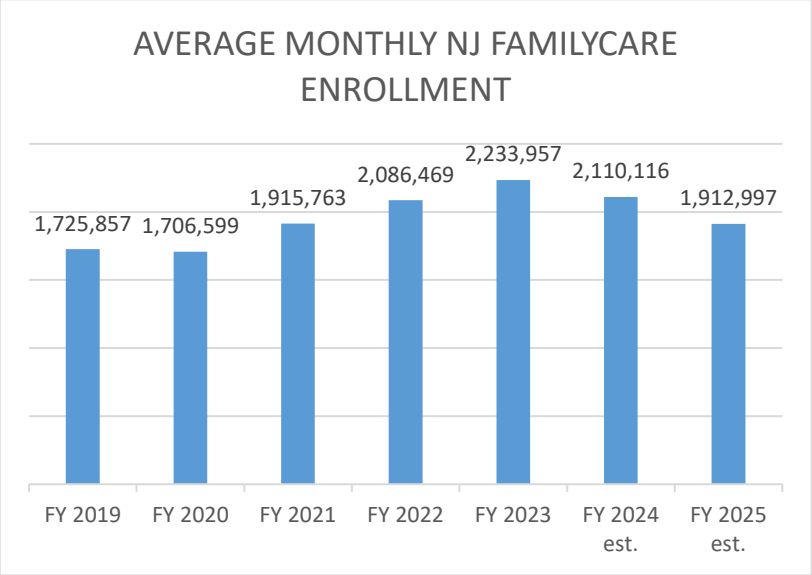
Discussion Points

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

1. The State resumed reviewing all NJ FamilyCare enrollees' eligibility on April 1, 2023 after a nearly three-year pause in eligibility redeterminations pursuant to federal law enacted in March 2020, during the COVID-19 Public Health Emergency. In exchange for enhanced federal Medicaid and CHIP matching funds, the State was required to provide continuous NJ FamilyCare coverage to all individuals enrolled in the program, regardless of changes in individuals' circumstances that would otherwise result in termination of coverage. During this period of continuous eligibility, NJ FamilyCare enrollment increased by nearly 600,000 members, or 36 percent.

More recent federal requirements directed states to resume regular Medicaid and CHIP eligibility reviews, under a process informally known as the "unwinding." During this process, the State has initiated renewals for approximately 188,000 enrollees each month over the course of a 12-month process and anticipates completing all renewals by June 30, 2024 (which includes special 30-day extensions for non-responding enrollees). From July 2024 onward, the department anticipates a continued need to process ongoing good-cause extensions and fair hearings.

As of December 31, 2023, the department reported initiating renewals for nearly 1.5 million NJ FamilyCare members, of whom 360,466 members, or 24 percent, were disenrolled from coverage; the majority of disenrolled members (75 percent) were terminated for procedural reasons such as not returning renewal materials or providing insufficient information.



As of March 2024, the department reported NJ FamilyCare enrollment at 2.02 million, which is 334,000 more enrollees than at the onset of the pandemic in March 2020. The department estimates that the average monthly enrollment will fall to 1.91 million in FY 2025.

- ***Questions:*** **What assumptions did the department use to determine the estimated NJ FamilyCare average monthly enrollment for FY 2025? Please disaggregate the net estimated enrollment decline in FY 2025, when compared to FY 2024, according to the following factors: the number of additional members projected to be disenrolled since FY 2024 (e.g., due to redeterminations during and after the "unwinding"); the number of members projected to remain enrolled from FY 2024**

Discussion Points (Cont'd)

(e.g., due to completed or pending renewals, including reinstatements); and the number of newly enrolled NJ FamilyCare members. Please also disaggregate these estimates by major eligibility group (e.g., Medicaid children; CHIP children; ACA expansion adults; other adults; Aged, Blind, and Disabled). How do these estimates account for any changes to the current average monthly rate of disenrollments?

- **Of the members disenrolled from NJ FamilyCare since the beginning of the "unwinding," does the department have data on the cumulative number and percentage who have obtained alternative health coverage after disenrollment from the program? If so, please provide those data and disaggregate by i.) members who were determined ineligible for NJ FamilyCare (due to income or other eligibility factors) and ii.) members who were terminated for procedural reasons (due to non-response or insufficient information). For those two groups, please also provide a breakdown by the type of alternative coverage obtained (employer-based, State-based exchange, Medicare or Medicare Savings Program, etc.).**
- **Does the department have plans to continue outreach into FY 2025 to support former NJ FamilyCare members who have not yet obtained alternative health coverage?**
- **What lessons has the department learned through the "unwinding" process that can be applied to redeterminations moving forward? Are there any technological or staffing investments, as well as permanent policy changes, that could streamline and improve the outcomes of the redetermination process? Are there any practices employed during the "unwinding" that will be made permanent? Are any such policies supported by FY 2025 recommended appropriations? Please explain.**

Department Response

During the unwinding period, total NJ FamilyCare enrollment has declined by an average of 35,000 individuals each month. As projected, disenrollments have generally been somewhat greater among eligibility groups that saw greater growth during the COVID-19 pandemic. As previously reported in our Medicaid Monthly Renewal Report,[1] we have identified approximately 35,000 individuals who were enrolled in NJ FamilyCare at the start of unwinding, and who have enrolled in a GetCovered NJ qualified health plan by the end of February 2024. The Department will continue to analyze and provide available data on alternative sources of coverage.

Over the course of the unwinding period, the Department has attempted outreach to all members who have been terminated for non-response to renewal packages, in order to encourage them to complete their renewal application for potential reinstatement or re-renrollment in NJ FamilyCare. We are currently evaluating the impact and efficacy of this strategy and other forms of enhanced outreach conducted during unwinding; based on the results of that evaluation, we may choose to extend this outreach strategy beyond the end of the unwinding period. The Department also transfers members who are disenrolled for being over income to GetCovered NJ; this will continue after the unwinding period concludes.

[1] https://nj.gov/humanservices/dmahs/staycoverednj/renewaldata/NJ_DMAHS_February_Renewal_Report_3-13-2024.pdf

Discussion Points (Cont'd)

More generally, the Department is actively assessing the impact of policy and operational changes adopted during the unwinding to identify lessons learned and determine whether there are specific policy/ operational changes that should continue. Some examples of areas that DHS continues to focus on include:

- **Systems Optimization**, such as supporting telephonic and online renewals for all members, building functionality to allow more members to be renewed on an *ex parte* basis (see below for more detail), and automating certain routine tasks to allow eligibility workers to be more productive;
- **Innovative Approaches to Member Outreach**, including utilizing managed care organizations to contact members at risk of disenrollment, and partnering with Regional Health Hubs to conduct targeted outreach within their local communities;
- **New Strategies for Gaining Updated Member Contact Information**, including new data sharing to facilitate no-wrong-door address updates through managed care organizations, the health benefits coordinator, county social service agencies, and the United States Postal Service; and
- **Policy Changes**, such as gaining federal approval to use SNAP application data to support Medicaid renewals.

Some of the areas above can be extended independently by the State; others will require federal permission.

2. All NJ FamilyCare eligibility groups, except enrollees receiving long-term care services, are expected to experience enrollment losses in FY 2024 as a result of resumed eligibility renewals. Notably, the Governor's FY 2025 Budget now projects FY 2024 enrollment for Aged, Blind, and Disabled (ABD) members to *decrease* by one percent relative to FY 2023, when combining ABD members with and without Medicare and including members receiving long-term care. This is contrary to the Executive's original projections of modest growth for that combined ABD population in FY 2024.

As of March 2024, NJ FamilyCare public enrollment statistics suggest that ABD monthly enrollment currently averages 305,000 for all of FY 2024 to date, and 302,000 for the third quarter of FY 2024 alone (January 2024-March 2024). These recent enrollment figures are apparently trending below the Executive's revised FY 2024 estimate of about 310,000 average monthly members (which was reduced from an original estimate of about 323,000 average monthly members in FY 2024, from the Governor's FY 2024 Budget).

The Governor's FY 2025 Budget also projects increased ABD enrollment of roughly 317,000 average monthly members in FY 2025.

- ***Questions:*** **What accounts for the unexpected decrease in enrollment in FY 2024 of the Aged, Blind, and Disabled (ABD) population, a group that is often considered relatively stable under NJ FamilyCare? What portion of that decrease is attributed to member ineligibility (i.e., due to excess income or resources, or moving out-of-state)**

Discussion Points (Cont'd)

and what portion is attributed to procedural terminations (not returning renewal materials or providing insufficient information)? What portion is due to other factors, such as member mortality?

- **What forms of outreach or transitional support does the department provide for ABD enrollees, who often rely on Medicaid-supported services to fulfill activities of daily living, if they have lost NJ FamilyCare coverage during the "unwinding" process?**
- **What assumptions or data did the department use to determine that the ABD population will resume growth in FY 2025, contrary to the decreasing enrollment in FY 2024? Since ABD enrollment appears to be only averaging 305,000 in FY 2024 to date, and only 302,000 in the third quarter of FY 2024, could their growth to 317,000 average monthly members in FY 2025 be overestimated?**

Department Response

As the question notes, the ABD population has historically been quite stable, with year-over-year enrollment changes typically 2% or less. As the table below shows, updated projections for FY 2024 and FY 2025 do not anticipate a major divergence from historical experience, with an FY 2024 decrease of less than 1%, which is based on actual experience during the unwinding period.

Aged Blind and Disabled – NJ FamilyCare Enrollment		
Fiscal Year	**Avg Monthly Enrollment**	**% Change**
Actuals		
FY2015	292,910	
FY2016	296,498	1.2%
FY2017	298,535	0.7%
FY2018	300,334	0.6%
FY2019	302,765	0.8%
FY2020	302,955	0.1%
FY2021	302,645	-0.1%
FY2022	307,175	1.5%
FY2023	311,800	1.5%
Projections		
Revised FY2024 (GRB)	309,602	-0.7%
Budget Estimate FY2025 (GRB)	317,184	2.4%

Projected enrollment growth during SFY 2025 is based on the assumption that growth in the ABD population will resume its pre-COVID growth trend, based on demographic trends and that enrollment will grow somewhat based on expanded eligibility for the NJ WorkAbility program.

Discussion Points (Cont'd)

To support ABD members going through the unwinding process, the Department reviews members for their eligibility on *all* potential bases – that is, if a member is no longer meets the requirements of the eligibility group that they were a part of before the COVID-19 pandemic, eligibility workers will check to see whether they qualify for coverage through another pathway. In particular, the Department screens members who are no longer eligible for full Medicaid benefits to determine whether they may qualify for a Medicare Savings Program, which defrays many of their costs under Medicare. In addition, DHS has partnered with those who directly serve ABD populations – e.g. Support Coordinators for individuals served by the Division of Developmental Disabilities – to guide and support those individuals through the renewal process. The Department has also stayed in close communication with advocates and community-based organizations that specifically serve ABD populations to ensure we are rapidly made aware of and are able to troubleshoot any challenges ABD members have going through the renewal process.

3. According to a March 26, 2024 analysis by the Kaiser Family Foundation, 26 states have reported lower procedural termination rates during the Medicaid and CHIP "unwinding" than New Jersey, where 75 percent of disenrollments have involved procedural terminations for reasons other than ineligibility (such as members not returning renewal materials or providing insufficient information). Lower rates of procedural terminations are generally associated with more effective processes and procedures for contacting members; longer timeframes for members to respond; and more robust systems that streamline the process for returning renewal forms or submitting other documentation. Procedural termination rates in these other 26 states ranged from 22 percent to 75 percent of all disenrollments, including nine states in the Northeast and Mid-Atlantic, as shown below:

Northeast and Mid-Atlantic States	Share of Procedural Terminations Among All Disenrollments From Resumed Medicaid/CHIP Eligibility Reviews
District of Columbia	88%
New Hampshire	81%
Rhode Island	79%
New Jersey	**75%**
Connecticut	75%
Vermont	72%
Maryland	70%
Massachusetts	69%
Delaware	58%
Pennsylvania	52%
New York	46%
Virginia	37%
Maine	22%

- ***Questions:*** **To what does the department attribute the State's procedural termination rate, particularly in comparison to "peer" states in the region who have**

Discussion Points (Cont'd)

achieved a lower procedural termination rate with similarly large, diverse Medicaid and CHIP populations? What policies could be implemented that are used in other states to lower the procedural rate in New Jersey? Does the department have any plans in FY 2025 to implement policies to lower the State's procedural termination rate after eligibility renewals have resumed for all NJ FamilyCare members?

- **Among all members terminated for procedural reasons since eligibility redeterminations resumed in April 2023, how many of those members (number and percentage) were subsequently reinstated or re-enrolled in a later month, thereby indicating they were still eligible for NJ FamilyCare? Does the department track how many of these members used healthcare services during their period of disenrollment, putting them at risk of a potential coverage gap? Does the department have plans in FY 2025 to continue outreach to reinstate or re-enroll this population?**

Department Response

As a general rule, it has proven extremely challenging to make meaningful comparisons between states around unwinding data. Different states have chosen to complete unwinding on significantly different timelines (some fully completed the unwinding process within six months, while others will extend beyond the initial twelve-month period), some focused initially on only certain eligibility groups or populations (while others spread all members evenly across the unwinding year), and some have made policy choices that may impact their data reporting in significant ways (for instance, some states have chosen to delay most procedural terminations until a later date). In addition, the specific statistic shown in the table above is the ratio of two different numbers (procedural terminations and total terminations), each of which vary significantly by state, making interpretation difficult. For instance, a low percentage on this statistic may mean that a state has a relatively low number of procedural terminations; it may also mean it has a relatively *high* number of members terminated for ineligibility, or it may reflect some combination of the two. As such, this metric may not capture the most critical information about New Jersey's relative performance during unwinding.

To the extent that comparisons can be made between states, it may be more useful to focus on simpler, higher-level metrics. For instance, a Kaiser Family Foundation analysis from April[2] found that New Jersey's total Medicaid enrollment had thus far decreased by 12.9% during unwinding – very close to both the national average (12.4%) and many peer states, such as Pennsylvania (13.3%), Delaware (12.3%), Massachusetts (12.0%), DC (12.3%), and Vermont (12.3%).

With respect to reinstatements and re-enrollments of members previously disenrolled for procedural reasons – it is challenging to meaningfully analyze outcomes across the full unwinding period, since different cohorts of renewals are currently at different stages in the process. However, looking exclusively at the earliest cohort of members (those whose renewals were originally due in June 2023, and for whom the unwinding process is largely

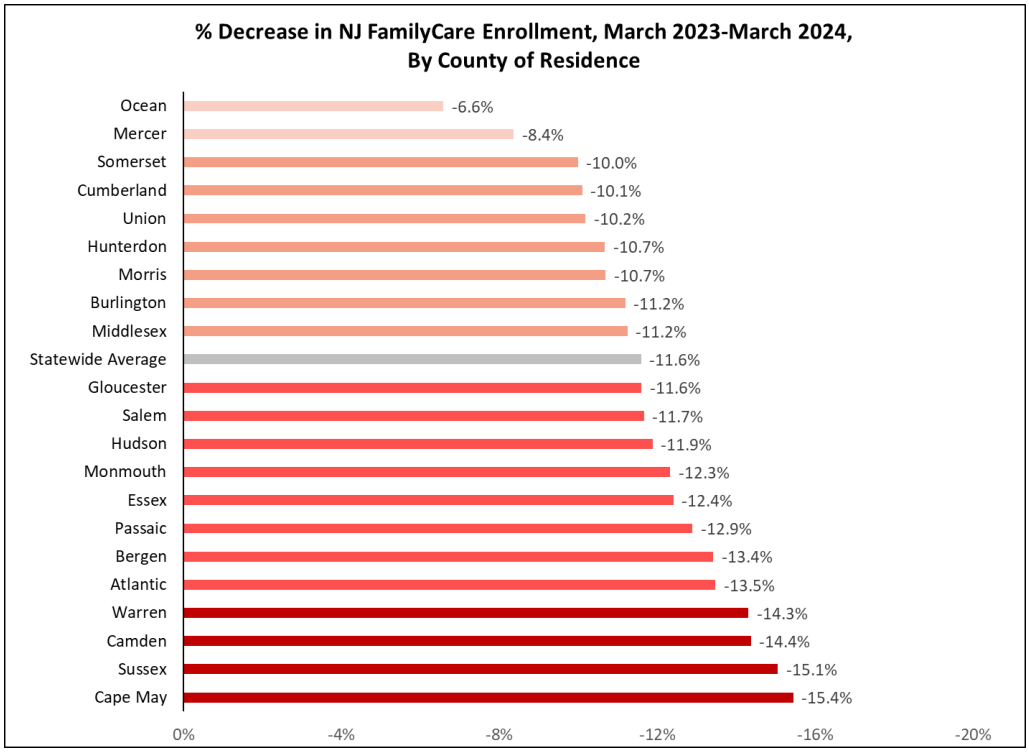
[2] https://www.kff.org/medicaid/issue-brief/medicaid-enrollment-and-unwinding-tracker/

Discussion Points (Cont'd)

complete), we see that more than 35 percent of those who were initially disenrolled have since returned to NJ FamilyCare coverage. The vast majority of those were reinstated without a gap in coverage during the 90-day post-termination period.

4. Below is a chart indicating the net county-level declines in NJ FamilyCare enrollment from March 2023, the month immediately preceding the "unwinding," through March 2024. Overall, statewide enrollment declined by 11.6 percent during this period.

For most NJ FamilyCare members, eligibility redeterminations during the "unwinding" were administered by either local county welfare agencies (boards of social services) or by the State's Health Benefits Coordinator for NJ FamilyCare, which is currently Conduent State Healthcare LLC (Conduent).



- ***Questions:*** **What specific factors are driving the large reductions in enrollment in counties with rates above the statewide average? What accounts for the particularly high enrollment reductions in Cape May, Sussex, Camden, and Warren counties?**
- **In counties with rates above the statewide average, has the department identified any efficiency or quality control issues in the processing of eligibility redeterminations by the relevant eligibility determining agencies (either county offices or Conduent, the State's Health Benefits Coordinator)? Please explain. How have those issues been resolved?**

Discussion Points (Cont'd)

- **In FY 2023 and thus far in FY 2024, how much has the department expended, disaggregated by purpose and county (or statewide, if applicable), for unexpected surge staffing and consultants related to the restarting of eligibility redeterminations? What are the projected expenditures on such activities in FY 2025, disaggregated by purpose and county?**
- **For all of New Jersey's "unwinding" renewals that have been initiated to date, please provide a breakdown of the following cumulative outcomes for eligibility redeterminations, disaggregated by responsible eligibility determining agency (i.e., county of supervision): terminated for procedural reasons, determined ineligible, renewed, and pending renewal.**

Department Response

There are numerous factors that can drive variations in enrollment trends across counties; these include demographic and socioeconomic factors, as well as variations in performance across Eligibility Determining Agencies (EDAs), encompassing both county agencies and the Health Benefits Coordinator vendor. Throughout unwinding, the Department has been closely monitoring the performance of all EDAs across a range of metrics, and also proactively responding to issues with EDA performance that have been reported to us by members or advocates. We recognize that EDAs have faced an unprecedented volume of renewals associated with unwinding. The Department has proactively engaged with EDAs to collaboratively troubleshoot problems and identify approaches to improve performance. At the same time, the Department retains the ability to take corrective action, including financial penalties or transfer of cases and expects to publicly share data on renewal outcomes by EDA in the near future.

In recognition of the additional level of effort required of the County Social Services Agencies (CSSAs) during the unwinding period, the Department provided additional funding to the counties to support temporary needs such as overtime. From CY 2022 to CY 2023, the Department increased funding statewide by approximately $2.7 million, from $12.5 million in CY 2022 to $15.2 million in CY 2023 which represented a greater than 21 percent increase in aggregate.

The State has also expended an additional $1.9 million in FY 2023 and expects to spend $11.9 million in FY 2024 on unwinding-related consultant costs (50 percent state share). Additionally, the State has expended an additional $2.7 million in FY 2023 on the Health Benefits Coordinator and projects to spend $2.9 million in FY 2024 in order to address the increased volume of member calls and renewals during the unwinding period (25 percent state share). Lastly, the Department increased its workforce for the time-limited function of eligibility-related activities during the unwinding period by onboarding temporary staff specific to this purpose, with a projected cost of $1.2 million in FY 2024 (50 percent state share).

5. Since the expiration of continuous NJ FamilyCare enrollment on April 1, 2023, the State has had a significant volume of eligibility and enrollment actions to complete. To address this administrative challenge, the federal Centers for Medicare and Medicaid

Discussion Points (Cont'd)

Services encouraged states to improve capacity by reexamining their automatic renewal policies and procedures. Automatic renewals use administrative data to confirm Medicaid and CHIP eligibility without requiring any action from the member. According to its FY 2024 OLS Discussion Point responses, the department uses the following data sources for automatic renewals: 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. According to the department renewal dashboard, as of December 2023, 42 percent of cumulative renewals have been completed via an automatic process. Nationally, the average automatic renewal rate is 55 percent, with certain states such as Rhode Island and North Carolina achieving over 90 percent of their renewals automatically.

- ***Questions:*** **To what does the department attribute New Jersey's lower automatic renewal rate when compared to other states? Have any technical improvements or policy changes been made to increase the automatic renewal rate since the start of "unwinding"? What further technical improvements or policy changes could be made to increase automatic renewals, and what level of additional FY 2025 funding would the department require to achieve these actions?**
- **What data sources does the department currently use to process renewals automatically, and how do these data sources differ by eligibility group and/or eligibility determining agency? Will these sources expand in FY 2025?**
- **Prior to March 2020, what percentage of NJ FamilyCare's renewals were automatic? For FY 2025, what is the projected percentage of renewals that will be automatic?**

Department Response

Over the past several years, the Department has been engaged in a multifaceted effort to modernize and strengthen the IT systems that support NJ FamilyCare eligibility determinations and renewals. Prior to undertaking this effort, Medicaid eligibility systems were largely decentralized and lacked key functionality, with impacts on both member experience and New Jersey's ability to comply with evolving federal requirements. We have made significant progress on this effort by deploying a variety of online applications that collect and validate beneficiary data using industry-standard tools and formats. These enhancements are expected to improve New Jersey's *ex parte* renewal performance in future years. Specific technical improvements that will support improved automatic renewal rates include deployment of full online MAGI and ABD functionality, enhancements to *ex parte* process utilizing additional income data sources for verification, and technical improvements to the *ex parte* process at the Health Benefits Coordinator.

In addition to this longer-term systems capacity building, the Department has taken short-term steps to improve *ex parte* renewal rates during the unwinding period. These have included seeking and receiving permission from the federal government to temporarily use SNAP enrollment data to automatically renew members, and partnering with the United States Digital Service to identify immediate steps that the Health Benefits Coordinator

Discussion Points (Cont'd)

vendor could take to simplify and enhance its *ex parte* renewal processes, resulting in higher rates of successful automatic renewals.
The specific data sources currently used to complete *ex parte* renewals vary by specific NJ FamilyCare eligibility group and by eligibility determining agency, but may include:

- Department of Homeland Security data to verify immigration and lawful presence
- Social Security Administration data to verify name, date of birth, and Social Security number
- Equifax (The Work Number) data to verify income
- NJ Department of Labor income data (LOOPS, DABS, and WAGE) to verify income, currently being deployed.

The Department did not systematically track renewal modality prior to 2020. The systems updates noted above will support prospective reporting on renewal modality.

6. The pause in NJ FamilyCare eligibility redeterminations from March 2020 to April 2023 temporarily prevented members from moving quickly on and off the program. This pattern of enrollment and reenrollment is called "churn" and has historically been due to members' changing finances or failing to complete necessary renewal processes. Churn is often considered a significant challenge to achieving positive health outcomes for NJ FamilyCare members because continuity of health care coverage is usually the primary method for ensuring continuity of care.

With eligibility redeterminations restarting, churn will resume. The department has adopted at least two key policies that may mitigate this churn: 1) with federal concurrence, providing 30-day eligibility extensions to members, from June 2023 through May 2024, who never responded to their renewal packets and who were consequently due to have their coverage terminated; and 2) expanding a federally mandated reconsideration period for non-disabled Medicaid and CHIP enrollees under age 65 who are subject to "MAGI" eligibility criteria to include non-MAGI enrollees. Under this policy, members terminated for procedural reasons could be reinstated, without completing a new application and without any gap in coverage, during the 90 days from their termination date if they were determined to be otherwise eligible for coverage.

- ***Questions:*** **Since the expiration of continuous enrollment, what cumulative percentage of NJ FamilyCare members due to complete renewals have been provided a 30-day eligibility extension? Of those provided extensions, what percentage were ultimately terminated from the NJ FamilyCare Program?**
- **To date, how much has been expended in FY 2024, by source (State versus federal dollars), to provide the 30-day extension policy? Please provide total expenditures and expenditures per member. In the department's experience, has the 30-day eligibility extension prevented a significant rate of churn?**
- **Since the expiration of continuous enrollment, what cumulative percentage of NJ FamilyCare members due to complete renewals: 1) have been disenrolled and then reinstated within the 90-day reconsideration period; and 2) have been disenrolled and then re-enrolled after the 90-day reconsideration period?**

Discussion Points (Cont'd)

- **To date, how much has been expended, by source (State versus federal dollars), for retroactive coverage provided to reinstated enrollees within their 90-day reconsideration periods, disaggregating by MAGI and non-MAGI populations?**
- **In the department's experience, has the State's broadening of the 90-day reconsideration period to non-MAGI members prevented a significant rate of churn?**
- **Does the department have any plans to continue or to make permanent the 30-day extension or the non-MAGI 90-day reconsideration period policy beyond FY 2024? What efforts are in place to prepare eligibility determining agencies for potential spikes in enrollment due to the effects of churn in FY 2025?**

Department Response

Through the first ten monthly cohorts of unwinding renewals, approximately 390,000 members had their eligibility extended an additional thirty days as a result of the grace period. Of those, about 280,000 have since been disenrolled. This number does not include those who were temporarily disenrolled, and subsequently retroactively reinstated. This translates very roughly into additional expenditures of approximately $11.9 million each month ($3.6 million state share).

As noted above, it is challenging to analyze the share of reinstatements and re-enrollments across the full unwinding period, since different cohorts are at different stages of the renewal process. Analysis of early cohorts indicates that significant numbers of members have been reinstated during the 90-day period with no gap in coverage. For example, as described above, approximately 35% of those from the first monthly unwinding cohort who were initially terminated for procedural reasons have since returned to NJ FamilyCare coverage.

With respect to continuation of policies, the 30-day grace period has been implemented as a one-time flexibility specific to the unwinding of the COVID-19 Public Health Emergency. The 90-day reinstatement policy, on the other hand, prevents disruptions in coverage, and protects members who remain eligible in the event that they initially miss or fail to respond to a renewal request. As the unwinding period ends, the Department will continue to evaluate these and other special unwinding policies and practices.

Discussion Points (Cont'd)

Medicaid and CHIP Coverage Expenditures
(in $ Million)

FY	Growth Rate	Total	Federal Funds	State General Funds	Other Funds
2019		$12,610	$7,699	$4,336	$575
2020	4%	$13,057	$8,182	$4,251	$625
2021	10%	$14,365	$9,473	$4,076	$817
2022	10%	$15,870	$10,541	$4,509	$820
2023	9%	$17,245	$11,380	$4,706	$1,160
2024 est.	7%	$18,462	$11,701	$5,641	$1,120
2025 est.	5%	$19,394	$11,953	$6,007	$1,434

7. Pursuant to the federal Families First Coronavirus Response Act of 2020, the State has received over $3.7 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 February 2024. From March 2020 through March 2023, the Medicaid enhancement equaled 6.2 percentage points and the CHIP enhancement 4.34 percentage points. Starting in April 2023, under the federal Consolidated Appropriations Act of 2023, the enhanced cost reimbursements began a gradual phase out until a final expiration at the end of calendar year 2023.

Despite an anticipated enrollment decline due to the resumption of eligibility redeterminations, the Executive projects that total expenditures for Medicaid and CHIP general medical services will increase to $19.4 billion in FY 2025, representing a $932 million increase, or 5.0 percent growth, over FY 2024 levels. This projected increase is primarily composed of various increases in funding from the State General Fund, Health Care Subsidy Fund, and federal funds.

Examining per-member costs can help isolate factors other than general enrollment trends that may be driving changes in NJ FamilyCare expenditures. Overall, the program's average annual per-member costs are expected to grow by 16 percent in FY 2025, based on evaluation data from the Governor's FY 2025 Budget—increasing from $8,749 per member in FY 2024 to $10,138 per member in FY 2025 (for expenditures supported by funds from all State and federal sources).

- ***Questions:*** **What are the key drivers of the projected net $932 million, or 5.0 percent, increase in FY 2025 expenditures for Medicaid and CHIP medical coverage from all funding sources? Considering expenditure growth under NJ FamilyCare was 7.1 percent in FY 2024, 8.7 percent in FY 2023, and 10.5 percent in FY 2022, does the department anticipate expenditure growth to continue trending downward now that NJ FamilyCare eligibility determinations have resumed and enhanced federal cost reimbursements have phased out as of December 2023?**

Discussion Points (Cont'd)

- **Specifically, please provide more details about the projected 16 percent growth in NJ FamilyCare's average per-member costs in FY 2025. Please quantify the portion(s) of that net growth attributed to:**
  - **Changes in projected enrollment mix after disproportionately more ACA expansion adults, children, and other typically lower-cost members disenrolled during the "unwinding," leading to greater concentration of remaining enrollees in managed care premium groups where the State pays higher capitation rates to its managed care plans?**
  - **Any "population acuity adjustments" *within* managed care premium groups to account for post-"unwinding" enrollees potentially having greater health needs and higher program costs than members in the same group who disenrolled?**
  - **Medical, pharmacy, and long-term care cost trends factored into projected managed care capitation rates? *Please specify the five categories of service with the highest impacts on FY 2025 per-member cost growth in managed care rates, and please quantify the magnitude of growth contributed by each category.***
  - **Notable program changes (new benefits, provider payment adjustments, etc.) with outsize impacts on NJ FamilyCare spending growth in FY 2025, within either the managed care or fee-for-service programs?**
  - **Significant increases to managed care plans' non-benefit costs, such as administrative costs, underwriting gain, or premium-based assessments?**
  - **Other key factors driving increases in NJ FamilyCare spending, within either the managed care or fee-for-service programs?**

Department Response

As enrollment decreases due to unwinding, the recipients remaining in the program have higher medical costs than the recipients leaving leading to higher rates. The top five medical benefit service categories that contribute to the overall increase are pharmacy ($13.13 PMPM), physician ($6.80 PMPM), other acute services ($5.59 PMPM), dental ($3.00 PMPM), and inpatient hospital ($2.67 PMPM). The increased pharmacy costs are primarily driven by the addition of the drugs for Cardiovascular Risk Reduction, as well as general expected trends in the category. Similarly, the increased inpatient hospital costs are driven by general expected trends as a result of changes to the fee-for-service inpatient rates. The primary driver of the large increases in physician and other acute services is the increased fee schedule for the SFY25 NJ Medicaid Access to Physician Services (MAPS) program. The increased utilization of the autism benefits also contributes to the increase in the other acute services category.

The State's actuarial consultant estimates that the enrollment mix change only had a minimal impact on overall average per member spending compared to many of the items noted above. The significantly larger impact related to enrollment are the population acuity adjustments.

Discussion Points (Cont'd)

8. NJ FamilyCare's per-member per-month capitation payments to managed care plans represent the single largest portion of the program's annual expenditures on Medicaid and CHIP services. Under 42 CFR Part 438, the federal Centers for Medicare and Medicaid Services (CMS) requires all states operating Medicaid and CHIP managed care programs, during the annual process of capitation rate development, to certify that the capitation rates paid to managed care organizations are actuarially sound and to submit documentation of the rate development data, assumptions, and methodologies for CMS review.

- ***Question:*** **Please provide the most recent NJ FamilyCare managed care rate certification reports for the July 1, 2023 through June 30, 2024 contract period (i.e., State Fiscal Year 2024), as prepared by Mercer and submitted to CMS pursuant to 42 CFR 438.4 et seq. Specifically, please provide the relevant capitation rate certification reports for NJ FamilyCare's Acute Care program and MLTSS program, all related appendices and capitation rate calculation sheets (CRCS), and any other supporting documentation within the latest SFY 2024 actuarial certifications submitted for CMS review.**

Please see attachments.

9. The federal Centers for Medicare and Medicaid Services (CMS) also requires all states to submit quarterly expenditure reports summarizing Medicaid and CHIP program benefit costs and administrative expenses, which are disaggregated by various service categories and special payment lines. CMS uses these data to track state expenditures and determine federal reimbursement, and the data are submitted through an electronic reporting process historically involving Form CMS-64 and Form CMS-21 (for Medicaid and CHIP expenditures, respectively).

- ***Question:*** **Please provide the four most recent Form CMS-64 quarterly Medicaid expenditure reports and the four most recent Form CMS-21 quarterly CHIP expenditure reports, or electronic equivalents, as submitted to CMS (e.g., separately covering each of the four quarters of calendar year 2023, or as otherwise available).**

Please see attachments.

10. The Governor's FY 2025 Budget proposes budget language establishing a new Medicaid state-directed payment program pursuant to 42 C.F.R. s.438.6(c). Under this proposed program, which requires federal approval, the State would direct NJ FamilyCare's managed care plans to provide hospitals with a supplemental payment for each acute care hospital outpatient visit. Hospital outpatient payments for public hospitals would be increased to the average statewide rate paid by commercial insurers, while non-public, acute care hospitals would receive specific tiers of add-on payments based on their ranked "Relative Medicaid Percentage," which is the portion of gross inpatient and outpatient revenue that the hospitals receive from Medicaid. In addition, within each of the 10 municipalities in the State with the lowest median annual household incomes, the hospital

Discussion Points (Cont'd)

with the highest reimbursed NJ FamilyCare managed care outpatient services will receive a 25 percent increase to its supplemental payments.

To implement this program, the Budget in Brief indicates that the State would redirect a portion of Charity Care program funding, which is recommended to decrease by $204.8 million in FY 2025. Testimony by the Department of Health before the Senate Budget and Appropriations Committee indicated that expenditures on the proposed state-directed payment would receive a 67 percent federal matching rate, which is higher than the current 50 percent federal matching rate received by Charity Care expenditures (via the federal Medicaid Disproportionate Share Hospital program). In addition, information from the Department of the Treasury indicated that the new state-directed payment would generate approximately $345 million in federal matching funds in FY 2025. Combined with a 67 matching rate, this suggests that approximately $170 million in State funds would be allocated to the state-directed payment in FY 2025.

The OLS also notes that the total annual funding required to support these add-on payments may increase or decrease depending on the volume of hospitals' Medicaid outpatient services.

- ***Questions:*** **Will a total of $170 million in State funds support the new Medicaid outpatient state-directed payment in FY 2025? If so, out of the $204.8 million proposed decrease in State funding for Charity Care, where will the remaining $34.8 million in State funds be allocated?**
- **What portion of the $345 million in federal matching funds generated by this program will be directed to participating hospitals through the proposed state-directed payment, and what portion(s) of those funds, if any, will be allocated to other programs? (Please list any other programs and allocations.)**
- **What is the total funding recommended for the state-directed payment program as part of the Governor's FY 2025 Budget (from all sources, State, federal, and other)? Will additional State funding be required for this program in FY 2025 if reimbursable hospital outpatient utilization is higher than projected?**
- **How much of the proposed program's total funding will be allocated to Medicaid outpatient payments and how much will be allocated to the department to scale up and administer the program? Does the department anticipate hiring additional staff to administer the program? If so, please provide details on the number of new positions, and the titles and annual salaries for these positions.**
- **By how much are the State costs and the total costs of implementing the new state-directed payment expected to increase each year after FY 2025?**
- **Please provide a table showing, for each participating hospital, disaggregated by public hospitals and non-public acute care hospitals: i.) each hospital's projected FY 2024 Medicaid base outpatient payments; ii) each hospital's projected FY 2025 Medicaid base outpatient payments, absent the proposed state-directed payment initiative; and iii.) each hospital's projected amounts of additional FY 2025 Medicaid outpatient payments that will be directly attributable to the state-directed payment mechanism alone. On the table, please also indicate which hospitals will receive a 25**

Discussion Points (Cont'd)

percent increase to its supplemental payments, per the proposed budget language regarding hospitals in low-income municipalities.

- **What is the intended effect of the distinct formula for public hospitals and non-public, acute care hospitals under the program? Why has the program been proposed with this provision, and which specific hospitals would qualify as "public hospitals"?**
- **What is the anticipated timeline for securing federal approval for this proposal (e.g., submission of a "preprint" for CMS approval)? What plans are in place if there are delays in the federal review process or if the State's application is denied?**
- **Will hospitals be eligible to participate in this proposed outpatient state-directed payment program as well as other state-directed payment programs, such as the County Option Hospital Fee Program?**
- **In the department's collaboration with the Department of Health, have the departments discussed any concerns regarding the stability of hospital funding under the proposed changes to Charity Care and the recommended state-directed payment program? Please explain. How have the departments considered the effects of resuming NJ FamilyCare eligibility renewals on the amount of uncompensated care provided by hospitals versus the amount of Medicaid outpatient services provided by hospitals?**
- **What other states implement a state-directed payment program that is similar to the program proposed in the FY 2025 budget? Has the department been in contact with these states? What have been these states' successes and challenges in implementing such a program?**

Department Response

FY 2025 Charity Care expenditures will decrease by $204.8 million, split equally between State and federal funds ($102.4 million each). Payments to hospitals will total $648 million, of which $137 million will be for Charity Care ($68.5 million State, $68.5 million federal) and $511 million for Medicaid ($156 million State, $355 million federal). Additional funding may be required for this program in FY 2025 if reimbursable hospital outpatient utilization is higher than projected. No additional administrative appropriation is included in the FY25 Budget for administration of this program.

The effect of shifting the funding from the Charity Care subsidy program to the directed payment program is an increase in federal funding. Currently for public hospitals, the State can submit a Medicaid DSH (Disproportionate Share Hospital) claim up to the total uncompensated care for Medicaid and uninsured patients (Medicaid DSH hospital-specific limit), which receives 50 percent in federal revenue. This claim will now be redirected as enhanced Medicaid reimbursement, which will receive additional federal revenue due to a higher match rate of about 67 percent. Public hospitals – University Hospital and New Bridge Medical Center – will receive an add-on which will bring their outpatient reimbursement to the Average Commercial Rate. Others hospital will receive an add-on based on the factors and tiers described in the proposed budget language, such as the percentage of costs related to serving Medicaid beneficiaries.

Discussion Points (Cont'd)

The State will work as quickly as possible to obtain federal approval. The Departments have been collaborating on this program with the intent on leveraging State dollars to bring in maximum federal funding for the hospital providers. Hospitals will be eligible to participate in this proposed outpatient state-directed payment program as well as other state-directed payment programs. The FY 2025 amounts by hospital are available at: https://www.nj.gov/humanservices/FY25GBMCharity_Care_Medicaid_OP.pdf

Other states operate a variety of state-directed payment programs, though none is identical to the one.

11. In May 2023, the federal Centers for Medicare and Medicaid Services (CMS) released a proposed rule (88 FR 28092) that would establish new regulatory standards to ensure that payment rates for Medicaid managed care state-directed payments (SDPs) are "reasonable, appropriate, and attainable." The rule proposed limiting projected SDP total payment rates for certain services, including hospital outpatient services, and invited public comment on multiple options for payment limits—ranging from higher limits based on average provider payment rates under commercial insurance to lower limits based on federal Medicare payment rates. CMS also indicated that the payment rate limit options under consideration could restrict the federal funding available to support states' SDP arrangements. The final rule is still pending at the time of this writing.

- ***Questions:*** **How would any future CMS state-directed payment rate limit affect the Executive's proposed shifting of Charity Care funding in the Department of Health to a new Medicaid outpatient hospital state-directed payment arrangement in the Department of Human Services? For instance, would additional State funding be required to maintain anticipated hospital outpatient payments for public hospitals in FY 2025 if CMS caps the SDP payment rates for hospital outpatient services at the level of Medicare rates?**

Department Response
CMS finalized this rule within the past week and the Department is currently reviewing its provisions to access any potential impact on existing or new proposed programs.

12. On February 23, 2024, the federal Centers for Medicare and Medicaid Services (CMS) published a final rule that recalculates Medicaid disproportionate share hospital (DSH) payments. Federal law requires states to make these DSH payments to safety-net hospitals serving a high volume of Medicaid-enrolled and uninsured patients in order to offset hospitals' uncompensated care costs. States receive federal matching funds for a portion of DSH payments, and these federal reimbursements are capped by an annual state allotment and additional hospital-specific limits. Currently, New Jersey receives federal DSH reimbursements for payments made to safety-net acute care hospitals (via the Charity Care program), the four State psychiatric hospitals, and the four county-operated psychiatric hospitals.

CMS' final rule changes the calculation of a hospital's "Medicaid shortfall," which is a key component of the hospital-specific DSH cap, by including only costs and payments for

Discussion Points (Cont'd)

hospital services where Medicaid is the primary payer. This lowers the hospital-specific DSH caps by removing, from the "Medicaid shortfall" calculation, costs and payments for Medicaid enrollees with additional third-party sources of coverage (such as Medicare or commercial insurance). This change is retroactive to October 2021 and includes an exception for hospitals with high shares of low-income patients (defined as at or above the 97th percentile with respect to the number or percentage of inpatient days for patients receiving both Medicare Part A and Supplemental Security Income benefits). CMS released lists of hospitals subject to this exception in April 2024.

In addition, the final rule modifies certain calculations within state DSH allotment reductions that were originally required by the federal Patient Protection and Affordable Care Act, due to coverage expansions under that law. After several congressional actions delaying those reductions since 2014, $8.0 billion in annual DSH allotment reductions previously scheduled to take effect for states in March 2024 are now scheduled to take effect on January 1, 2025 (under the federal Consolidated Appropriations Act of 2024, enacted March 9, 2024).

- ***Questions:*** **What is the estimated financial impact of this final rule's retroactive provisions regarding treatment of third-party payers in hospital-specific DSH limits on the State's acute care hospitals, State psychiatric hospitals, and county-operated psychiatric hospitals? Please estimate the specific financial impact on each applicable hospital in FY 2024 and FY 2025, as well as the aggregate annual financial impact (all funds) on statewide hospital funding in each of those fiscal years.**
- **In total, how much federal Medicaid DSH reimbursement did the Governor's FY 2025 Budget anticipate the State would lose in FY 2025 due to the federal DSH allotment reductions originally scheduled for March 2024? To which FY 2025 budget line items (programs) were remaining federal DSH funds originally allocated, in what amounts?**
- **How much additional federal Medicaid DSH reimbursement does the delay in federal DSH allotment reductions to January 2025 make available to the State during FY 2025? Can those additional federal funds be used to further offset State expenditures?**
- **How many State hospitals, if any, will be put at financial risk because of any reductions in hospital funding due to the Medicaid DSH final rule's third-party payer provisions or the anticipated DSH allotment reductions in FY 2025?**
- **How did the proposal to shift a portion of Charity Care funding to the new Medicaid outpatient hospital state-directed payment affect the total amount of federal Medicaid DSH revenue originally projected in the Governor's FY 2025 Budget, as compared to FY 2024? How will the delay in federal DSH allotment reductions affect this proposal's implementation or its impact on anticipated DSH revenues?**

Department Response

The Medicaid DSH final rule related to the hospital-specific limit calculation will most likely reduce the calculated Medicaid hospital-specific DSH limits for most hospitals, but because the calculation is hospital specific, the impact would be different for each hospital. Currently, the DSH allotment reductions required under section 1923(f)(7) of the Social Security Act begin January 1, 2025, and end September 30, 2025, for the first year at an amount of $6

Discussion Points (Cont'd)

billion (9 months). The DSH allotment reduction is then $8 billion per year for FFY 2026 and FFY 2027.

Current estimates of the reduction in Medicaid DSH allotments are anticipated to impact the Medicaid Institution for Mental Diseases (IMD) limit and will result in a loss in revenue beginning in FFY 2025. The State is estimated to lose approximately $3 million in FFY 2025, $7 million in FFY 2026, and $14 million in FFY 2027. Before the delay, it was estimated that the State would lose approximately $4 million for SFY 2024.

The rule's impact on Third Party payers has an October 1, 2021, effective date. The actual hospitals impacted will not be known until the DSH Audit is completed for the state fiscal year that begins on or after that date (SFY 2023). The Fiscal Year 2024 and 2025 budget proposals did not anticipate a loss of revenue due to the DSH allotment reduction and the delay had no impact.

13. On Friday, September 1, 2023, Princeton Care Center abruptly closed after the planned sale of the facility to another long-term care provider collapsed the previous day. According to media reports, following the termination of the sale agreement, the facility's owner could not meet its payroll obligations, and the Department of Health determined that the facility should be closed. Residents and their families had a few hours' advanced notice that the facility would close immediately and that all residents would be transferred to a different long-term care facility later that same day.

The Office of the State Comptroller's Medicaid Fraud Division has moved to disqualify the owners of Princeton Care Center and, separately, the owners of Limecrest Subacute and Rehabilitation Center and the now-shuttered Woodland Behavioral Health and Nursing Center, from participation in the State Medicaid program. The State Comptroller has additionally notified the owners of the Deptford Center for Rehabilitation and Healthcare and the Hammonton Center for Rehabilitation and Healthcare that they will be suspended from the State Medicaid program for four months, beginning in May 2024, while the State Comptroller completes a Medicaid fraud investigation of the two entities.

Under budget language, all nursing homes are required to provide the Commissioner of Human Services, when requested, information on the facility's finances comparable to the information provided by hospitals to the Department of Health pursuant to State regulation.

- ***Questions:*** **How many Medicaid enrollees resided at Princeton Care Center at the time of closure? Considering the inability for any advanced planning, how did the department assist these Medicaid beneficiaries in relocating to other facilities? Were residents able to remain in proximity to family and any other community support services?**
- **What was the most recent date in which the Princeton Care Center submitted information on the facility's finances pursuant to budget language? Based on that report or other interactions with the facility or the Department of Health, was the**

Discussion Points (Cont'd)

department aware of the financial crisis at the facility? Was the department working with the Department of Health or the facility to help prevent the closing?

- **How often does the department collect financial information from State nursing homes? When the information is collected, how does the department evaluate the data to ensure access to care and quality of care are not being jeopardized by the financial status of the facility?**
- **How has the department collaborated with the Office of the State Comptroller's (OSC) actions to bar certain nursing home owners and operators from the Medicaid program? Does the department have any concerns about this policy's effect on the stability of residents at facilities that are pending a potential OSC decision to be barred from the program? What plans are in place to support those residents should an active facility be barred from the program?**

Department Response

Fifty-eight Medicaid beneficiaries were residing at Princeton Care Center at the time of closure. Upon hearing of the imminent closure, Department staff collaborated with Managed Care Organization (MCO) Care Management Staff assigned to Princeton Care Center, who in turn coordinated with MCO Care Management Staff at the receiving facilities. In-person visits to members were made to ensure that continuity of care needs were met. Staff ensured consistency in the care planning of the needs and goals of members. Some transfers were temporary due to the emergency evacuation. Residents received counseling about their options to reside in the long-term placement of their choice. State and MCO Staff supported residents who wanted to remain together when they moved. Members were also assessed to determine if community placements were an option, including the consideration of assisted living if applicable. Person-centeredness, including attention to members cultural preferences, were taken into consideration when working with residents and their guardians in determining long-term placements.

Nursing facilities were required to submit cost reports to the Department beginning in 2023. Early Warning System (EWS) reports are received quarterly. In 2023, DOH identified non-compliance by Princeton Care Center with federal financial reporting and other survey monitoring activities. The Department collaborated with DOH in August to actively monitor patient safety while a transfer of ownership was pursued. On September 1, DOH facilitated the emergency evacuation of the residents. The Department facilitated coordinated outreach and visits to all residents in their new location to evaluate relocation needs, conduct counseling on placement options, and address any unmet needs.

Human Services' primary goal is to support the health, safety, stability, and choice of members residing in nursing facilities. The Department strongly holding providers accountable to the highest extent when the Comptroller has found evidence of fraud. Loss of Medicaid funds can cause a facility's financial situation to deteriorate rapidly, so the Department coordinates with OSC, Department of Health, Office of the Attorney General, and the Long-Term Care Ombudsperson in these situations. In these instances, the Department's top priority is resident safety and stability and supports actions that remove bad actors and permit residents to remain in their homes with their caregivers. DHS remains in close contact with the Comptroller and Department of Health to stand ready to respond to urgent

Discussion Points (Cont'd)

needs within facilities, including to direct MCOs to enter facilities to increase monitoring and provide options counseling if a closure becomes imminent.

Nursing facilities submit quarterly reports to Human Services, which are then compiled and analyzed by the New Jersey Health Care Facilities Financing Authority. The Department defers to DOH as the licensing entity to take action to investigate and intervene in any instances where facilities may demonstrate signs of financial distress that would threaten the facility's ability to maintain health and safety licensing standards. Human Services is collaborating with OSC and the DOH to identify opportunities to strengthen the collection of financial information through cost reports, Patient Care Ratio (PCR), and quarterly financial reports to make it easier to analyze and audit the information and identify errors, discrepancies, or indicators that facilities that may be at risk for financial distress.

14. In addition to a Medicaid per diem rate, nursing home facilities can qualify for a supplemental payment under the Quality Incentive Payment Program (QIPP) for meeting or exceeding certain quality measures. In recent years, the department has made various changes to the QIPP. Notably, effective July 1, 2022, a nursing home facility is excluded from the QIPP if the nursing home: has been included on certain lists by the Centers for Medicare and Medicaid Services (CMS) indicating a persistent record of poor care; is ranked as a one-star facility by the CMS Five-Star Quality Rating System; or has been cited by the Department of Health for certain licensing violations. Of the nearly 300 nursing homes receiving reimbursement in FY 2024, 80 were excluded from QIPP under these provisions. The FY 2025 Budget proposes continuing this language in the next fiscal year.

The Governor's FY 2025 Budget also proposes increasing the per diem add-on from $1.80 to $3.00 and decreasing the number of quality measures from seven to four under QIPP. In addition, the Executive recommends adding four supplemental payments, ranging from $1.25 per diem to $6.75 per diem, under the program in FY 2025, targeting facilities that meet certain quality measures regarding nursing staff retention and increasing direct care hours.

The Governor's FY 2025 Budget proposes an increase of $134.2 million for long-term care enrollment trend, and an increase of $7.2 million to increase wages at nursing homes to the current minimum wage. According to Evaluation Data on page D-204 of the Governor's Budget Recommendation, the Executive anticipates NJ FamilyCare covering 24,605 individuals for nursing homes services, a 2.5 percent increase from FY 2024 levels. Funding from all sources is projected to increase by 3.5 percent from $2.1 billion in FY 2024 to $2.2 billion in FY 2025.

- ***Questions:*** **How many nursing home facilities does the department anticipate qualifying for QIPP in FY 2025? Of those hospitals, how many were excluded from the program in FY 2024? How has the department worked with facilities excluded from QIPP in FY 2024 to gain eligibility in FY 2025? 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 many nursing home facilities does the department anticipate qualifying for the proposed QIPP add-on payments targeting nursing staff retention and increasing**

Discussion Points (Cont'd)

direct care hours? What is the estimated total cost, disaggregated by source (State versus federal dollars), for these four quality add-ons in FY 2025?

- **What is the anticipated effect on the nursing home industry of incorporating the proposed add-on payments targeting nursing staff retention and increasing direct care hours into QIPP? Considering how staff retention and shortages have challenged the industry, does the department anticipate that these new quality measures will be attainable for nursing home facilities? In future fiscal years, how will the department support nursing homes in meeting these measures if they are currently deficient?**
- **Please assess the effectiveness of the Quality Incentive Payment Program for nursing homes, particularly in light of recent and proposed changes to the program. What data support the conclusion that these 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?**

Department Response

The Department projects that up to 20 percent of 371 facilities will meet one or more staffing metrics under QIPP in FY2025; and up to 50 percent of these facilities will meet one or more clinical metrics. Following the Comptroller's report last year, the Department made changes to QIPP that prohibited poor performing facilities from receiving quality add-on bonuses, which excluded sixty-two nursing facilities from the FY 2024 QIPP. Specifically, the program now prohibits facilities that are included on the CMS Special Focus Facility Lists A, B, E, F; have a CMS Star Rating of 1; and are cited by DOH for 2+ Level G licensing violations.

The Department continues to monitor the quality of nursing homes throughout the state and to take steps to significantly improve the care provided to nursing home residents. As quality assurance and enforcement actions are undertaken across several state agencies and entities - such as the Medicaid Fraud Division's move to suspend from Medicaid the owners of the Hammonton Center for Rehabilitation and Healthcare and Deptford Center for Rehabilitation and Healthcare - we are enhancing our response efforts by working to stregthen collaboration across these agencies. In 2023, DHS and DOH were awarded technical assistance as part of the National Academy for State Health Policy's (NASHP's) Aging Policy Academy and will continue their work into 2024 as part of NASHP's State Nursing Home Policy Academy.

It is projected that 105 facilities will receive staffing-related bonuses in FY 2025, proving it is possible for facilities across New Jersey to meet and exceed these standards. The Department recognizes that many facilities are working towards achieving higher staffing levels, but are facing challenges due to the availability of nursing staff. The new tiered staffing measure allows for facilities to receive additional payment bonuses as they continue to improve, with funding also provided for facilities that show meaningful improvement above a certain level of quality. Also, in response to hiring challenges, the measures include LPN hours, which is consistent with public feedback on the proposed CMS rule that would have set a direct care standard that only accounted for care provided by RNs and CNAs.

Discussion Points (Cont'd)

The proposed budget increases the maximum daily bonus add-on to $23.25, which nearly doubles the maximum bonus payments. These payments include tiered incentives for facilities that achieve the state total nursing hours average (3.8 hours per day) and improve their staffing levels from the prior year.

Discussions with the stakeholders and with national experts validated retention, or turnover, as a valuable staffing metric distinct from total nurse staffing hours that accounts for the efforts that a facility undertakes to create an environment that encourages existing staff to remain in their positions. Continuity of care, not just staffing levels, is a key indicator of care quality for nursing home residents.

The Department anticipates that these new quality measures will be attainable for nursing homes. As with the total nurse staffing metric, the benchmark was set at a level that would encourage facilities to reach a higher level of quality, not just the status quo. While experts recommend staffing turnover levels as low as 20 percent, QIPP begins with a benchmark of 30 percent given the 47 percent turnover in the industry currently and the time and effort it will take to lower turnover levels.

QIPP distributes $50 million in bonus payments to facilities that demonstrate *above-average* performance. There will always be facilities that do not achieve the benchmarks because the program is designed to evolve over time to incentivize continuous improvement. QIPP is a driver of quality, but does not establish minimum standards for care. The Department of Health is responsible for licensing and regulatory action against nursing facilities that fail to meet federal and state requirements.

While the QIPP is not the mechanism to address facilities that fail to meet minimum standards of care or have yet to achieve quality benchmarks, the Department is engaged with the LTC Ombudsman and Department of Health regarding ongoing quality monitoring and improvement efforts in nursing facilities.

15. The Governor's FY 2025 Budget proposes to maintain FY 2024 funding levels for Phase II of the Cover All Kids Initiative. The aim of this initiative, first implemented in FY 2022, 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. According to the department, funding for this phase is incorporated into NJ FamilyCare's overall trend growth for affected eligibility groups. In January 2023, Phase II expanded NJ FamilyCare coverage to children who were previously ineligible solely due to immigration status.

According to the FY 2025 Budget in Brief, since the initiative commenced, 41,000 children have enrolled in NJ FamilyCare under Phase II of the Cover All Kids initiative, four times the number of children originally forecasted for this stage in the program's rollout. Cover All Kids Phase II is 100 percent State funded, and the program's capitation rate was $199.96 per-member per-month as of June 30, 2023, according to the most recent publicly posted NJ FamilyCare managed care contract.

Discussion Points (Cont'd)

- **By month since January 2023, please indicate the actual monthly enrollment and monthly cost of Phase II of the Cover All Kids Initiative. For the remaining months of FY 2024 and all of FY 2025, what does the department project as the monthly cost and monthly enrollment growth of this population? What is the current capitation rate for the Phase II population? What is the anticipated capitation rate in FY 2025?**
- **What is the specific projected funding level for Phase II of the Cover All Kids Initiative in the Governor's FY 2025 Budget Proposal, as compared to FY 2024? Does the department anticipate needing additional State funds to support Phase II in FY 2025?**
- **When does the department predict that enrollment under Phase II of the Cover All Kids Initiative will stabilize?**
- **How has the resumption of NJ FamilyCare eligibility renewals affected enrollment under Phase II of the Cover All Kids Initiative? To date, what portion of this Phase II population has been due to complete eligibility renewals? Please provide the outcomes of those renewals to date, as follows: terminated for procedural reasons, determined ineligible, renewed, and pending?**

Department Response

Cover All Kids Phase II Enrollment and Expenditures

Month/Year	CAK Phase II Enrollment	Change from Prior Month	Claims Payment Per Month
01/2023	155	--	$4,672
02/2023	2,225	2,070	$168,014
03/2023	9,019	6,794	$1,439,063
04/2023	12,289	3,270	$2,637,115
05/2023	17,814	5,525	$4,570,440
06/2023	20,471	2,657	$5,493,722
07/2023	23,174	2,703	$5,656,776
08/2023	26,151	2,977	$7,281,529
09/2023	27,890	1,739	$7,190,222
10/2023	29,997	2,107	$7,965,472
11/2023	32,487	2,490	$8,668,595
12/2023	34,441	1,954	$9,213,773
01/2024	36,277	1,836	$9,452,561
02/2024	37,518	1,241	$10,742,926
03/2024	38,250	732	$10,008,807

As shown in the enrollment data above, month over month growth in Cover All Kids Phase II has slowed over the last three months. The FY 2025 Governor's Budget projects that enrollment will peak at approximately 50,000 by the end of FY 2024 and maintain this level throughout FY 2025. The current capitation rate for the Cover All Kids Phase II population is

Discussion Points (Cont'd)

$205.71, with a projected increase to $211.88 in FY 2025. The FY2025 Governor's Recommended Budget provides approximately $98 million in additional funding for Cover All Kids Phase II enrollment growth in the Department of Human Services.

The outcomes of the 8,451 Cover All Kids Phase II members with renewals due as of 3/31/2024 are as follows:

- Renewed: 1,507 (18%)
- Determined ineligible: 66 (1%)
- Terminated for procedural reasons: 17 (0.2%)
- Renewal pending: 6,861 (81%)

16. The Governor's FY 2025 Budget provides an additional $31.8 million in State resources to continue implementation of P.L.2021, c.344, which expands eligibility under the NJ WorkAbility program. 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 and receive full Medicaid coverage. As of April 1, 2023, the following components of P.L.2021, c.344, labeled phase I, had 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 asset limits.

As of February 1, 2024, phase II of the law has been implemented, which eliminates income limits under the program and establish premiums for individuals with income above 250 percent of the federal poverty level. Monthly premiums range from $175 to $1,050, depending on income. The Governor's FY 2025 Budget Proposal anticipates premium collection under NJ Workability will increase by $14.0 million in FY 2025 over FY 2024 levels, to a total of $14.1 million.

- ***Questions:*** **Since implementation, what has been the actual monthly enrollment under the expanded NJ Workability Program, disaggregated by phase I and phase II? What is the projected enrollment by month, disaggregated by phase I and phase II, in FY 2025?**
- **Please describe the outreach efforts that the department has engaged in to promote the availability of premium-based NJ FamilyCare coverage under phase II of P.L.2021, c.344. What are the plans for outreach in FY 2025?**
- **What assumptions did the department make to determine the FY 2025 appropriation increase of $31.8 million for the expansion of NJ Workability under P.L.2021, c.344? What assumptions did the department make to determine the FY 2025 premium collection under NJ Workability?**

Department Response

NJ WorkAbility Program Enrollment

Month/Year	NJ WorkAbility Enrollment

Discussion Points (Cont'd)

01/2023	6,195
02/2023	6,182
03/2023	6,173
04/2023	6,311
05/2023	6,383
06/2023	6,474
07/2023	6,601
08/2023	6,777
09/2023	6,937
10/2023	7,107
11/2023	7,280
12/2023	7,436
01/2024	7,563
02/2024	7,749
03/2024	7,949

Phase 1 of the NJ WorkAbility expansion began in April 2023. This phase removed asset limits for those making less than <250% FPL and also lifted age restrictions. Since these changes were made, there has been a net increase of 1,776 NJ Workability members. Phase 2 expansion removes income limits and establishes a sliding scale premium at higher income levels.

The Division has been collaborating with NJ WorkAbility community stakeholders on outreach related to each phase of the expansion. Resource guides, websites, social media, and print materials are currently being updated for sharing through diverse community organizations. The opportunity to coordinate with stakeholders in the planning provides the Division with informed feedback, valuable insight from lived experience, and direct means for effectively connecting with this community through trusted organizations.

FY 2025 projected enrollment anticipates a net increase of 179 per month in Phase I recipients and a net increase per month of 377 per month in Phase II recipients once the program is fully launched and outreach efforts started. Therefore, in total, NJ WorkAbility is expected to have net growth of 556 per month when both phases have been fully operationalized. The Department assumes that the newly enrolled NJ WorkAbility population have similar cap code, Part B eligibility, and Clawback eligibility as the current NJ WorkAbility population.

Phase 2 estimates will continue to be evaluated and adjusted to reflect actual enrollment data and premium collection.

17. The FY 2024 Appropriations Act provided a $10 million grant to Nemours Children Health in Delaware via the Department of Health to expand access to pediatric care.

Discussion Points (Cont'd)

Additionally, the FY 2024 Appropriations Act increased the Medicaid fee-for-service and managed care payments to out-of-state pediatric hospitals who served a large percentage of the State's pediatric patients, including Nemours.

Despite these efforts, Nemours ceased accepting NJ FamilyCare coverage provided through Horizon NJ Health and Amerigroup Community Care (now Wellpoint), effective August 1, 2023. Together those managed care plans covered more than 10,000 special-needs children receiving care at Nemours. The provider, however, has continued to accept NJ FamilyCare insurance provided under WellCare NJ Family Care (now Fidelis Care), which in August of 2023 insured fewer than 1,000 children in the Delaware hospital system.

Currently, all managed care plans are required to meet certain network adequacy standards for pediatric primary and specialty care in the Medicaid program, pursuant to P.L.2021, c.276; however, the law allows managed care organizations to seek waivers of specific network adequacy provisions under certain circumstances. The Governor's FY 2025 Budget proposes new budget language that would permit the department to transfer an amount up to the total collected in liquidated damages from managed care organizations pursuant to this law for the purposes of funding costs incurred in monitoring network adequacy.

- ***Questions:*** **How has the department worked to close the gap in pediatric specialty care coverage with the exit of Nemours from a portion of the NJ FamilyCare network? Does the department have any concerns regarding the Medicaid managed care organizations' ability to meet statutory network requirements without the participation of Nemours? Has the department seen a shift in pediatric coverage away from Horizon NJ Health and Wellpoint and into Fidelis Care? Please describe.**
- **Does the department have any plans to work with Nemours to encourage participation in Horizon NJ Health and Wellpoint's networks? Please describe.**
- **Since the law's implementation, how many waivers, disaggregated by managed care organization, provider type, reason, and fiscal year, has the department issued under P.L.2021, c.276? Does the department have concerns regarding how these waivers may affect access to care and quality of care under the law? Please explain.**
- **Since the law's implementation, what has been the cost to the department to monitor network adequacy under the law, disaggregated by fiscal year? What are the anticipated costs in FY 2025, and to what extent will the fees collected from managed care organizations under the law support these efforts?**

<u>Department Response</u>
The Division has encouraged each of the five contracted MCOs to enter/re-enter/continue (as applicable) good faith negotiations with Nemours in an effort to secure contracts for full network participation. If regional children's hospitals and MCOs negotiate in-network contracts in good faith, additional pediatric specialists should be available to members, improving access to participating providers.

Regardless of network status, the Division requires all five MCOs to provide access to medically needed services. Where a participating provider is not available, MCOs are

Discussion Points (Cont'd)

required to establish out-of-network agreements as needed to address each member's medical needs. There has not been a noticeable shift in enrollment among MCOs related to Nemours network status.

Waivers of specific network adequacy provisions are only issued with evidence of good faith, active and current negotiations, or the documented absence of any pediatric specialist within the geographical area of the network deficiency. Waivers requested have included the following specialties: Child Development, Pediatric Allergy and Immunology, Pediatric Cardiology, Pediatric Emergency Medicine, Pediatric Endocrinology, Pediatric Infectious Disease, Pediatric Gastroenterology, Pediatric Hematology, Pediatric Nephrology, Pediatric Oncology, Pediatric Primary Care Provider, Pediatric Psychiatry, Pediatric Pulmonology, Pediatric Rheumatology, Pediatric Sleep Medicine, and Pedodontist. On average, for the first quarter of 2023, 64 waivers were approved for each MCO. MCO-specific details will be publicly released once appeals are complete. Importantly, waivers do not relieve MCOs of their contractual obligation to provide access to timely, medically necessary care to all members.

The standards set by P.L.2021, c.276, require review of 2,800 distinct data elements that are payer-, provider-, and geography-specific. The Division researched vendor solutions used by the Division of Banking and Insurance (DOBI) and other state Medicaid programs to address inconsistency in health plan submission and validation/standardization of complex datasets. The FY25 proposed budget includes $250,000 in new administrative funding for a vendor to assist the state with analyzing network adequacy submissions. It is anticipated that fees collected from MCOs with deficiencies will offset this increase.

18. P.L.2023, c.108 authorizes school districts to newly claim, as Medicaid expenses, certain behavioral health services that the districts deliver to Medicaid-eligible students, as permitted under federal law. Under the Special Education Medicaid Initiative (SEMI), New Jersey's school-based Medicaid program, these services were previously only reimbursable for students who participated in an Individualized Education Program, 504 Accommodation Plan, Individualized Health Care Plan, or Individualized Family Service Plan; or when the covered services were provided at a charge to the students. The bill will take effect on the first day of the sixth month following any federal approval to secure federal financial participation for the behavioral health services.

- ***Questions:*** **What is the status of the federal approval of P.L.2023, c.108? When does the department anticipate full implementation of P.L.2023, c.108?**
- **How much total annual revenue, from federal Medicaid reimbursements, does the department anticipate this initiative will generate for the State and for school districts? How much revenue, disaggregated by State and school district, will be realized under this initiative in FY 2025?**
- **What is the total annual administrative cost of this initiative for the State and for school districts? What administrative expenses are anticipated in FY 2025, disaggregated by State and school district?**

Discussion Points (Cont'd)

The Department aims to implement P.L.2023, c.108 for the 2025/26 school year. Planning is underway with the Department of Education and negotiations are underway to obtain federal approvals.

In FY 2025, under New Jersey's current school-based Medicaid program (known as SEMI), total Medicaid reimbursement through cost settlement is estimated at $108 million; as per state budget language, school districts will receive 17.5 percent or $19 million for administrative costs. FY 2025 total administrative expenses are estimated at $11 million; as per state budget language, school districts will receive 17.5 percent or $2 million for administrative costs.

Additional requested information provided as an attachment.

Department-wide

19. The *Independent Review of New Jersey's Response to the COVID-19 Pandemic* report, published on March 11, 2024, examined New Jersey's preparedness for the COVID-19 pandemic, identified lessons learned, and offered recommendations to help New Jersey fare better in a future emergency. Numerous report recommendations were applicable to the Department of Human Services and the adequacy of the State's pandemic response concerning vulnerable populations, such as: increasing the use of self-certification for constituents applying for aid; allowing individuals to apply for services across agencies using a single application profile; addressing the critical shortage of caregivers; developing an approach to investing in long-term care facilities and home health services that ensures both high quality of care and expanding capacity; continuing to digitize front-end services; and implementing technology solutions that enable data sharing and communication across different agencies.

Executive Order 356, issued shortly after the independent review was released, established the Task Force on Pandemic and Emergency Preparedness to evaluate the review's recommendations, with the Commissioner of Human Services and other State leaders designated as Task Force members. The Executive Order also requires all Executive Branch departments, within 90 days of the order, to review policies issued by the departments relating to the COVID-19 pandemic, and provide to the Task Force an inventory of such policies and an assessment of their continuing efficacy and value outside of the COVID-19 emergency context.

- ***Questions:*** **What lessons did the Department of Human Services learn during COVID-19 regarding reaching and serving underserved and vulnerable populations? In what ways has the department incorporated these lessons into the regular practice of the agency's work?**
- **Which of the report's recommendations does the department plan to implement in FY 2025, if any? How much funding, if any, would the department require to implement each recommendation?**
- **What efforts (itemized by program, description, and cost) have been made in FY 2024, and are planned in FY 2025, to reduce the administrative burden on individuals when**

Discussion Points (Cont'd)

applying to the department's various safety-net programs? Please indicate for each program if the department has any partnership with other Executive agencies to implement these efforts.

- **What are the barriers to creating a common application across safety-net programs and agencies in New Jersey? What technological investments would need to be made for a common application to be implemented?**
- **How is the department improving the dissemination of information and communication between its senior staff and other departments' leadership in order to facilitate a coordinated response to a future public health emergency?**
- **What is the commissioner's anticipated role on the Task Force on Pandemic and Emergency Preparedness? What key administrative orders, directives, and waivers issued by the department in response to the COVID-19 pandemic have been permanently implemented? For those not implemented, please identify any key administrative orders, directives, and waivers that could provide value outside of the COVID-19 emergency context.**

Department Response

Human Services supports over two million individuals, including priority populations such as low-income families, people with disabilities, children with complex medical needs, older adults, and individuals with behavioral health disorders. During emergencies, our department provides support and resources and is seen as a source of leadership and guidance to social service entities and community organizations across the state, at all levels of government.

Throughout the Murphy Administration, the Department has expanded access to programs and services by maximizing opportunities to simplify applications, enroll in, and re-determine eligibility for programs across the department and other agencies. For example, in 2018 Human Services launched NJSAVE, an online application for low-income older adults and residents with disabilities to check their eligibility and apply for various savings and assistance programs, such as the Medicare Savings Programs, New Jersey's Pharmaceutical Assistance to the Aged and Disabled (PAAD) program, the federal Lifeline Utility Assistance Program, and Department of Community Affairs' Low Income Home Energy Assistance Program (LIHEAP). The Department has prioritized outreach and paid advertising to promote programs and increase enrollment, and maximize ease for screening, enrolling, and redetermination. Applications to most programs can now be submitted electronically, subject to complex federal requirements for various programs and similar limitations on sharing confidential data across platforms.

And, throughout the COVID-19 pandemic, the Department prioritized constant communication with key stakeholders and the public through press releases, social media, webinars, trainings, emails phone calls, newsletters, website publications, and dedicated webpages. Our goal was to ensure that all leaders and employees throughout our divisions had unified messages by hosting regular executive management meetings for internal coordination and hosting regular meetings with key stakeholders and the public. These communications have continued beyond the pandemic, including website redesign, frequent updating of content,

Discussion Points (Cont'd)

graphics, informational material and social media in both English and Spanish, paid advertising to reach more potentially eligible individuals, and ongoing stakeholder and public update meetings

The referenced report calls for a statewide approach, across multiple agencies, to improve public health system infrastructure. As such, on March 22, 2024, Governor Murphy issued Executive Order No. 356, which directs Department of Health Commissioner Baston and New Jersey State Police Colonel Callahan to co-chair a Task Force charged with evaluating the recommendations in the referenced report, determining which can be implemented, and guiding the implementation.

Commissioner Adelman is a member of the Governor's Task Force on Pandemic and Emergency Preparedness and is leading the Department's review of the report and its recommendations, including the evaluation of pandemic-era waivers. Through this Task Force the Department will develop a plan in coordination with the Governor's Office and sister agencies for implementation to prepare for future emergencies.

20. 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 federally approved spending plan that outlines how additional federal funds would improve, expand, or strengthen Medicaid home- and community-based services. The State received $529.3 million under this enhanced match. As of April 5, 2024, about $174.5 million of these revenues are uncommitted. The State has until March 31, 2025 to use these funds.

The State's approved spending plan primarily includes a variety of rate increases for home and community-based services, such as: personal care assistance services; personal preference program services; assisted living services; applied behavioral analysis services; Jersey Assistance for Community Caregiving Program services; Traumatic Brain Injury services; and support coordinator services. The department has been gradually shifting these expenditures from the enhanced federal funds to State resources, and the Governor's FY 2025 Budget proposes a $69.3 million State increase in FY 2025 to absorb remaining expenditures relying on this enhanced match.

In an FY 2024 OLS Discussion Point response, the department reported that this funding would also support $100 million in certain one-time allocations during FY 2024, including: $20 million for loan redemption and similar programs for community-based care workers; $60 million for recruitment and retention bonuses for several department workforces; and over $13 million to develop housing options for individuals residing in nursing facilities and other institutional settings who wish to transition to community settings.

- ***Questions:*** **What amount of these enhanced federal funds for home and community-based services will remain uncommitted at the end of FY 2024? Will all of the remaining funds be expended by March 31, 2025? Please explain.**

Discussion Points (Cont'd)

- **What is the status of the one-time initiatives that the department expected to support with these funds in FY 2024? What is each initiative's current projected cost and how many individuals have been served under each? In particular, what key metric(s) has the department used to evaluate the recruitment and retention programs' success?**
- **Please identify any programs under the State's spending plan that have yet to be approved or implemented, disaggregated by estimated cost for each program. Does the department anticipate implementation before March 31, 2025? If not, will these initiatives be implemented absent the availability of the enhanced federal funds?**
- **With this spending initiative nearing completion, what data have been collected to assess its impact on the State's home and community based services, and how has provider access and quality of care improved through the use of this funding? Please explain.**

Department Response

New Jersey's American Rescue Plan Act Section 9817 Home and Community Based Spend Plan continues to invest in workforce, infrastructure and programs to enhance, expand and strengthen home and community-based services in NJ. The Department has partnered with several other Departments to design and implement the CMS approved activities contained in the spend plan. All activities in the spend plan have received CMS approval, even if design and implementation work continues. Several activities remain in the implementation stage, including several workforce development and housing efforts as they require longer lead times to implement, but most activities are fully or substantially complete as of the end of this state fiscal year, and NJ remains on track to fully expend all funds across all activities by the current deadline. CMS has recently approved a request from NJ FamilyCare to extend the funding deadline from March 31, 2025, to December 31, 2025, giving NJ more time to complete these critical investments, at which time the impact can be evaluated.

Activities already underway with spend plan funding include:

- Rate increases for many critical workforces including:
  - Personal Care Assistants (PCA)
  - Personal Preference Program (PPP)
  - Assisted Living Facilities including a new tiered rate structure to incentivize providers to serve NJ FamilyCare members
  - Traumatic Brain Injury (TBI) providers, including both ongoing rate increases as well as a pandemic relief payment
  - Applied Behavioral Analysis (ABA) providers
  - Jersey Assistance for Community Caregiving (JACC) program
- Workforce Development investments through loan redemption, and recruitment and retention efforts in partnership with the Higher Education Student Assistance Authority.
- Housing creation – notably the Healthy Homes program, a joint effort between NJ FamilyCare and the Department of Community Affairs (DCA) to fund the construction of housing units across the state that are dedicated to Medicaid members at risk of homelessness or institutionalization. This program recently completed a pilot phase with two families housed in an initial development. The program is now open to any

Discussion Points (Cont'd)

developer who would like to add Healthy Homes units to their Affordable Trust Fund (and other DCA programs) applications for funding and will support up to 200 subsidized units dedicated to Medicaid beneficiaries for thirty years.

- Other critical programs, such as incentive programs to transition members from nursing homes into the community and to get behavioral health providers connected to critical health information technology platforms that support better integration of care.

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

To date, the department has been allocated $164.7 million from the Coronavirus State Fiscal Recovery Fund for several programs, which are listed below. All programs have yet to expend any of the funding with the exception of the four shaded programs.

Additionally, the FY 2024 Appropriations Act allocated $7 million of the federal Coronavirus State Fiscal Recovery Fund grant for a Caregiver Hub Site and Community Grants.

Program	Allocated
Excluded New Jerseyans Fund	$60,000,000
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
Migrant Arrival	$5,000,000
Mental Health First Aid	$4,200,000
County Area Agencies on Aging	$4,000,000
Immigration Work Authorization Program	$2,500,000
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
Excluded New Jerseyans Integrity Monitor	$200,000
TOTAL	**$164,717,000**

- ***Questions:*** **Please provide a detailed description of how the allocated funding will be utilized for the Migrant Arrival Program and the Immigration Work Authorization Program. Will these programs be implemented in conjunction with each other?**
- **Please provide a detailed description of how the $7 million in allocated funding will be utilized for the Caregiver Hub Site and Community Grants.**
- **Other than the Excluded New Jerseyans Fund, Enrollment Based Payment Extension for Childcare Facilities, and Child Care Workers Recruitment and Retention programs, please provide an update on the status of each program listed in the table above and describe the amount of the allocated funds that will be expended in each**

Discussion Points (Cont'd)

fiscal year prior to December 31, 2026. Please explain any other funding, by fiscal year, that will be used to support each of these initiatives.

Department Response
About 90 percent of the $164.7 million has been obligated or expended to-date and the Department anticipates expending all funds by the federal deadline.

Centralized Social Services Advertising Budget
The Department has used the funding to invest in paid promotional campaigns for 988, NJ FamilyCare redeterminations, teacher recruitment for the blind and visually impaired, NJ ABLE, hearing aid assistance programs, deaf and hard of hearing language instruction, GetSetUp, and older adult food assistance. Campaigns will launch soon for caregiver assistance resources, the Personal Preference Program and the New Jersey Resources program guide. The campaigns have been successful in increasing public awareness of these important programs. For instance, the Commission for the Blind and Visually Impaired has hired eight new teachers since the campaign began, while NJ ABLE applications have increased 50 percent since that campaign started.

Migrant Arrival Program
To date, no American Rescue Plan funds have been distributed for this purpose.

Immigrant Work Authorization Program
The Work Authorization Program will raise awareness about the work authorization application process, provide application support, connect migrant arrivals to job opportunities, and connect employers to individuals who are looking for work. This initiative will amplify recent actions by the Biden Administration to assist newly arrived migrants authorized to lawfully work in the country, including improvements to processing of Employment Authorization Document (EAD) applications filed by certain arrivals.

As the number of employment-eligible migrants arriving in New Jersey increases, it is critical that new arrivals have the information and tools they need to provide for themselves and their families. In partnership with legal service providers and community-based organizations across New Jersey, the program will establish a state-wide application assistance infrastructure that can be used on an ongoing basis. The allocation will also support staffing and organizing events to support EAD eligible individuals, including creating materials, interpretation and translation, and other programmatic needs. In addition, these efforts will include targeted outreach and public education to individuals on their eligibility, training for service providers on how to support clients who may be eligible for these services, and support for clients through the fee waiver process (including affidavits for income eligibility and strict guidelines for potential financial assistance). This program will be available for specific groups of individuals eligible for EADs.

Discussion Points (Cont'd)

The amount of $2.5 million reflects total estimated contract costs to be awarded to multiple legal providers and community-based organizations to provide program coordination, outreach and application assistance.

Caregiver Hub Site and Community Grants

Of the $7 million for these projects, $1.5 million has been budgeted for the creation of an online Caregiver Hub. The Division of Aging Services (DoAS) is working with other Divisions to meet the needs of various types of caregivers. The remaining $5.5 million will be used for the Age-Friendly Community Grant program that the Division intends to launch this calendar year. The current proposal is to use $1 million to hire a grant management/ technical assistance entity and then release an RFP for municipalities, counties or age-friendly partners (e.g., healthcare providers, employers, higher education institutions) to start their Age-Friendly initiative, informed by the forthcoming Age-Friendly Blueprint.

County Area Agencies on Aging

The $4 million for the County Area Agencies on Aging will be distributed using the Older Americans Act grant formula to the twenty-one county-based Area Agencies on Aging (AAAs). They will use this funding to hire, train, and deploy application assisters. AAAs will receive direct referrals of seniors in need of application assistance from DoAS, County Social Service Agencies, through direct mail, posters/flyers, and/or social media postings. The AAAs will make this new or enhanced service known to their county aging and disability provider network and share information directly with seniors at congregate nutrition sites, senior centers, senior subsidized housing buildings, retirement communities, events, fairs, and other places where older adults gather.

Mental Health First Aid

The Disaster Terrorism Branch (DTB) is expanding a pilot with the Mental Health Association of New Jersey (MHANJ) for Teen Mental Health First Aid, which has already brought programs to nearly fifty NJ high schools, with 127 adult instructors certified and 6,500 students trained. The additional $2.7 million will enable MHANJ to train another 150 adult instructors and 8,000 students. Part of this initiative includes offering Youth Mental Health First Aid to parents at all schools enrolled in the program.

An additional $1.5 million will be used to bring Mental Health First Aid to college campuses throughout the state. DMHAS-DTB staff are outreaching a number of colleges for a pilot program and will train instructors on campus for sustainability.

Higher Education Peer Support

The program will be designed to help promote, support, and sustain a culture of wellness at institutions of higher education in New Jersey. Awards will be made to two to four schools to cover four engagement activities: an online survey, virtual focus groups, advisory groups (one statewide, and one peer-led for participating institutions), and a higher education support plan.

Discussion Points (Cont'd)

Potable Water Treatment Improvements - New Lisbon/Hunterdon
Project design is nearing completion and the projects will be put out to bid in 2024.

Child Care Resource and Referral Technology Assistance and Outreach Program
The allocated funding for this program has not been distributed to the Department.

Excluded New Jerseyans Integrity Monitor
This engagement was completed and reimbursed through the general allocation.

22. From the same flexible $6.2 billion federal Coronavirus State Fiscal Recovery Fund grant, the FY 2024 Appropriations Act allocated $12.5 million for "Direct Outreach for State Benefits" and $12.5 million for "Central Advertising for State Services and Programs."

- ***Questions:*** **Please indicate whether the Department of Human Services has received, or expects to receive, a portion of the combined $25.0 million FY 2024 appropriation for "Direct Outreach for State Benefits" and "Central Advertising for State Services and Programs." If so, please identify the activities that the department's allocation would fund as well as the amount that would be allocated to each activity. What benefits would be promoted?**
- **If the department does not expect to receive a portion of the $25.0 million, has the department sought an allocation and for what benefits? If applicable, why was the department not selected to receive a portion of the $25.0 million appropriation?**

Department Response
The Department is working with several state agencies to promote the state's major social service and public assistance programs as part of a $12.5 million allocation for direct outreach. An award has been made to one vendor for half of the funding following issuance of an RFP by the Department of Human Services on behalf of DHS, the Board of Public Utilities (BPU), the Departments of Children and Families (DCF), the Department of Community Affairs (DCA), the Department of Health (DOH), and the Department of the Treasury (Treasury), pursuant to a Division of Purchase & Property master contract. The campaign contains two separate approaches. First is a traditional marketing and advertising campaign, which continues efforts conducted individually by each agency. Where target populations and eligible criteria overlap, agencies may select a cooperative campaign. The second approach will involve an extensive, targeted in-person canvassing effort designed to reach constituencies that may not respond to traditional marketing. This approach will be a cooperative campaign that provides information and referral to all of the agency programs.

In addition, Human Services has received $3 million from the central advertising allocation that will support existing and planned campaigns.

23. 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. The State and local government agencies stand to receive

Discussion Points (Cont'd)

approximately $1.184 billion. Additional settlements may be reached in the coming years. According to the State's Opioid Abatement Report, as of June 20, 2023, the State had received $54.8 million in settlement funds.

Under P.L.2023, c.25, the Department of Human Services administers the non-lapsing Opioid Recovery and Remediation Fund (the Fund), where settlement-agreement payments are deposited, and the department functions as lead agency for allocating and disbursing funds and for reporting, public disclosure, and other compliance obligations under the settlements. Additionally, under this law, the Commissioner of Human Services chairs the Opioid Recovery and Remediation Advisory Council (the Council), which makes recommendations regarding the State's use of its share of settlement funds. According to an FY 2024 OLS Discussion Point response, the department plans on hiring multiple staff positions, supported by settlement funds, to oversee and lead opioid settlement efforts.

In September 2023, $275,000 was allocated from the Fund for the Council to develop a strategic plan that outlines: the State's opioid-related needs and assets; approaches for distributing these funds; and plans for evaluating those efforts' outcomes. The department anticipates this plan to be released in spring 2024.

Moreover, in February 2024, the Governor announced the allocation of over $95 million from the Fund for various programs to be administered by Departments of Human Services, Health, and Children and Families, including, over three years: $17.5 million to expand operations at New Jersey's 22 Community Peer Recovery Centers; $9.0 million to replace and add mobile units providing Medication Assisted Treatment services; and $17 million to bolster the supported housing continuum.

- ***Questions:*** **How many staff, identified by title, responsibility, and salary, have been hired to date, and are anticipated to be hired through FY 2025, to support the work of the Fund and the Council?**
- **In addition to the amounts and purposes listed above, how much does the department anticipate allocating from the Fund in FY 2025 and for what purposes? In FY 2025, what are the anticipated revenues, by source, and the anticipated expenditures, by project, related to the Fund?**
- **What is the status of the strategic plan, and will it be released on schedule?**
- **Please provide the status of all department-administered programs supported by the Fund's $95 million allocation from February 2024. For each program, what are the FY 2025 goals? During each program's three years of implementation, what are the projected number of individuals served and anticipated expenditures?**

Department Response

Beginning in 2022, the State of New Jersey and qualifying counties and municipalities (subdivisions) began receiving settlement payments from major nationwide litigation and settlements that involve the opioid industry. These lawsuits hold prescription opioid manufacturers, distributors, and retailers accountable for their role in creating and fueling the opioid epidemic. To date, New Jersey stands to receive more than $1 billion in settlement funds to be paid in different allotments through 2038. According to an agreement made by

Discussion Points (Cont'd)

the State of New Jersey and its qualifying subdivisions ("the State Subdivision Agreement"), almost all of the funds will be divided evenly—with 50 percent distributed to the State and 50 percent distributed to eligible subdivisions (municipalities with populations over 10,000 and all 21 New Jersey counties). The funds will be divided between the State and local municipalities, and used for programs that focus on treatment, prevention, and other strategies to combat the opioid epidemic. They will also be spent on strategies to reduce the opioid epidemic's ongoing harms to residents and communities. New Jersey has entered into settlement agreements with the following companies: opioids manufacturer Johnson & Johnson; the country's three largest pharmaceutical distributors – McKesson, Cardinal Health, and AmerisourceBergen; global pharmaceutical maker Mallinckrodt PLC; pharmacy chains CVS, Walgreens, and Walmart; and drug makers Teva Pharmaceuticals and Allergan.

Funds received through these settlements will add to the Murphy Administration's ongoing efforts to combat the opioid crisis. Under the Governor's leadership, New Jersey has allocated hundreds of millions of dollars towards addressing the opioid crisis, including creating over thirty evidence-based programs across eight departments, in addition to other initiatives. Additional information is available at: https://www.nj.gov/opioidfunds/

The Department has specific responsibilities under the settlement agreements and responsibility to implement P.L. 2023. c.25, which established the New Jersey Opioid Recovery and Remediation Fund Advisory Council. The purpose of the Council is to review proposals, data, and analysis and engage with stakeholders and community members to develop and provide recommendations on the allocation and distribution of the State's share of proceeds from national opioid litigation resolutions.

To support the Department's work in these areas, the Division of Mental Health and Addiction Services has hired a full-time Opioid Settlement Technical Advisor and has staff partially and fully dedicated to this work. Additionally, the Division anticipates adding the following staff:

- Contract Administrator 2: Responsible for supporting procurement, managing the fiscal portion of MOUs with other state agencies, and monitoring of contracts including compliance, spend for all matters pertaining to Opioid Settlement dollars. Salary Range: $75,386 - $107,247
- Quality Assurance Specialist: Engage in compliance oversight activities for Opioid Settlement initiatives. Salary Range: $75,386 - $107,247
- Administrative Analyst 3: Responsible for collecting/ analyzing data and reports from settlement subdivisions and developing the annual report for State Opioid Settlement dollars. Salary Range: $75,386 - $107,247

Based on the current settlement agreements with the various manufacturers and distributors, FY 2025 revenue is anticipated as follows:

J&J and Distributors	$27,401,725.98
Allergan	$4,194,992.49
CVS	$3,719,749.00

Discussion Points (Cont'd)

Teva	$3,791,242.70
Walgreens	$3,682,391.00

The Advisory Council has been engaged with the Center for Research and Evaluation on Education and Human Services (CREEHS) at Montclair State University to develop a strategic plan. Activities in process include collecting primary and secondary data, reviewing and analyzing past public input and material, and identifying opportunities for additional public input, such as through focus groups and one-on-one conversations with key stakeholders. The final report is expected in 2025.

RFPs are currently under development to implement the following programs:

Housing Options for Individuals with SUD is projected to reach 940 unduplicated people over three years. This aims to establish a comprehensive Housing Continuum aimed at addressing the housing needs of individuals who have a history of substance use disorder or co-occurring conditions.

Community Peer Recovery Centers Expansion allows individuals to access peer support, information about substance use disorder treatment, recovery support services, and information about other community resources in a supportive, substance-free environment. The total number of individuals that will be served in Community Peer Recovery Centers will be 9,000 per year once operational.

Mobile Medication for Addiction (MAT) Expansion serves individuals who have a history of opioid dependence and are not enrolled in another treatment provider who prescribes medications for opioid use disorder or under the care of a provider prescribing Suboxone. In a few instances, the mobile medication unit dispenses medication to individuals who are incarcerated in a county jail and then they subsequently connect them to treatment following their return to the community. The caseload for each of the three new mobile MAT vehicles will be 200 each year for a total caseload of 600 individuals each year (turnover is expected which will increase the actual number of individuals to be served) for three years. Funding for four vehicles is one-time and only covers the replacement of the vehicles.

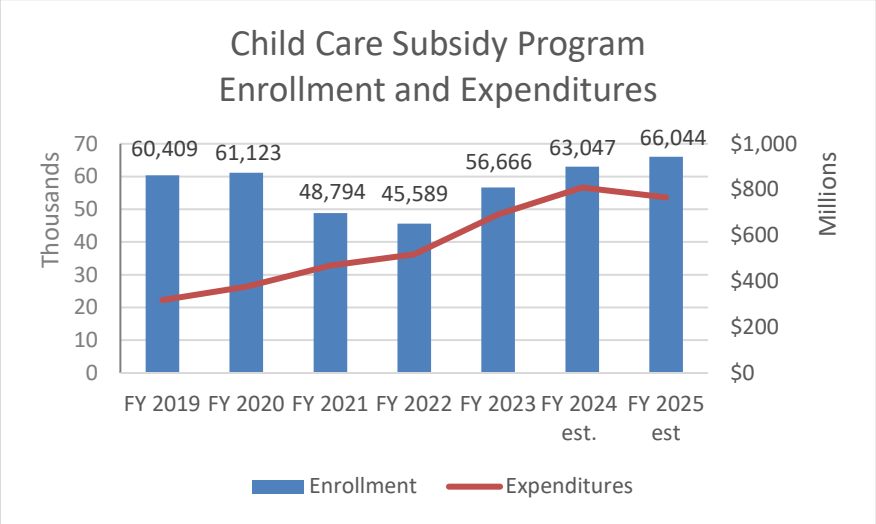
Division of Family Development

24. The Child Care Subsidy Program assists lower-income families with paying for a portion of child care costs when they are working, participating in training programs, or enrolled in school. The program's total expenditures have increased by 154 percent since FY 2019, to $809.0 million in FY 2024. However, the COVID-19 pandemic's effects caused enrollment to decline by over 12,000 between FY 2020 and FY 2021, and projected enrollment did not rebound to pre-pandemic levels until FY 2024. The Executive anticipates that total program expenditures in FY 2025 will decrease by $42.7 million (5.3 percent) to $766.3 million, while enrollment is expected to increase by 4.8 percent to 66,044, roughly 5,000 over pre-pandemic levels.

Discussion Points (Cont'd)

The Governor's FY 2025 Budget recommends a net increase of $170.3 million in State funding for the program, which reflects three key policies: a $53.5 million reduction due to resumed family copayments as of July 2024 and the discontinuation of enrollment-based payments for providers as of January 2025 combined with an $225.4 million increase that maintains a $300 monthly supplemental payment to providers as part of the standard subsidy rate, in addition to smaller offsetting adjustments.

All three of these policies were implemented in response to the pandemic and supported with federal COVID funding that has since been expended or encumbered. According to the Executive, the Child Care Subsidy Program was supported by $86.2 million in federal funding in FY 2024 that is no longer available in FY 2025.



- ***Questions:*** **With the resumption of family copayments in FY 2025, does the department have any concerns about maintaining access to the Child Care Subsidy Program for low-income families? Was the resumption of this policy a factor in projecting FY 2025 enrollment? Please explain. How does the department plan to mitigate the financial burden on families due to the resumption of copayments?**
- **Does the department have any concerns about the impact on providers, and their continued participation in the Child Care Subsidy Program, with the proposed return to the pre-pandemic policy of attendance-based payments after enrollment-based policies are discontinued? What has been the response from providers regarding this proposal? How will the department address these concerns?**
- **Which portions of the projected $53.5 million in FY 2025 State savings are attributed to the resumption of family copayments versus the discontinuation of enrollment-based payments? Please disaggregate.**
- **Considering that total program expenditures are anticipated to decline by nearly $42.7 million in FY 2025 and the department only needs to replace $86.2 million in federal funding to maintain FY 2024 program levels, what other factors account for the $225.4 million increase factored into State funding for the Child Care Subsidy Program? Does the department anticipate increasing provider rates in FY 2025? Please explain.**
- **What are the factors contributing to projected enrollment growth in FY 2024 and FY 2025? Does the department anticipate this trend to continue beyond FY 2025, or is this a limited rebound in program enrollment following the pandemic's disruption?**

Discussion Points (Cont'd)

- **How have providers' rate increases since FY 2020 (after the pandemic began) affected provider participation and families' access to care? Please share data to support this information. Does the department anticipate that provider rates will need to continue increasing at the same annual pace to maintain quality and access in the program? What would be the effect on the program if annual provider rate growth fell below the pace established since the pandemic?**

Department Response

Families receiving subsidized child care are generally required by federal rules to cover a share of child care cost on a sliding fee scale that accounts for variation in income, family size, and other factors. The federal government gives states discretion on how much they should charge in copayment amounts up to a maximum of 7 percent of a family's income and allows waiver of copayments in certain circumstances. In New Jersey, all copayments are waived through June 30, 2024. Prior to the pandemic, copayments were waived for families at and below 100 percent of the Federal Poverty Limit (FPL) and children in child protective services. The pre-pandemic copayments were also less than the 7 percent cap imposed by the federal rule. The state savings attributed to the resumptions of family copayments beginning July 1, 2024, are projected to be $23.5 million.

The Division of Family Development' s Office of Child Care along with the local Child Care Resource and Referral agencies will meet with child care providers to inform them of any updated policy changes. Providers will also receive technical assistance and support to ensure their understanding of any policy changes.

There are several factors that account for the increase in the child care program. First, enrollment continues to increase since the Public Health Emergency (PHE) reductions, and is expected to continue to increase in FY2025. Current enrollment is up almost 15 percent from FY 2023. Second, the annualization of the $300 per month per full-time child rate increase has contributed to the increased cost in the Child Care Assistance Program. Additionally, FY 2025 rates increases will support meeting minimum wage requirements for child care workers and meeting the federal requirement to reimburse at the 50th percentile of the market rate as identified in the annual Market Rate Survey.

25. The Thriving By Three Act, P.L.2022, c.25, appropriated $20.0 million to the Division of Family Development and $8.0 million to the Economic Development Authority to create a grant program that supports creation of infant and toddler slots in day care centers. This program accepted grant applications from licensed child care centers, Head Start programs, and Early Head Start programs from March through June 2023, and applications from registered family child care providers from November 2023 through January 2024. Grantees will need to participate in Grow NJ Kids, the state's quality rating and improvement system, and will have up to three years to complete the rating process.

In its FY 2024 OLS Discussion Point responses, the department estimated that this program could support the creation of up to 3,500 additional infant and toddler slots statewide depending on the number of applications, program capacity to expand, and demand. The department also indicated that the Child Care Subsidy Program served approximately 6,300 infants and 7,600 toddlers as of March 2023, prior to Thriving By Three's implementation.

Discussion Points (Cont'd)

Out of the $20.0 million originally appropriated in FY 2023, about $7.1 million was uncommitted as of April 5, 2024. The Governor's Budget does not propose any new funding in FY 2025; however, the Executive recommends the continuation of budget language appropriating unexpended balances in this account in the preceding year for the same purpose.

- ***Questions:*** **To date, and by provider type, how many grants have been awarded? Under the awarded grants, how many additional slots are projected to be created, disaggregated by infant slot and toddler slot? Of those grantees, how many will need to complete the Grow NJ Kids rating process?**
- **How many grants, by provider type, does the department anticipate awarding under the program for the remainder of FY 2024 and into FY 2025? Under those awarded grants, how many additional slots are projected to be created, disaggregated by infant slot and toddler slot? Of those grantees, how many does the department project will need to complete the Grow NJ Kids rating process? When does the department anticipate that all grants will be awarded?**
- **What are the projected costs of enhanced provider rates under the Grow NJ Kids program for grantees? When does the department anticipate those costs being incurred under the Child Care Subsidy Program?**
- **How many infant and toddler slots currently exist in New Jersey, by type and county, within the Child Care Subsidy Program? Of those slots, how many are attributed to the Thriving By Three grant program? What is the projected current demand for infant and toddler slots under the Child Care Subsidy Program, by type and county? Will this demand be met under the Thriving By Three program?**

Department Response

This new three-year grant opportunity to help providers expand infant and toddler child care capacity and increase high-quality services launched in March 2023. The grant cycle will not re-open. The allocation was disbursed to the approved providers based on the slots awarded for the three-year period. The grantees propose to create 1,800 infant slots and 2,100 toddler slots in child care centers and just over 350 infant and/or toddler slots in family child care homes.

	Approved Grants	Infant/Toddler Slots	GNJK Enrolled	GNJK Rated
Centers	383	4,000	228	50
FCC Providers	228	358	66	11

Grantees awarded under the Thriving by Three grant have committed to a three-year process to fill the slots that they were awarded, enroll in Grow NJ Kids, and become rated programs. The Department will not know the extent of the fiscal implications until the end of the three-year period when grantees have completed the process.

Discussion Points (Cont'd)

26. In recent years, various State laws have been enacted to improve administration of the Supplemental Nutrition Assistance Program (SNAP). These laws include P.L.2023, c. 145: which requires standard certification periods of 12 or 24 months, depending on household circumstances; P.L.2022, c.30, which requires establishment of a training program for county welfare agencies that assist individuals with SNAP enrollment and recertification; and P.L.2022, c.26, which requires streamlining of SNAP application processes and establishes an application call center.

However, in February 2024 the United States Secretary of Agriculture issued a letter expressing concerns over the State's administration of SNAP. According to the letter, New Jersey's most recent data showed an application processing timeliness rate of 87.44 percent (acceptable performance is above 95 percent), an overpayment error rate of 4.92 percent and an underpayment rate of 1.32 percent in Fiscal Year 2022 (acceptable performance is below six percent when summing both rates), and a Fiscal Year 2022 case and procedural error rate of 47.71 percent (national average is 44.12 percent).

The federal government funds 100 percent of SNAP benefits outside of the State SNAP Minimum Benefit Program, with SNAP administrative costs split between the State and the federal government. The Governor's FY 2025 Budget recommends State funding for SNAP administration of $28.5 million, consistent with FY 2024 levels, but also includes $2.5 million in additional funding for overtime support at county welfare agencies, which are responsible for local SNAP administration. Moreover, the Budget in Brief indicates that the Governor's Budget includes enhanced funding to support county offices in efficiently processing SNAP applications.

- ***Questions:*** **How is the department addressing the concerns raised by the Secretary of Agriculture's letter? Please describe. What level of State funding would be required to bring the State's administration of SNAP into alignment with federal standards and expectations?**
- **Is the $2.5 million in additional funding for county overtime support intended to improve SNAP administration, such as processing applications? How much of this allocation will each county receive, and how were those amounts determined? How else does the department anticipate supporting low-performing counties in FY 2025?**
- **Please provide the SNAP application processing timeliness rate for each county. To what does the department attribute county rates below the State average? Which other metrics has the department tracked when identifying low-performing counties?**
- **What has been the effect of State legislation on the administration of SNAP since 2022? Is the implementation of any State law enacted since 2022 still pending or incomplete? Please explain. When will those efforts be finalized?**

Department Response

The COVID-19 Public Health Emergency (PHE) resulted in a monumental increase in the demand for SNAP. Three years of the PHE resulted in a compounding strain on County Social Service Agencies (CSSA). During the PHE, the Division of Family Development (DFD) used

Discussion Points (Cont'd)

American Rescue Plan dollars to provide overtime funding to allow the CSSAs to provide additional resources for application and recertification processing. During the past year, the CSSAs have also been tasked by the federal government with recertifying all Medicaid recipients. The magnitude of the increased demand for services and the Medicaid unwinding have put tremendous strain on the CSSAs.

The proposed appropriation of $2.5 million will allow DFD to provide additional resources to counties that continue to fall short of timely processing standards. The $2.5 million in state appropriations is expected to draw an additional $2.5 million in federal funds giving DFD a total of $5 million to help improve statewide application timeliness. DFD continues to provide technical assistance to underperforming counties and institutes corrective actions plans where indicated. DFD recently implemented updates to its call center to improve customer service for applicants/ recipients, and expanded the number of community-based SNAP Navigators who help individuals complete applications. The public dashboard reflecting application processing is expected to be launched this year.

SNAP Timeliness by county for the month of March 2024:

Atlantic	89.39%
Bergen	88.60%
Burlington	36.36%
Camden	93.69%
Cape May	100.00%
Cumberland	96.61%
Essex	49.89%
Gloucester	86.36%
Hudson	87.02%
Hunterdon	80.26%
Mercer	93.25%
Middlesex	95.79%
Monmouth	88.74%
Morris	98.92%
Ocean	98.33%
Passaic	66.94%
Salem	94.79%
Somerset	97.12%
Sussex	98.57%
Union	72.26%
Warren	93.18%
Statewide	77.71%

Discussion Points (Cont'd)

State legislation has been implemented and the impact on administration is being monitored. The Division continues to update SNAP training materials for the County Social Service Agencies based on new Federal rules and State laws.

27. Beginning in March 2023, the State has paid the difference between $95 and the federal Supplemental Nutrition Assistance Program (SNAP) benefit to a household if the federal SNAP benefit was less than $95, pursuant to P.L.2023, c.13. In an FY 2024 OLS Discussion Point response, the department indicated that about 39,000 households received an average of $56 from this State SNAP Minimum Benefit Program in its initial month.

The Governor's FY 2025 Budget recommends a $30.3 million appropriation to support this State-funded SNAP benefit in FY 2025, which is an increase of roughly $6.1 million over the FY 2024 adjusted appropriation of $24.1 million (excluding additional unexpended funds reappropriated from FY 2023).

- ***Questions:*** **In each month since implementation began, how many households received a State benefit under P.L.2023, c.13 and what was the average amount each month?**
- **Please provide a breakdown of households receiving benefits under P.L.2023, c.13 as follows: individual, couple, adults with children. How many of these households have members aged 65 and older?**
- **What assumptions did the department make to recommend the appropriation increase in FY 2025 for the initiative? Are participation, benefit amount, or both projected to increase in FY 2025? Please explain.**

Department Response
Of the 428,000 households receiving SNAP benefits, 38,400 households received additional state funding averaging about $57 per month to reach the $95 minimum monthly benefit, totaling about $2.2 million per month in state supplemental funding. Most households receiving the $95 minimum monthly benefit are households of one, often a senior or individual with a disability.

For FY 2025, the Division forecasts to spend roughly $2.5 million a month on the State SNAP benefit based on caseload trends, which translates to an estimated expenditure of $30 million.

28. In May 2023, the Department of Human Services received federal approval to replace Supplemental Nutrition Assistance Program (SNAP) benefits stolen from program participants between October 1, 2022 and September 30, 2024 through electronic benefit transfer (EBT) card skimming schemes. Moreover, the FY 2024 Appropriations Act included budget language that acknowledges this federal policy and extends the protection to Work First New Jersey (WFNJ) cash assistance benefits with the use of State funds, under federal parameters. WFNJ uses the same EBT card system as SNAP. The Executive recommends to continue this language provision in FY 2025. The Governor's FY 2025 Budget also

Discussion Points (Cont'd)

recommends a $1.7 million increase in State appropriations for Chip Card Fraud Prevention under the State's EBT card program.

- ***Questions:*** **Please disaggregate by SNAP and WFNJ benefits: to date, how many claims have been received for benefits replacement under these policies? Of those claims, how many have been denied, paid out, or are pending? What has been the cost (to the State, and overall) to replace benefits to date? What mechanisms are in place to identify fraudulent claims? Please describe.**
- **What were the administrative costs of this initiative, disaggregated by funding source, to date?**
- **What are the projected costs of this initiative in FY 2025, disaggregated by program (SNAP vs. WFNJ) and funding source? Does the department have any plans to continue this initiative beyond the sunset date provided in the federal law?**
- **Please describe the Chip Card Fraud Prevention Initiative. Will this affect both existing SNAP and WFNJ EBT beneficiaries and new beneficiaries? Does the department anticipate costs under this initiative into FY 2026?**

Department Response

Below is the benefits replacement information covering the period of July 2023 through March 2024. The SNAP benefits are replaced at federal expense while the Work First New Jersey expenses are a mix of federal and state dollars. A household that experienced a digital theft of benefits must file a report with the County Social Service Agency (CSSA), indicating the dates and transactions reported to be stolen. The CSSA reviews the claim and the transactions striving to ascertain the validity of the claim. This involves analyses such as reviewing the transactions against normal household spending patterns or comparing the timing of the transaction versus the report of theft.

Replacement benefits did not incur any additional administrative expenses. However, the process places an administrative burden on existing CSSA resources, specifically in the beginning of the month when regular benefits are disbursed.

Transitioning the EBT program to a chip-secured card will provide protections for all benefits disbursed via EBT. All existing cards would be decommissioned and new cards would be issued to all existing and future program participants. Conversion to chip cards for EBT will involve an initial investment to upgrade the EBT system as well to replace all existing cards. Chipped cards are more expensive to produce and to maintain, which will result in increased costs for EBT into FY 2026.

	Claims	Approved	Denied	Benefits Replaced
SNAP	6,403	5,777	626	$ 2,924,997.46
WFNJ	478	415	63	$ 156,381.85

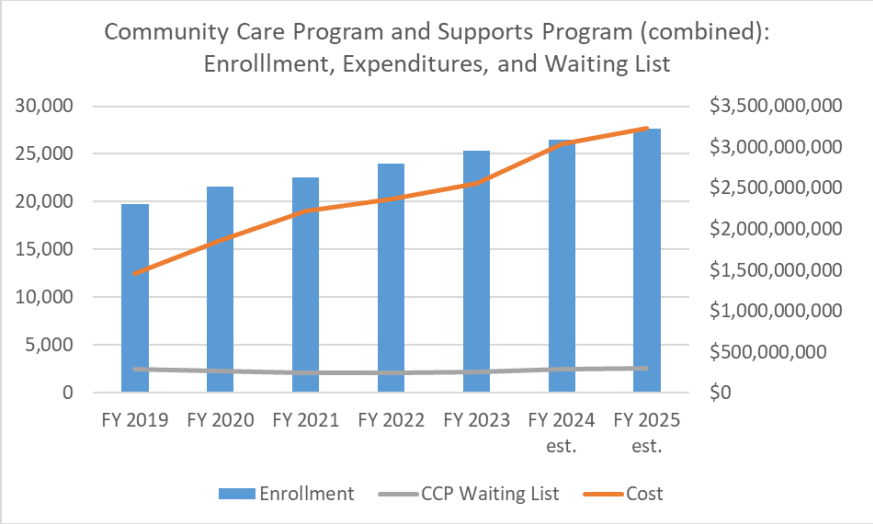
The state funding amount of $1.65 million for the EBT chip card initiative is expected to draw an additional $1.65 million in federal funds for a total of $3.3 million.

Discussion Points (Cont'd)

Division of Developmental Disabilities

29. The Division of Developmental Disabilities administers two Medicaid waiver programs, the Community Care Program (CCP) and the Supports Program, that provide home and community-based services to clients based on their assessed needs and individualized budget. The CCP primarily serves clients who live in State-licensed residential settings and, therefore, has a higher average annual cost per enrollee, projected at $203,516 in FY 2025. The Supports Program primarily serves clients living in unlicensed settings, such as with family members or in their own homes, and has a projected average annual cost per enrollee of $42,589 in FY 2025. While these programs share basic eligibility rules, the CCP has additional eligibility criteria requiring clients to have a level of care needed at an Intermediate Care Facility for Individuals with Intellectual Disabilities.

Individuals determined eligible for division services can enroll and begin receiving services in the Supports Program at any time, but the CCP provides more extensive individual services and supports and has a waiting list. The Executive anticipates 2,623 individuals to be on the CCP priority waiting list in FY 2025, an increase of 23 percent from the FY 2021 low point of 2,131.



From FY 2019 through FY 2025, combined enrollment in these two programs is projected to have grown by 40 percent. However, State and federal expenditures over the same period are projected to have grown by 123 percent, to $3.23 billion in FY 2025.

The Governor's FY 2025 Budget recommends increasing State expenditures for these programs by $142.8 million, of which $108.4 million is attributed to program "trend growth" and $20.9 million is attributed to statutory minimum wage increases for the direct support professional (DSP) workforce, first implemented in January 2024, for a recommended State appropriation of $1.46 billion.

Despite the year-over-year expenditure growth for these programs, an August 2023 *NJ Spotlight* article highlighted the frustration of New Jersey families who need to wait for the necessary disability services due to shortages in housing capacity and direct support staff. In recent years, the State has provided significant support to the DSP workforce, largely in the form of wage enhancements.

Discussion Points (Cont'd)

- ***Questions:*** **Please describe the factors affecting enrollment and expenditures in the CCP and Supports Program since FY 2019. Does the department anticipate enrollment and expenditures growth trends for the CCP and Supports Program to continue beyond FY 2025 at a rate similar to recent years? Does the department anticipate expenditure growth trends to continue outpacing enrollment growth for the CCP and Supports Program beyond FY 2025?**
- **How does the capacity of the direct support professional workforce and housing supports constrain enrollment and expenditures within the division? If no direct support staff or housing capacity constraints existed, what would be the estimated FY 2025 enrollment, and corresponding expenditures?**
- **Once enrolled in the CCP or the Supports Program, on average how long does it take for an individual to begin receiving services (respectively, for each program)? Please explain the factors attributed to any wait time. What efforts are being made to increase timely access to services upon enrollment in these programs?**
- **Despite expenditure growth, to what does the department attribute the growth in the CCP priority waiting list since FY 2021? What role do provider shortages and housing capacity play in the growing waiting list? How is the department addressing these issues? Absent provider and housing shortages, how much additional FY 2025 funding would be required to transition all individuals on the priority CCP waiting list into CCP?**

Department Response

DDD attributes growth in CCP and Supports Program spending since FY 2019 to increased rates to support wage growth for direct support professionals; introducing the Agency with Choice Model for self-direction; the implementation of new flexibilities within the self-directing program, such as the allowance of a parent, spouse, or guardian to be hired as a self-directed employee and permitting the use of overtime; streamlining processes and flexibilities across the programs that increase utilization; DDD's increased outreach to schools to promote DDD Services; DDD's efforts to improve education of Support Coordination Agencies that support increased access to services; the stressors of the pandemic on family caregivers who are now seeking to enroll their loved one in DDD services; and a shift in consumer preference from provider-managed services to the use of self-directed services.

Workforce challenges existed before the COVID-19 pandemic; however, the pandemic intensified the issue. Some individuals with IDD and/or guardians, as applicable, may be hesitant to enroll in DDD services if they are unsure whether they will be able to secure a direct support professional or self-directed employee. Workforce challenges have not resulted in enrollment or service limits.

An individual cannot be enrolled into the Supports Program or Community Care Program unless they have selected at least one service to receive in addition to Support Coordination, and the service has been added to their Individualized Service Plan. Service needs for each

Discussion Points (Cont'd)

individual also vary and evolve over time so there is no estimated time period between enrollment in a waiver program and initiation of services. It may take some time for an individual and their support coordinator to identify the preferred service and provider that matches an individual's specific needs and preferences.

The Division's provider network includes 1,388 DDD/Medicaid-approved providers and the Division is always working on expansion by supporting new providers in the enrollment process. Offering a robust provider network provides individuals with choice of a service provider. This is especially important in the area of licensed residential and day habilitation services, but also applies to transportation, respite, and other services.

DDD continues to make efforts to increase timely access to services such as increasing education of Support Coordination Agencies to improve quality and efficiency; making regular updates to CCP and SP Manuals to ensure clear guidance and expectations for providers, support coordinators, and consumers; and hosting monthly DDD Update Webinars open to the public and topic-specific webinars as the Division identifies areas where education is needed.

DDD has moved over 3,000 individuals off the CCP Priority Waiting List and into the program since the start of the Murphy Administration. However, the waiting list continues to grow annually. DDD attributes the waiting list growth to the Division's increased efforts to inform and educate individuals and families about the Priority Waiting List; DDD's efforts to educate support coordinators about the waiting list process; DDD's increased outreach to schools about services; an active advocacy and outreach effort among community organizations; the state's growing aging population; and the stressors of the COVID-19 pandemic on family caregivers who are now seeking to enroll their loved ones in DDD services.

The cost to enroll all individuals on the waiting list into the CCP would depend on which services those individuals select, assuming all individuals are eligible and interested in enrolling. Importantly, when individuals and their guardians, as applicable, seek housing or residential placements they are searching for the right *match* to their individual needs and preferences such as proximity to family, housemates who share similar interests and demographics (e.g., gender, age), availability of compatible day services, etc. For some, this means that options within the current available housing stock are not preferred so they wait until a more favorable option becomes available.

30. The department issued a Request for Proposals in January 2024 to develop up to two START Model programs. START (Systemic, Therapeutic, Assessment, Respite and Treatment) is a person-centered, community-based mobile crisis prevention and response model for people with intellectual and developmental disabilities (IDD) and co-occurring mental health needs. The division anticipates making up to two awards, each up to the amount of $3,200,000 for four-year terms. Funding for this initiative was first provided in the FY 2024 Appropriations Act.

Discussion Points (Cont'd)

Currently, Crisis Assessment Response and Enhanced Services (CARES), administered through Trinitas Regional Medical Center Behavioral Health/RWJ Barnabas Health, provides crisis response and stabilization services for periods up to 120 days to adults aged 21 and older with IDD. CARES staff are located in regional offices and respond anywhere in New Jersey to assist individuals with IDD who are in mental health or behavioral crisis.

- ***Questions:*** **What is the status of the Request for Proposals for the two START programs? When does the department anticipate awarding the funds? When will implementation of the program commence?**
- **In FY 2023 and FY 2024, to date, how many mobile crisis dispatches has CARES responded to? How does the department anticipate capacity increasing when the START program is fully operational? Please describe.**
- **What is the anticipated State cost of the START program in FY 2024 and FY 2025? Beyond FY 2025, does the department anticipate requiring additional funding to expand the START model or to address growing program needs?**
- **How will the START program and CARES work together to provide a continuum of mental health crisis care for people with IDD? How will the CARES program and START program coordinate with the State's 9-8-8 system to ensure that individuals with IDD are served in the most appropriate manner when experiencing a mental health crisis? Please explain.**

Department Response

The Division issued a new RFP on February 28, 2024, to fund one START program in the southern region of the state covering Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer, Middlesex, Monmouth, Ocean, and Salem counties. The deadline for START program proposals was April 17, 2024. Absent any appeals, DDD seeks to award the RFP and operationalize the START program before the end of CY 2024. Once fully operational, the START program will serve between 80 and 120 at any one time for a projected length of engagement of 12 to 18 months per client.

The START program currently in development to cover the southern region of the state will cost of $3.2 million annually. DDD does not anticipate significant spending in FY 2024. For FY 2025, DDD projects spending the full appropriation. If the START program is deemed successful, DDD would seek to fund and expand the program to cover the northern counties of the state in future fiscal years.

In FY23, CARES provided 2,219 responses to calls with the following breakdown:

- Response to designated screening: 626
- Response to DDD provider setting: 1,186
- Response to mental health agencies: 407

In FY 2024 as of February, CARES provided 1,388 responses to calls with the following breakdown:

- To designated screening: 337
- To DDD provider setting: 649

Discussion Points (Cont'd)

- To mental health agencies (includes dual diagnosis unit, STCFs): 402

Through the START model, the Department is excited to bring another service option to support individuals with intellectual and developmental disabilities that also have complex behavioral health needs. START and CARES will provide different services to different clients at various times. A key component of the START model is a comprehensive continuum of care and ensuring coordination and connection among various resources in the state. DDD is committed to ensuring coordination between providers and putting in place measures to avoid duplication of service.

Currently, CARES serves individuals 18 years and older for periods of up to 120 days. It also engages screening centers, assists with recommendations for psychiatric admission to state hospitals, and evaluates for admission to a specialized unit at Trinitas. Referral to CARES can be from any source and crisis response is available for any individual with IDD that presents at a screening center, regardless of previous affiliation or referral to CARES. START will maintain a caseload of individuals 21 years and older who are enrolled in and referred by DDD. START will work with caregivers to strategize how best to support the individual during behavioral presentation. Individuals supported on a START caseload will have a direct number to its crisis line, although defer to first responders in an acute emergency.

START will further contribute to the continuum of response. DDD does not anticipate any changes with 988 once START is launched, so 988 will continue assessing calls for emergent life safety issues and dispatching first responders as necessary. DDD has a non-emergent referral process with 988 to refer a caller identified to have an IDD to DDD. DDD reviews each referral and responds accordingly, which may include non-emergent referrals to CARES or START.

31. The Governor's FY 2025 Budget proposes a $2.2 million State increase to annualize the FY 2024 cost of restructuring the division's group home rates for emergency capacity service beds. According to the Office of Management and Budget, in FY 2024 this funding supported the State's eight existing homes with emergency capacity beds by enhancing staffing, providing training, and implementing a "zero rejection policy" in which no new client was declined services due to capacity. This adjustment was intended to better align reimbursement rates with the level of care required to support the State's 32 existing emergency capacity beds.

- ***Questions:*** **How many homes does the division currently contract with to provide emergency capacity beds? How many beds are currently available under each contract? On average, what percentage of these contracts are at full capacity more than 75 percent of the year? How many homes with emergency capacity beds, with how many total emergency beds, are projected to be available in FY 2025?**
- **Since the new rates have been in effect, have those contracts been able to maintain a zero rejection policy? If not, how is the department working towards this goal? Are additional funding and beds needed to accomplish this goal? Please explain.**

Discussion Points (Cont'd)

- **Under the FY 2024 funding, how many additional staff were hired to support emergency capacity service beds? How has this changed the client-staff ratio compared to FY 2023 for emergency capacity service beds?**

DHS Response
DDD currently has five emergency capacity homes under contract. Each home has four beds for a total capacity of twenty across all homes. There were originally eight programs under contract, but three have closed, while no operating emergency capacity services (ECS) home has been at 75 percent or more capacity in the past twelve months due to a mismatch between provider capability and recipient profiles. The FY 2024 funding will support a new contract to provide a total of eight homes with four beds each for a total of 32 beds at full capacity. DDD expects these to be fully operational in FY 2025.

DDD issued an RFP to establish a new contract with emergency capacity providers and the awardees are in the process of either improving existing sites or developing new homes to meet the new RFP requirements. Increased funding will not be released until the appropriate programmatic changes are implemented, including the no-reject policy.

32. 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 community settings whenever feasible. Accordingly, developmental centers have experienced a long-term trend of declining population. In FY 2025, the department estimates that the average daily population of all five developmental centers will be 948, or 62 percent lower than FY 2012 levels. The Governor's FY 2025 Budget proposes a State appropriation of $86.6 million to support the State's developmental centers, a decrease of $479,000 from FY 2024 funding levels.

Of the five developmental centers, Green Brook Regional Center is projected to have the lowest average daily population (58 residents) in FY 2025 as well as the highest per-capita costs at $1,894 per day per individual. Green Brook, with 100 beds, is a specialized geriatric center that serves residents aged 55 and over. A report issued by the State Auditor in March 2024 suggests that consolidating the Green Brook Regional Center and the Hunterdon Developmental Center could result in a more efficient use of State funds. The department's response to the Auditor's report stated that the small, quiet environment at Green Brook, with no more than two residents per room, was ideal for residents and for preventing infectious disease. The department also noted that many of the residents have lived at Green Brook for a significant portion of their lives.

- ***Questions:*** **What is the current capacity at each of the five developmental centers, given current resources? What is the maximum capacity, assuming that all beds would be filled and that all staff positions at the centers would be filled? Based on**

Discussion Points (Cont'd)

capacity only, is it possible to serve the entire population in four facilities and still maintain living arrangements in which there is no more than two residents per room?

- **What is the average age of the residents at Green Brook Regional Center? What percentage of residents resided at another developmental center prior to residing at Green Brook? Were those transitions mandated by the department or requested by the resident? How were those transitions facilitated by the department? To what does the department attribute the higher per-capita costs at Green Brook?**
- **What would be the estimated annual net State savings of closing Green Brook Regional Center and providing services for those residents at Hunterdon Developmental Center? What would be the one-time State cost of relocating those residents to other facilities? In what ways could the division utilize any net savings from closing Green Brook to support additional clients in receiving community-based services?**

Department Response

Below is the census of each center as of April 14, 2024:

- Green Brook Regional Center – 59 Residents
- Hunterdon Developmental Center – 351 Residents
- New Lisbon Developmental Center – 237 Residents
- Vineland Developmental Center – 147 Residents
- Woodbine Developmental Center – 194 Residents

Below is the current ICF/IID capacity of each center, although additional staffing may be needed to support these census levels:

- Green Brook Regional Center – 100 Beds
- Hunterdon Developmental Center – 465 Beds
- New Lisbon Developmental Center – 325 Beds
- Vineland Developmental Center – 205 Beds
- Woodbine Developmental Center – 270 Beds

The average age of a Green Brook Regional Center resident is 60 years old, and 97 percent (57 of 59 total residents) of GBRC residents were transferred there from another center, the majority of whom transferred following the closure of North Jersey Developmental Center and Woodbridge Developmental Center, with individual or guardian consent. For those closures, GBRC was chosen by individuals and families primarily due to its geographic location.

The Department does not support the move of residents at Green Brook Regional Center (GBRC) to other developmental centers. Most current GBRC residents have lived at the facility for a significant portion of their lives and many do not tolerate change well. GBRC is a small facility with 100 beds specializing in a geriatric and medically-compromised population. With GBRC's physical structure and layout composed of smaller living areas with no more than two residents per bedroom, the facility is well-positioned to provide individualized medical and daily living care. In addition, with the experience of COVID-19 pandemic and other respiratory illnesses (e.g., RSV, flu), it is clear that smaller, less crowded facilities greatly

Discussion Points (Cont'd)

diminish the possibility of the spread of contagions and increase the ability to control outbreaks if they occur. Additionally, smaller, quieter environments with less stimulation are optimal for the GBRC population.

GBRC experienced a 15 percent decrease in facility census from 72 in July 2021 to 61 in June 2023, while staffing levels have also decreased, with about 320 staff currently, although salary expenditures increased due to step increases and contract increases. Allocating stable or fixed costs to a smaller number of residents results in a higher per capita, which could be the case even if overall funding is flat or declining.

Estimating potential savings from a closure would be challenging, however past experiences suggest any savings would likely be minimal. Across the developmental centers, staffing levels are established based on resident census and need, both which will remain despite any significant consolidation that would risk the health and stability of their lifelong residents, the majority (over 60 percent) of whom are over the age of 60 years. Property must generally be maintained for several years in advance of disposition, which can often require environmental remediation and other one-time investments.

Division of Mental Health and Addiction Services

33. The Governor's FY 2025 Budget recommends appropriating $28.8 million in FY 2025 to support the federally mandated 9-8-8 national suicide prevention hotline. This is a decrease of $3.0 million from the $31.8 million FY 2024 adjusted appropriation.

The 9-8-8 hotline, first implemented in July 2022, is a part of a larger crisis care continuum being developed by the department with the guiding principle that, in the face of a mental health crisis, there will always be someone to call, chat, or text; someone to come and respond; and somewhere to go. As of August 2023, Carelon has served as Managing Entity for the 9-8-8 hotline under a $2.0 million contract with the department.

9-8-8 contact centers are the first, central component of the 9-8-8 system. In a July 2023 press release, the department stated that $10 million of the FY 2024 appropriation would be used to increase staff and expand technology at the State's five contact centers, in order to manage the growing demand of phone calls, chats, and texts. The Governor's Budget projects 9-8-8 system contacts increasing by over 83 percent in the next fiscal year, from roughly 138,000 in FY 2024 to nearly 253,000 contacts in FY 2025. The OLS notes that the in-State answer rate for New Jersey's contact centers was 76 percent in February 2024, which is below the 90 percent performance goal established by Vibrant, the current national administrator for the 9-8-8 system.

In January 2024, the department initiated the 9-8-8 system's second component, Mobile Crisis Outreach Response Teams (MCORTs), by awarding roughly $13.6 million in grants to fund MCORTs in the following service areas:

Discussion Points (Cont'd)

Entity	Amount	Service Area
CarePlus NJ	$3.2 million	Bergen and Passaic counties
Colaborative Support Programs of NJ	$2.0 million	Monmouth and Ocean counties
Colaborative Support Programs of NJ	$2.0 million	Middlesex and Union counties
Legacy Treatment Services	$1.3 million	Cumberland, Cape May, and Atlantic counties
Legacy Treatment Services	$1.3 million	Camden, Gloucester and Salem counties
Legacy Treatment Services	$1.3 million	Burlington and Mercer counties
Bridgeway Behavioral Health Services	$1.3 million	Hunterdon, Sommerset, Warren counties
Bridgeway Behavioral Health Services	$1.3 million	Morris and Sussex counties

These teams will work in coordination with the 9-8-8 contact centers and respond to non-life threatening crises when necessary. Additionally, according to an FY 2024 OLS Discussion Point response, the department has contracted with a third party vendor to assist with pursuing federal Medicaid reimbursement for MCORT services.

The 9-8-8 system's third component is the pending implementation of the State's Crisis Receiving and Stabilization Centers, which will operate 24 hours a day/year-round and provide short-term community-based services to individuals experiencing mental health crises. According to an April 2023 report to the Legislature, approximately $35 million has been allocated from a combination of federal resources to support this initiative.

- ***Questions:*** **Please provide more details on the anticipated allocation of the FY 2024 and FY 2025 State appropriation for the 9-8-8 system, disaggregated by purpose and component. Please identify any federal or other non-State funds projected to be used in FY 2024 and FY 2025 for those purposes.**
- **Will the anticipated level of FY 2025 State and federal funding for 9-8-8 call centers be sufficient to achieve an in-State answer rate of 90 percent? What efforts are being made to reach the in-State answer rate performance goal of 90 percent?**
- **How many 9-8-8 call centers currently provide chat and text services? Please provide performance data regarding these services across the State. When does the department anticipate implementation at centers currently lacking these capabilities?**
- **What is Carelon's role in advancing capacity and technology for the 9-8-8 call centers? What benchmarks has Carelon achieved in FY 2024 to date? What are its anticipated goals for FY 2025? How is the department monitoring Carelon's performance?**
- **What is the status of the contracts awarded to Mobile Crisis Outreach Response Teams? Please identify which teams are yet to be operational. When will these teams start delivering services? To date, how many MCORT dispatches have been made in the State, by county? What is the estimated number of dispatches, by county, in FY 2025?**
- **What progress has the department made in obtaining federal Medicaid reimbursement for services provided by the Mobile Crisis Outreach Response Teams? Does the department intend to submit a Medicaid State Plan amendment to qualify these services for federal Medicaid reimbursements in FY 2025? What are**

Discussion Points (Cont'd)

projected amounts of any related federal Medicaid reimbursements in FY 2025, and in future fiscal years?

- **What is the implementation status of Crisis Receiving and Stabilization Centers throughout the State? What amounts of federal funds were allocated to date, by purpose and source, to support establishing these centers? Will there be any centers established in FY 2025? How will the location of the centers be selected?**
- **Would additional funding provided by the imposition of phone fees, as allowed by the federal government, allow the department to offset State expenditures for any of the 9-8-8 system's components in FY 2025 or future years? Please explain.**

Department Response

9-8-8 Lifeline Centers received approximately $2.16 million in 988 Substance Abuse and Mental Health Services Administration (SAMHSA) grants and other federal funding to support capacity building in their centers in FY 2024. The Division has issued a Request for Proposals to expand 9-8-8 call, chat, and text capacity with $10 million in State funding. The State also has $3.9 million in SAMHSA grant funds in FY 2025 and again in FY 2026 to support NJ 988 Lifeline centers.

Three Crisis Diversion Homes will commence in the next few months. Contracts were awarded in January and agencies are locating sites and recruiting staff. Crisis Diversion Homes will serve individuals who have recently experienced a crisis and will prioritize referrals from Crisis Receiving Stabilization Centers (CRSC) and Mobile Crisis Outreach Response Teams (MCORT). The goal is to provide stabilization, to divert hospital admissions and reduce emergency department (ED) visits; $1.6M was awarded and programs will be operational in FY 2025 using federal SAMHSA dollars.

MCORT provider agencies were awarded approximately $4.5 million in one-time costs and phase-in funds during FY 2024. Once providers for all nine service areas have been awarded contracts, $16 million in FY 2025 state funds will be appropriated to these agencies for MCORT services. To date, no MCORT dispatches have been made. It is estimated that over the course of FY 2025, approximately 22,500 dispatches will be made.

The Division has issued a Request for Proposals for Crisis Receiving and Stabilization Centers (CRSC). Awards will be issued before the end of FY 2024 with the programs becoming operational in FY 2025. Through a combination of $32 million in federal funds from SAMHSA and $3 million of State appropriations, the Division expects to have approximately $35 million in FY 2025 into the first quarter of FY 2026 for this initiative. CRSCs will be established based on region, with three CRSC sites in the Northern region, one site in the Central region, and one site in the Southern region.

A combination of State and federal funding is being used to procure services to increase coverage and capacity of the 9-8-8 Lifeline in pursuit of a 90 percent in-state answer rate. Since the State launched a public messaging campaign and local crisis call lines began redirecting calls to 9-8-8, demand has increased substantially with an average of 6,342 calls

Discussion Points (Cont'd)

per month (an increase of about 1,200 calls), reaching a record high of 7,628 calls in March 2024. As expected, this led to a decrease in the answer rate, which averaged 79 percent that month. Through a competitive procurement process, current centers will be able to expand their capacity further and additional centers have the opportunity to integrate into the network. These funding opportunities include the ability to increase funding to the five current centers but also to add additional centers to enhance response to NJ 9-8-8 calls, chats and texts. The Division believes that $10 million in State funding for 9-8-8 centers will be sufficient to achieve an in-state answer rate of 90% at this time.

One center in the state currently provides NJ-based chat and text services. Between March 2023 and March 2024, this center had an average text answer rate of 34 percent. In the same time period, this center had an average chat answer rate of 32 percent. 9-8-8 chats and texts are routed to this center during their limited operating hours. Therefore, they receive only a portion of the total in-state demand. Data provided by Vibrant Emotional Health (Vibrant), Administrator of the 9-8-8 Lifeline, reports an average in-state text demand of 1,623 texts per month. For chats, Vibrant reports an average in-state chat demand of 973 chats per month. In each case, approximately 6 percent of these contacts are being answered in-state.

It is not mandatory for NJ 9-8-8 Lifeline centers to provide all three services (call, chat, text). The current RFP includes the opportunity for 9-8-8 Lifeline centers to incorporate chat and text services into their operations. It also creates the opportunity for additional centers to join the network with chat and text capabilities.

Carelon is the NJ 9-8-8 Managing Entity and is responsible for Lifeline center oversight, support, data collection, and data reporting. Carelon meets with leadership from each Lifeline center individually and as a group at least once a month. Carelon has been working with centers on strategies to expand capacity and identify any technology needs. Thus far, Carelon has established affiliation agreements with four of the five NJ Lifeline centers. Carelon has assisted centers in rebalancing the call routing plan to distribute calls more efficiently with the goal of increasing the in-state answer rate. Carelon has also been instrumental in helping the centers and MCORT provider agencies prepare for the new statewide data management platform. In FY 2025, Carelon will be establishing their MCORT dispatch team as well as developing and implementing trainings for the 988 Lifeline centers.

A State Plan Amendment (SPA) for Medicaid funding has been drafted and Medicaid rates for MCORT services are being determined. Once submitted and approved, the SPA will provide an 85 percent federal reimbursement for MCORT services. Projected reimbursement amounts are not currently available.

The imposition of a phone would offset State expenditures for 9-8-8. This strategy was not included in the initial 9-8-8 Legislation. Continuation of services within all three pillars of the 9-8-8 system, as well as expansion to meet the growing need for these services, will require significant and sustained funding.

Discussion Points (Cont'd)

34. A federal lawsuit filed against the Department of Human Services and the Department of Health by Disability Rights New Jersey, on behalf of patients at the four State psychiatric hospitals, highlighted the practice of "conditional extension pending placement" (CEPP) for patients who no longer meet the standards for involuntary commitment to a psychiatric hospital. Patients whom a court has determined are ready to be released from a State psychiatric hospital, but who are incapable of living on their own, may remain confined to a State psychiatric hospital under this CEPP status until an appropriate community placement is found. In its court filing, Disability Rights New Jersey asserts that over 20 percent of the patient population in State psychiatric hospitals are individuals on CEPP status who are required to remain in the psychiatric hospital for months, or longer, because there are insufficient numbers of community placements available. The Governor's FY 2025 Budget proposes supporting the statewide network of community mental health services via the $371 million State appropriation to Community Care (page D-197), identical to the FY 2024 level.

- ***Questions:*** **On average, how long do individuals in CEPP status remain at one of the State psychiatric hospitals while awaiting a community placement? What is the average monthly cost for the State to provide services to an individual during a typical CEPP episode versus the average monthly cost of providing services to an individual in a community setting?**
- **From FY 2019 to present, by fiscal year, what was the average monthly number of patients at the State psychiatric hospitals who were in CEPP status? Please explain any significant changes in this rate from one fiscal year to the next. To what does the department attribute the current barriers of removing patients from CEPP status?**

Department Response

As of April 19, 2024, there are 202 CEPP designees and the average length of time individuals were CEPP was 496 days, with a median of 226 days. This excludes 41 individuals who were refusing discharge from the hospital, as well as the Ann Klein Forensic Hospital.

The average monthly cost of providing services to an individual in a community setting depends on the services and resources that individuals choose, including various levels of housing and concomitant housing supports, ambulatory mental health and/or substance use disorder treatment services, employment or educational supports, recovery supports, family support services, and case management services. Please see the chart below for the average monthly number of patients at the State who were CEPP from FY 2019 to FY 2024

FY	Average Monthly Number of CEPP patients at the 3 State psychiatric hospitals (APH, TPH,GPPH) Excluding Ann Klein Forensic

Discussion Points (Cont'd)

2019	368
2020	337
2021	283
2022	245
2023	252
2024 YTD	219

Reductions in state hospital admissions and overall census contributed to the reduction in number of individuals who were CEPP during this same timeframe. The Department of Health may be able to provide information regarding whether or not there are barriers for removing existing patients from CEPP status (if a patient requires re-commitment) while they are still a patient at the state psychiatric hospital.

Division of Management and Budget

35. The Governor's FY 2025 Budget eliminates $3.0 million in funding added to the FY 2024 Appropriations Act by the Legislature to support legal services for unaccompanied minors provided by Kids in Need of Defense (KIND). Currently, the Office of New Americans works in partnership with KIND to provide free legal counsel and social services coordination to migrant children and youth arriving in New Jersey as unaccompanied minors seeking refuge. The New Jersey Consortium for Immigrant Children is responsible for responding to client inquiries and connecting potential clients with attorneys and social workers. According to the State Accounting System, as of April 5, 2024, the entire FY 2024 appropriation for this purpose is obligated, with $1.9 million yet to be expended.

The Governor's Budget also proposes continuing budget language that authorizes the department to make funds available from the State appropriation for Legal Services to KIND and other unspecified subgrantees, for the purpose of providing legal representation and case management to unaccompanied children living in New Jersey. The FY 2025 recommended appropriation for Legal Services is $4.5 million, equal to the FY 2024 level.

- ***Questions:*** **What is the anticipated total FY 2024 and FY 2025 State funding of KIND, from all applicable line items? What is the anticipated allocation in FY 2024 and FY 2025 of the Legal Services appropriation? Please explain the purpose of each allocation.**
- **In FY 2024 to date, how many unaccompanied children received services from KIND that were supported by State funding, and what services were most commonly provided? Will resources be available to provide these services for the entirety of the fiscal year? If not, when will services stop? What was the average cost per child for the services supported under this State funding in FY 2024 to date, and what key performance outcomes were observed for those services?**
- **How will any FY 2025 decline in State funding for KIND or any other agency that provides legal representation and case management to unaccompanied children affect those organizations' abilities to offer services?**

Discussion Points (Cont'd)

Department Response

The ONA oversees two legal services programs, one for unaccompanied minors and immigrant youth and one for those facing detention and deportation. The fund for youth is a line item in the budget. The detention and deportation program is funded through budget language.

Legal Services for Unaccompanied Minors

These funds are distributed to subgrantees through KIND (Kids in Need of Defense), and it provides legal representation and social service supports to unaccompanied minors and similarly situated youth who need representation in immigration proceedings. The services provided include social supports, resources referrals, and representation in immigration and family court. Since FY 2023, this program has been funded at $4.5 million annually, with the addition of a $3 million legislative add in FY 2024.

Detention and Deportation Defense Initiative (DDDI)

A second legal services program provides legal representation and supports to New Jersey residents at risk of detention and deportation, including representation in immigration removal proceedings. The funds are allocated trough Legal Services of New of Jersey to three subgrantees, totaling $8.2 million annually

Through the second quarter of FY 2024 around 2,800 children have received services from KIND and their subgrantees through state funding. Services include legal screenings, referrals for social services and health supports, and legal representation in immigration and family court. The cost per child is $963. Key performance outcomes include the number of clients screened for legal and social services, legal matters filed on behalf of each client, social services provided such as referrals for basic needs, public benefits, crisis intervention, education, medical and mental health and socio-emotional support.

The additional funding provided in FY 2024 allowed providers to expand their social service supports, direct client assistance and increase their outreach to the hundreds of clients who are on a waitlist seeking representation but might have an upcoming court hearing.

Estimated Revenue per School District for SFY25

School District	SFY25 Estimate @ 17.5%
Absecon City	$14,447
Asbury Park	$98,094
Atlantic City	$62,950
Atlantic Community Charter School	$3,394
Atlantic County Special Services School District	$71,119
Atlantic County Vocational School District	$4,815
Audubon Public Schools	$19,014
Barnegat Township	$45,277
Bayonne	$184,922
Belleville	$67,681
Bellmawr Borough	$20,506
Bergen County Special Services	$214,010
Bergen County Vocational School District	$9,724
Bergenfield	$51,170
Berkeley Township	$27,974
Berlin Township	$9,921
Beverly City	$10,858
Black Horse Pike Regional	$22,260
Bloomfield Township	$36,688
Bloomingdale	$12,514
Bogota	$22,796
Boonton Town	$52,561
Bordentown Regional	$27,579
Bound Brook Borough	$16,087
Brick Township	$169,045
Bridgeton	$74,829
Bridgewater-Raritan Regional	$62,039
Buena Regional	$33,517
Burlington City	$52,399
Burlington County Special Services	$128,255
Burlington County Vocational	$8,827
Burlington Township	$40,608
Butler	$10,679
Caldwell-West Caldwell	$22,984
Camden City	$316,577
Camden County Vocational School District	$9,236
Camdens Promise Charter School	$13,412
Cape May County Special Services District	$53,830
Carteret Borough	$48,504
Central Regional	$26,391

Charter Tech High School	$4,664
DCF - All Campuses Subtotal	$11,733
Cherry Hill Township	$133,185
Cinnaminson Township	$15,374
City Of Orange Township	$153,386
Clark Township	$5,513
Clayton	$19,820
Clearview Regional	$15,920
Clementon Borough	$19,839
Cliffside Park	$48,864
Clifton	$211,231
Collingswood Borough	$26,145
Commercial Township	$5,726
Cranford Township	$17,427
Cumberland Regional District	$6,537
Delran Township	$24,075
Delsea Regional High School District	$14,876
Dennis Township	$8,406
Denville Township	$8,803
Deptford Township	$53,650
Dover Town	$94,858
Downe Township	$1,753
Dumont	$7,738
Dunellen	$15,372
East Brunswick Township	$59,588
East Greenwich Township	$4,519
East Orange	$293,722
East Rutherford	$17,608
East Windsor Regional	$60,938
Eastern Camden County Regional	$23,803
Eatontown	$27,288
Edgewater Park Township	$0
Edison Township	$100,292
Egg Harbor City	$16,376
Egg Harbor Township School District	$98,492
Elizabeth	$528,899
Elmwood Park Public Schools	$28,559
Englewood Public Schools	$95,190
Essex County Vocational School District	$14,042
Evesham Township School District	$28,591
Ewing Township	$77,022
Fair Lawn	$46,338
Fairfield Township (Cumberland)	$5,944
Fairview	$25,697
Flemington-Raritan Regional School District	$36,239
Florence Township	$35,074
Fort Lee Boro	$34,472

Foundation Academy Charter School	$11,568
Franklin Borough	$10,103
Franklin Township - Somerset	$125,194
Freedom Academy Charter School	$8,367
Freehold Borough	$51,841
Freehold Regional High School District	$72,743
Freehold Township School District	$45,108
Galloway Township Public Schools	$56,243
Garfield School District	$109,362
Gateway Regional	$14,823
Glassboro	$53,527
Gloucester City	$55,249
Gloucester County Special Services School District	$75,890
Gloucester Township	$93,336
Great Oaks Legacy Charter School	$17,438
Greater Egg Harbor Regional H.S. District	$38,983
Guttenberg	$630
Hackensack School District	$176,644
Hackettstown	$23,682
Haddon Heights Boro	$11,086
Haddon Township	$21,749
Hainesport Township	$5,690
Haledon	$19,780
Hamilton Township (Atlantic County)	$45,568
Hamilton Township (Mercer)	$177,922
Hammonton Township	$32,070
Harrison	$77,028
Hasbrouck Heights Boro	$13,368
Hawthorne	$44,771
Hazlet Township	$18,336
High Point Reg	$9,115
Highland Park	$36,371
Hillsborough Township	$37,066
Hillside Township	$57,705
Hoboken	$47,019
Holmdel Township	$8,787
Hopatcong Borough	$25,892
Hope Community Charter School	$3,303
Hopewell Crest	$7,053
Hopewell Valley Reg	$18,010
Howell Township	$46,313
Hunterdon Central Regional	$19,975
Irvington Township	$224,475
Jackson Township	$90,365
Jamesburg Borough	$7,074
Jefferson Township	$18,321
Jersey City	$621,438

Jersey City Community Charter School	$6,986
Keansburg Borough	$42,858
Kearny School District	$102,817
Kenilworth Boro	$17,858
Keyport	$20,426
KIPP Cooper Norcross Academy	$8,225
Lacey Township	$37,950
Lakehurst	$11,001
Lakeland Reg	$15,638
Lakewood Township	$934,079
Lawnside Borough	$19,785
Lawrence Township (Mercer)	$42,988
Lawrence Twp (Cumberland)	$6,376
Leap Academy University Charter School	$10,210
Lenape Regional Hs District	$51,314
Leonia	$20,971
Lincoln Park School District	$8,021
Linden	$141,105
Lindenwold Borough	$83,738
Little Egg Harbor Township	$33,925
Little Falls Township	$11,202
Little Ferry	$18,464
Livingston Township	$26,851
Lodi Public Schools	$28,539
Long Branch	$108,762
Lower Cape May Regional	$21,248
Lower Township	$30,520
Lumberton Township	$18,822
Lyndhurst Township School District	$33,332
Magnolia Borough	$13,738
Mahwah Township	$27,897
Mainland Regional	$8,712
Manalapan Englishtown Regional	$21,050
Manasquan	$7,144
Manchester Township	$56,877
Mansfield Township	$7,615
Mantua Township	$11,473
Manville Borough	$26,137
Maple Shade Township	$44,184
Marion P. Thomas CS	$13,935
Marlboro Township	$26,099
Mastery Schools of Camden	$6,010
Matawan-Aberdeen Regional	$51,205
Medford Twp	$12,725
Mercer County Special Services School District	$244,989
Metuchen Boro	$17,757
Middle Township	$30,234

Middlesex Borough	$12,878
Middlesex County Vocational School District	$12,279
Middletown Township	$78,797
Millville Public Schools	$132,741
Monmouth Regional H.S. District	$10,570
Monroe Township (Gloucester County)	$85,276
Monroe Township (Middlesex)	$42,076
Montclair	$67,851
Montgomery Twp	$21,000
Moorestown Township School District	$22,678
Morris School District	$88,693
Mount Ephraim Borough	$6,281
Mount Holly Township	$24,108
Mount Laurel Township	$22,997
Mount Olive Township	$45,742
Mullica Township	$9,307
N Hunt/Voorhees Reg	$9,803
Neptune City	$21,983
Neptune Township	$102,828
Netcong Twp	$4,786
New Brunswick	$207,289
New Milford School District	$16,509
Newark Public Schools	$1,055,784
Newton	$30,537
North Arlington Boro	$23,367
North Bergen	$119,625
North Brunswick Township	$100,920
North Hanover	$10,935
North Plainfield Borough	$44,512
North Star Academy	$53,715
Northern Burlington County Regional	$10,114
Northern Valley Regional	$12,761
Northfield City	$7,433
Nutley Town	$46,787
Oaklyn Boro	$5,707
Ocean City	$14,749
Ocean Township (Monmouth County)	$49,782
Ocean Township (Ocean County)	$16,509
Old Bridge Township	$74,700
Oxford Twp	$3,731
Palisades Park	$23,244
Palmyra Borough	$8,144
Paramus Boro	$35,480
Parsippany-Troy Hills Township	$48,700
Pascack Valley Regional High School District	$4,048
Passaic Arts and Science Charter School	$15,125
Passaic City	$500,504

Passaic County Manchester Regional	$25,893
Passaic County Vocational School District	$27,744
Passaic Valley Regional High School District 1	$6,147
Paterson	$691,076
Paterson Arts and Science Charter School	$9,997
Paterson Charter School for Science & Technology	$1,145
Paulsboro	$37,738
Pemberton Township	$87,066
Penns Grove-Carneys Point Regional	$39,383
Pennsauken Township	$92,679
Pennsville Township	$18,716
Perth Amboy	$124,629
Phillipsburg	$97,454
Pine Hill Borough	$23,888
Pinelands Regional	$25,003
Piscataway Township	$84,432
Pittsgrove Township	$19,397
Plainfield	$132,209
Pleasantville Public Schools	$49,735
Plumsted Township	$9,299
Point Pleasant Borough	$15,238
Pompton Lakes School District	$10,655
Princeton Public Schools	$30,271
Rahway	$90,566
Ramapo Indian Hills Regional High School District	$3,961
Ramsey	$20,239
Rancocas Valley Regional	$20,506
Randolph Township	$23,582
Readington Township Schools	$10,577
Red Bank	$41,254
Red Bank Reg	$17,724
Ridgefield Boro	$43,820
Ridgefield Park	$31,862
Ridgewood Village	$31,125
Ringwood Boro	$8,595
Riverside Township	$23,905
Robbinsville	$6,464
Rockaway Township	$31,708
Roselle Borough	$50,997
Roselle Park	$21,338
Roxbury Township	$34,791
Runnemede Borough	$9,692
Rutherford Boro	$31,024
Saddle Brook Township	$14,327
Salem City	$32,246
Sayreville	$75,925
Scotch Plains-Fanwood	$24,508

Secaucus	$25,221
Somers Point School District	$21,851
Somerset Hills Regional	$16,783
Somerville Borough	$29,177
South Amboy	$13,551
South Brunswick Township	$58,784
South Hunterdon Regional School District	$17,964
South Orange-Maplewood	$76,506
South Plainfield	$25,282
South River	$34,733
Southampton Township	$5,695
Southern Regional	$23,782
Sparta Township	$16,970
Spotswood	$19,916
Springfield	$8,256
Stafford Township	$29,535
Sterling High School District	$12,148
Stillwater Township	$3,362
Stratford Boro	$18,436
Summit City	$19,750
Sussex-Wantage Regional	$21,992
Swedesboro-Woolwich	$11,621
Team Academy Charter School	$58,199
Teaneck	$61,939
Tenafly	$16,231
Tinton Falls	$12,375
Toms River Regional	$165,578
Totowa	$13,227
Township Of Franklin	$12,756
Trenton	$222,579
Union City	$261,641
Union Township	$105,390
Upper Deerfield Township	$12,696
Upper Freehold Regional	$11,382
Upper Township	$9,934
Ventnor City	$12,485
Vernon Township	$36,828
Vineland City	$132,493
Voorhees Township	$13,037
Waldwick	$5,673
Wall Township	$30,439
Wallington	$11,874
Wallkill Valley Reg	$4,159
Wanaque Boro	$18,351
Warren Hills Reg	$22,326
Washington Borough	$12,219
Washington Township	$12,255

Washington Township (Sewell)	$99,795
Waterford Township	$28,276
Wayne Township	$73,166
Weehawken Township	$17,489
West Deptford Township	$40,849
West Milford Township	$49,463
West Morris Regional High School District	$8,999
West New York	$244,216
West Orange	$151,671
West Windsor-Plainsboro Regional	$46,361
Westampton Township	$8,626
Westfield	$27,119
Westville Boro	$14,750
Westwood Reg	$11,461
Wharton Borough	$15,395
Wildwood City	$13,449
Willingboro Public Schools	$74,723
Winslow Township	$150,108
Woodbridge Township	$131,752
Woodbury	$41,392
Woodland Park	$17,713
Woodlynne Borough	$10,689
Wood-Ridge	$13,009
Woodstown-Pilesgrove	$8,982
	$18,900,000