

SENATE, No. 3663

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED APRIL 26, 2021

Sponsored by:

Senator LINDA R. GREENSTEIN

District 14 (Mercer and Middlesex)

Co-Sponsored by:

Senator Gopal

SYNOPSIS

Supplemental appropriation of \$25 million to DOH to assist certain mental health and addiction service providers transitioning to fee-for-service reimbursement system.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 11/8/2021)

1 **A SUPPLEMENT** to "An Act making appropriations for the support
2 of the State Government and the several public purposes for the
3 fiscal year ending June 30, 2019 and regulating the disbursement
4 thereof," approved July 1, 2018 (P.L.2018, c.53).

5
6 **BE IT ENACTED** by the Senate and the General Assembly of the
7 State of New Jersey:

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9 1. In addition to the amounts appropriated under P.L.2018,
10 c.53, there is appropriated from the General Fund, unless otherwise
11 specifically indicated, the following sum for the purpose specified:

45 DEPARTMENT OF HEALTH

20 Physical and Mental Health

23 Mental Health and Addiction Services

GRANTS-IN-AID

13-4290 Community Services.....	\$25,000,000
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Total Funding Category Appropriation, Division of Mental Health and Addiction Services...	<hr/> \$25,000,000

Grants:

13 Behavioral Health Rate Increase..... (\$25,000,000)

12

13 Of the amounts hereinabove appropriated for Behavioral Health
14 Rate Increase, \$25,000,000 is appropriated to provide
15 supplemental reimbursements to licensed providers of mental
16 health and substance use disorder treatment services who held
17 cost-based reimbursement contracts with the State, and who
18 subsequently transitioned to the fee-for-service reimbursement
19 system. Each supplemental reimbursement shall be equal to the
20 difference, if any, between a provider's billable revenues under
21 the fee-for-service reimbursement system during FY 2019 and
22 the value of the provider's most recent annual cost-based
23 reimbursement contract with the State. Only providers who
24 have demonstrated a good faith effort to bill Medicaid for all
25 eligible services shall be entitled for a supplemental
26 reimbursement.

27

28 The appropriated funds shall consist of any unspent funds
29 appropriated to mental health and substance use treatment
30 programs within the Department of Health and the Department
31 of Human Services, with additional amounts, as necessary, to be
32 appropriated from the General Fund, subject to the approval of
33 the Director of the Division of Budget and Accounting in the
34 Department of the Treasury.

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36 2. This act shall take effect immediately.

STATEMENT

This bill makes a supplemental appropriation for fiscal year 2019 of \$25 million to the Department of Health to assist certain mental health and addiction service providers who are transitioning to the fee-for-service reimbursement system.

Specifically, the bill authorizes the department to distribute supplemental reimbursements to providers who held cost-based reimbursement contracts with the State, and who subsequently transitioned to the fee-for-service reimbursement system, equal to the difference, if any, between the provider's billable revenues under the fee-for-service reimbursement system during FY 2019 and the value of the provider's most recent annual cost-based reimbursement contract with the State. Only providers who have demonstrated a good faith effort to bill Medicaid for all eligible services shall be entitled for a supplemental reimbursement.

The appropriated funds are to consist of any unspent funds appropriated to mental health and substance use treatment programs within the Department of Health and the Department of Human Services, with additional amounts, as necessary, to be appropriated from the General Fund, subject to the approval of the Director of the Division of Budget and Accounting in the Department of the Treasury.

During fiscal year 2017, the Division of Mental Health and Addiction Services began transitioning mental health and addictions services purchased under contract to a fee-for-service reimbursement structure. While the department anticipates that the fee-for-service system will result in more cost-efficiency and improved health outcomes for clients, some providers have warned that the transition will be detrimental to their financial stability, and may force them to curtail services or close down. It is the sponsor's intent to establish a financial safety net for those providers that lose reimbursement funds during this transition in order to ensure continuity of care for current service consumers.