.e. home health agency). Nearly all counties have reported difficulties in securing home health aides through agencies, however, the $7.1 million included in the Governor's proposed FY24 budget will increase the number of weekly home health hours available to individuals which is expected to make JACC and SRCP cases more attractive for agencies to staff. The funding increase will also increase care management rates to strengthen the overall management of the programs and ensuring that care managers are able to focus sufficient time helping to set up services for enrolled and new individuals.