



## New Jersey Association of Mental Health and Addiction Agencies, Inc.

### COVID-19 Recovery and Reinvention: Behavioral Health Sector

The behavioral health community-based providers in New Jersey are facing multiple internal crises as they try to maintain services and ensure the sustainability of their businesses in the midst of the COVID-19 pandemic. Many of the issues they face encompass regulatory, operational and funding aspects. Providers shifted almost overnight to new ways of doing business. New Jersey must provide a glide path back and keep some of those changes that have provided new efficiencies and taken down barriers to access to care.

#### **Workforce**

**Funding** – A priority issue for providers pre-pandemic has been the inadequate fee-for-service (FFS) rates that leave them in a non-competitive position when trying to recruit and retain an educated and experienced workforce. Staff are part of the frontline healthcare workforce, facing increased risks, and being poorly reimbursed for doing so. As the minimum wage increases in New Jersey, not only has there been no commensurate increase in rates or contracts, but wage compression is occurring, with the wages of the highly educated and licensed staff hardly exceeding the \$15 minimum wage goal. Standard rates must be increased, and cover hazard pay, as well as the costs for personal protective equipment (PPE), cleaning services and necessary testing. Additionally, the need to isolate and quarantine clients will require new funding for an expanded workforce.

**Regulatory** – There are a multitude of regulatory issues from a human resources perspective that must be addressed. For example: what qualifies for workers' compensation; what protections are needed in regard to confidentiality laws; and will staff be eligible for Family and Medical Leave if schools remain closed, are just a few of the complicated matters all employers will face. While many temporary waivers have been issued to assist in onboarding staff or shifting staff into new roles, many regulations remain in place that are barriers to both efficiency and safety.

**Operational** – Staff will continue to face risks and must be assured a steady supply of PPE. New Jersey must directly provide sites for isolation and quarantine and/or assist providers in acquiring or retrofitting such sites. If new social distancing requirements will be in place, both outpatient and residential services may see reduced census capacities or will need funds for expansion. Maintaining flexibilities for telehealth during this time may be critical to provider sustainability.

#### **Telehealth**

New Jersey has done laudable work in easing telehealth restrictions. The ability to serve clients wherever they may be, essential under the current circumstances, makes sense going forward. It improves access to care, increases engagement success and has been well received by clients.

Unfortunately, other changes that have been made have been uneven across programs. For example, while the guidance for partial care and partial hospital programs has allowed providers to meet the needs of clients and be reimbursed without arbitrary time minimums on services that clients are not interested in observing, many other programs such as outpatient mental health and substance use treatment counseling have not been permitted to do so. Behavioral health providers should be reimbursed as other providers are – for the process of meeting needs and outcomes, not by requiring an arbitrary minimum amount of time from clients and providers that is not necessarily needed to achieve goals.

Continued and expanded flexibilities for telehealth services must be extended beyond the declared emergency period if we are to be able to safely continue to provide pre-pandemic levels of service, and have any chance of serving the pent up and exponentially increased new demand for mental health and substance use treatment that is anticipated due to the pandemic.

## **Funding**

Providers have been asking for three years now for supplemental funding to fill the \$25 million in annual deficits they are operating under since transitioning from deficit-funded contracts to FFS. Those deficits remain after cuts in staff, program closures and new business practices were undertaken to reduce the gap between revenue and costs. Many units of service continue to be provided that are not billable but which are part of best practices and contribute to good outcomes. The state must reassess its FFS reimbursement system which is not only failing the behavioral health sector and limiting the extent to which best practices can be maintained, but which could lead to program closures in the foreseeable future.

Providers have taken on increased and new costs during the pandemic – for PPE, cleaning services, food service, alternative facilities, testing, staff overtime or hazard pay, telehealth infrastructure, telehealth devices for clients and more. There has been no reassurance that these expenses will be reimbursed. The increased and new expenses are expected to continue for some time as providers try to redesign spaces to accommodate not only social distancing but isolation and quarantine. Putting up plexi-glass, continuing to maintain a supply of PPE, and staffing alternative sites are just a few examples of ongoing increased costs. Revenues will continue to be impacted negatively by reduced capacities, including in residential facilities that might have fewer beds, as a result of implementing safety guidelines.

The loss in revenues, particularly for providers that largely rely on Medicaid funding, has been substantial. This has been especially difficult to address given that providers have been restricted in building any reserves. The current crisis shows that behavioral health providers must be viewed as the businesses they are and must be able to take advantage of all good business practices.

## **Sustainability for a Critical Sector**

New Jersey must provide reimbursement for services that cover the actual costs of care to ensure the sustainability of behavioral health providers. This could begin with passage of Assembly bill 1361 which appropriates \$25 million to fill the unavoidable deficits providers are facing in the FFS system. New Jersey must also provide revenue to support expansion as the field faces pent up and increased demand in a system that never has been able to fully meet previous levels of demand.

Other initial recommendations include permanently permitting telehealth to take place at any client site, and undertaking contract reform that not only allows providers to retain surpluses to a specified limit, but allows them to build reserves.

Community-based behavioral health represents a critical sector of New Jersey's economy and it is more important than ever, as the impacts of the current unprecedented pandemic continue to unfold, that it is kept strong, so it, in turn, can provide supports and treatment to all New Jerseyans in this time of need.

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The New Jersey Association of Mental Health and Addiction Agencies, Inc. is a statewide trade association representing 144 organizations that serve New Jersey residents with mental illness and/or substance use disorders, and their families. Our members may be found in every county and almost every community statewide. They serve more than 500,000 children and adults each year and contribute to the economy through 61,000 direct and indirect jobs.