

Senate Budget Committee Testimony
by New Jersey Health Commissioner Kaitlan Baston
April 2, 2024

Good morning Chairman Sarlo, Vice Chairwoman Greenstein, and distinguished members of the Senate Budget and Appropriations Committee.

Thank you for this opportunity to discuss The Department of Health's proposed Fiscal Year 2025 State budget of just over **\$1.3 billion**.

I'd like to take a moment to introduce the Department leadership team that is here with me today: Robin Ford, Deputy Commissioner for Health Systems; Deborah Hartel, Deputy Commissioner for Integrated Health; Greta Anschuetz, Acting Deputy Commissioner for Public Health Services; and Eric Anderson, Chief Financial Officer and Director of Management and Administration.

Also in attendance behind me is the Acting Chief State Medical Examiner, Dr. Alex Zhang, my chief of staff Thalia Sirjue, and other members of the executive leadership team.

The proposed budget I will discuss today is focused on critical areas of growth, stabilization of key programs, and modernization of the Department, which can help us work more efficiently.

As a nationally accredited public health department, the New Jersey Department of Health is recognized for achieving high standards for public services, leadership, and accountability.

Our scope of work is vast and expanding. Our Department is on the frontlines, **leading** the response to public health challenges **and** working daily to prevent illness. Our work ranges from testing wells for safe drinking water and testing for over 60 diseases at our state public health laboratory... to running nutrition programs like **WIC**, providing **clinical care in our four state psychiatric hospitals**, and **regulating** things like **Cottage Foods**, so that **small, home-baked-good businesses** can thrive, safely.

In essence, public health is more than just disease management. It is our job to focus on keeping people well.

Today, we have an **incredible opportunity** to build the **future** of **health care**. A future that *actually* **drives health and wellness**... rather than just treating illness... a future that bends the cost curve of health care by going upstream and addressing the causes of illness before they take hold.

Modernizing the Department means creating **public** health that **empowers** individuals and **local communities** and uses **innovative solutions** to help us solve problems and work smarter, not harder.

Our proposed budget seeks to do all of this, while focusing on critical areas and issues facing **health** and **healthcare** today.

These include:

- Solidifying lessons learned from the pandemic and driving emergency preparedness
- Supporting healthcare delivery systems caring for vulnerable populations: namely Long-Term Care, Care in our State Psychiatric Hospitals, and under- or uninsured Care
- AND refocusing on critical population health issues like: Maternal-Child Health and Addiction and Mental Illness;

I will take the next few minutes to outline our budget plans in each of these priority areas, and how we will strategically operationalize these priorities through the diverse, technology-enabled workforce of the future, laying our foundation for success.

I'll begin with our first priority: solidifying lessons learned from the COVID-19 pandemic.

Much of this work within the Department of Health is currently underway:

- We are **strategically** stockpiling personal protective equipment and other emergency medical supplies.
- We have developed **incredible** data modernization and information exchange technologies, which is continuing to expand thanks to **CDC (public health infrastructure) grant funding**.
- We have recently hired a **Workforce Development Director** to focus on one of the largest pain points in both direct care and public health.
- We are **laying the foundation** for **critical** investments in our local public health infrastructure. AND
- Our proposed state budget includes approximately **\$1 million** in funding to expand the **Chief State Medical Examiner's Office** with system and process modernizations and much-needed staff.

In addition to **this** work, I, alongside the State Police Superintendent, Colonel Patrick Callahan, am co-chairing the recently announced Task Force on Pandemic and Emergency Preparedness. Together, we will be working with inter-agency representatives to thoroughly review the independent after-

action report and implement recommendations where possible, **and** to continue the **collaborative, innovative** work that can be done when we break down silos in government.

Next, I'll talk a bit about our support for healthcare delivery including long term care.

Among some of the most critical issues we've faced since I joined the Department are the quality and financial concerns in **long-term care facilities.**

After experiencing what a failure of a long-term care facility can mean for some of our most vulnerable residents shortly after I began as acting health commissioner, **I have made it a priority to build on the infrastructure at the Department of Health, and to partner with** community stakeholders, other governmental agencies, and legislators like yourselves to find and implement solutions.

Since that time, we have **hired a special advisor to the Commissioner for long-term care** and we are undertaking a landscape analysis of long-term care facilities struggling with either financial issues, quality concerns, or potential fraud.

Our proposed budget **includes \$4.5 million** for:

- a **NEW Long-Term Care Crisis Operations Team** *and*
- a **stabilization fund** that can be used for emergent financial support during a crisis.

The budget also includes **\$550,000** for expansion of our **Mission Critical teams**, who provide on the ground assistance and quality support for long term care facilities, and includes stable funding for our **Infection Control Assessment Response** teams.

As part of our modernization approach, we are using technology to provide transparency and improve quality of care. Our long-term care website provides data that allows the public to make informed choices for themselves or their loved ones – data like CMS star ratings, staffing levels, complaints, inspections, financial statements, and infectious disease outbreaks.

We still have more to accomplish, but, with your partnership, we are on a path to have the infrastructure and **policy** changes to support long-term care in New Jersey at this critical time.

It is also crucial that we continue to focus on acute care. The pandemic, unfortunately, reminded us **all** how critical our health care delivery system is to our society. It **also** changed the landscape of health care delivery. Workforce shortages are nearly ubiquitous, and supply chain costs have risen, driving up the cost of delivering health care even more than it has been historically.

This affects both **health care providers** and **people** living in New Jersey. The estimated total debt owed to US hospitals is approximately \$220 billion (KFF)... that is debt we are working to eliminate for individual consumers through programs like RIP medical debt, but that can **still negatively affect** healthcare delivery.

And while we will continue to work on driving down the cost of care and focusing on programs that keep people well, it is critical that we ensure access to hospital care when needed.

The Department of Health's proposed Fiscal Year 2025 budget includes a **total of \$683.7 million in direct subsidies to hospitals.**

To increase direct hospital subsidies, Governor Murphy proposes shifting a portion of Charity Care dollars to a new Medicaid supplemental state-directed payment. This change increases

total funding to hospitals by maximizing federal matching funds without the need for additional State appropriations.

Details of the distribution and the formula supporting that distribution will be subject to federal approval. But this model will provide more subsidies to hospitals overall, supporting the **requirement** that care is provided to patients regardless of their ability to pay.

Population Health:

As for our primary public health priorities, we have and will continue to focus on advancing mental health and addiction treatment in partnership with the Department of Human Services.

The **opioid epidemic** has taken its toll on individuals, their families, and on our communities. Last year, 3,000 lives were lost to overdose in our state. That's **over** seven New Jersey residents dying every day.

Any life lost to overdose is too many. Our vision for New Jersey is that addiction will be treated like any other chronic disease, like high blood pressure or diabetes... and that anyone with substance use disorder could walk into any clinic, emergency room, or harm reduction center, at any time, on any day, and get access to life-saving interventions and medications.

We have taken definitive steps in the fight against the opioid epidemic.

- In less than a year's time, we have more than **doubled** the number of counties with authorized harm reduction services – from seven to **18 of our 21 counties** (counties with none: [Salem, Bergen, Gloucester](#)). And with the historic opioid settlement investments in harm reduction – **\$24 million** additional dollars over two years – this is just the beginning.
- This investment also contributes to the Administration's goal of Ending the HIV Epidemic by giving us more mechanisms to help get residents tested and promote linkages to care.

However, while New Jersey's overdose deaths are beginning to decline overall, we are unfortunately seeing rising overdoses in Black and Brown communities – and that is unacceptable. These communities are least likely to have access to medications like buprenorphine and methadone, which are proven to cut the death rate for opioid use disorder by nearly 60%.

To improve access to medications and target reductions in disparities, we are investing in proven and innovative solutions like the **MATTERS Network**, a single, statewide platform that can link individuals to immediate access to treatment, harm reduction, transportation, and medication vouchers – from anywhere.

The Department is also actively **working to address underlying issues by tackling the growing mental health crisis affecting both youth and adults in our state.**

- We established and expanded telehealth for vulnerable and underserved youth through our Pediatric Mental Health Care Access Program.
- We continue to provide extensive, evidence-based psychiatric services to patients in our **four** State psychiatric hospitals.
 - Our FY25 budget proposal includes \$307,000 to support a dedicated quality regulatory team for the State psych hospitals. This team will improve standardization of processes to meet CMS regulatory requirements and will conduct continuous quality improvement for clinical care.

AND, to further address mental health and substance use disorder treatment, the Departments of Health and Human Services are working together to institute the **integrated license** in New Jersey. To operationalize this, our budget proposes **\$540,000 for our Health Systems branch** to review, license, and survey the integrated programs across the state.

For maternal and child health, we remain focused on improving **birth outcomes and equity** for mothers, parents, families, and babies as we work to make New Jersey the safest place to give birth and raise a family.

Building upon Nurture New Jersey through our maternal and child health initiatives, we have made significant strides toward this goal: We train Doulas and community health workers, we run a reproductive health information hub, and we provide safety-net full spectrum reproductive health access in every county.

But one of our most innovative models is the **modernization of** our New Jersey Women, Infants, and Children or **WIC program**. To improve outcomes, we must focus on prevention and wellness in at-risk populations...

Through WIC, we provide access to nutritious foods for about **240 thousand** at-risk pregnant, breastfeeding, and post-partum people and children in New Jersey annually.

- In 2021, we transitioned WIC benefits to an electronic solution, allowing people to use an eWIC card to pay for foods in multiple places, including farmers markets.

- We are now further reducing barriers to healthy food by enhancing our eWIC program with over **\$700,000 in federal funds** to include online shopping, AND
- **\$2.9 Million** in our proposed state budget to cover WIC grocery delivery fees – with the goal of making **New Jersey the first state in the nation** to fund food delivery for online orders, further removing barriers to health such as transportation, time, or child care.

Finally, to further our modernization efforts at the Department, our budget includes an **additional \$136,000** for the **digital conversion of 16 million vital records** that are currently **still on paper or microfilm**. The conversion will improve access to records **like birth, marriage, and death certificates** and increase processing efficiency for staff and families.

In closing, as we continue to address health challenges in New Jersey, I look forward to building our State's future Department Health – one that is person-centered, equity-focused, and data-driven. And I look forward to working with all of you toward fulfilling our vision of ensuring that all New Jerseyans live long, healthy lives and reach their fullest potential.

Thank you again for this opportunity to provide an overview of the Department's priorities with you. I would be happy to answer any questions.