

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 2541
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: JULY 15, 2022

SUMMARY

Synopsis: Establishes two-year pilot program for certain mental health care facilities to treat additional juvenile patients.

Type of Impact: State expenditure and revenue increases, General Fund.

Agencies Affected: Department of Human Services and Department of Health.

Office of Legislative Services Estimate

Fiscal Impact	<u>Two-Year Duration of the Pilot Program</u>
State Cost Increase	Indeterminate
State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes that the Department of Human Services (DHS) and the Department of Health (DOH) will incur indeterminate costs in administering the two-year pilot program described under the bill, as well as complying with the reporting requirements of the bill.
- The OLS notes that to the extent the pilot program increases the number of Medicaid-eligible juvenile patients receiving treatment via inpatient services, which hold a higher reimbursement rate, as opposed to receiving treatment via outpatient services, which hold lower reimbursement rates, the bill will increase State Medicaid costs. Any Medicaid expenses incurred by the State under the bill will also result in an annual increase in State revenue in the form of federal Medicaid matching funds equal to 50 percent of qualifying State expenditures.

BILL DESCRIPTION

The bill requires the Department of Health and the Department of Human Services to jointly establish a two-year pilot program for certain mental health care facilities to treat juvenile patients. The departments are to select between two and four health care facilities that provide inpatient adult mental health care treatment and services to participate in the pilot program.

Participating health care facilities are permitted to: 1) place juvenile mental health patients in vacant beds that are otherwise reserved for adult mental health patients, whenever feasible and clinically appropriate; and 2) place adult mental health patients, who are legally committed to psychiatric inpatient care, in voluntary psychiatric beds, whenever feasible and clinically appropriate.

The bill provides that the departments are to study the performance of the health care facilities participating in the pilot program and assess the quality of treatment provided to adult and juvenile mental health patients. Within 90 days following the conclusion of the pilot program, the departments are to prepare and jointly submit a report containing all relevant findings to the Governor and Legislature.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the DHS and the DOH will incur indeterminate costs in administering the two-year pilot program described under the bill, as well as complying with the reporting requirements of the bill. As these responsibilities fall within the purview of the departments, the departments may be able to use their existing operating budgets to cover these expenses, thereby minimizing or eliminating State expenditures.

The OLS notes that to the extent the pilot program increases the number of Medicaid-eligible juvenile patients receiving treatment via inpatient services, which hold higher reimbursement rates, as opposed to receiving treatment via outpatient services, which hold lower reimbursement rates, the bill will increase State Medicaid costs. Any Medicaid expenses incurred by the State under the bill will also result in an increase in State revenue in the form of federal Medicaid matching funds equal to 50 percent of qualifying State expenditures. The impact from Medicaid expenditures is unpredictable, and dependent upon several variables, such as the number of beds available for juveniles and the number of Medicaid-eligible juveniles in need of beds.

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

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