

## Discussion Points

### DEPARTMENT OF HUMAN SERVICES – GENERAL

1. The Governor's budget incorporates an estimated \$5.183 billion over two fiscal years in federal stimulus funding provided by the American Recovery and Reinvestment Act (ARRA) of 2009. According to a table on page 42 of the Governor's abbreviated budget, the State will use \$3.074 billion (\$854 million in FY 2009 and \$2.220 billion in FY 2010) from ARRA for budget relief. In addition to these funds which will offset revenue shortfalls, \$2.109 billion will be used for new or expanded programs or initiatives. The ARRA allocates funds to states both by formula and by competitive awards. The Governor's FY 2010 Budget includes \$1.223 billion from ARRA for the Department of Human Services (\$445.5 million in FY 2009 and \$777.8 million in FY 2010), as displayed on page C-22 of the Governor's Budget Recommendation.

- **Question:** Please itemize the federal stimulus funding, other than portions of the \$3.074 billion allocated for budget relief, included in the Department of Human Services' budget, by fiscal year and federal program, setting forth program goals and eligible uses together with the amount for state administrative expenses and the amount for allocation to local public and private recipients, respectively. Please identify intended and actual recipients and the process by which the department determines recipients and funding awards. Are there ARRA funds that flow through your department for which the State has no discretion? Please also set forth the timetable for obtaining federal approval of funding, obligation and allocation of funding to recipients, and use by recipients. Could any of this funding be used to offset other State appropriations, and if so, what programs and in what amount? What additional positions, if any, have been and will be hired with these funds? If this money is being used for new or expanded activities, will the new or expanded activities be continued in FY 2011? If so, how will they be funded?
  
- **Question:** In addition to funding incorporated in the FY 2010 budget, what specific competitive grant opportunities has the department identified that it is eligible to pursue, has applied for, and has been awarded, respectively?

**Answer:** Please see attached ARRA document for response.

2. Over the past several years, the overall staffing level in the Executive branch has been reduced through restrictions on hiring and an early retirement program. The FY 2010 budget proposal envisions continuation of the hiring restrictions coupled with possible furloughs or further reductions in positions.

- **Question:** How has the reduction in staffing affected your department? What strategies has the department employed to deal with staff reductions? What projects, work products or functions has the department discontinued or deferred because of staffing levels? Will the department be able to accommodate furloughs in FY 2010 without increasing spending for overtime?

**Answer:** Between FY'08 and FY'09, DHS' complement of full time staff was reduced by approximately 225 – from 15,968 to 15,743 (pay period #4). We worked to develop

## Discussion Points (Cont'd)

effective strategies throughout the department to manage more efficiently with a reduced workforce. For example:

- Divisions of Mental Health Services and Division of Developmental Disabilities:
  - To decrease census levels at the State Hospitals, particularly at Ancora Hospital, 83 community-based psychiatric inpatient beds were created to reduce admissions and the development of community residential alternatives for persons ready for discharge was continued. With a reduced population of almost 200 at Ancora, the hospital was able to consolidate space and close three wards, making for more efficient use of staffing resources, while not compromising patient care. For DDD, cottage closures/consolidations are completed or underway on the campuses of New Lisbon, Vineland, Hunterdon and Woodbridge Developmental Centers as a result of reduced census from initiatives like Olmstead and the Community Services Waiting List.
  - New procedures were implemented regarding the use of 1:1 patient observation, which drives significant overtime costs, to make more efficient use of staffing resources. The new procedure requires regular review of all 1:1 orders by the Hospital Medical Director.
  - The provision of non-psychiatrist medical services at the State Hospitals was consolidated by reducing physician positions and re-scheduling remaining physicians to provide medical coverage 24/7. Medical positions were reduced by 3 full time, 2 part time and 12 hourly positions. The State Hospitals' psychiatrist positions remain at 93 full time, 2 part time and 7 managing physicians. For DDD, 13 physicians were eliminated in alignment with the current, lower census at the developmental centers and national guidance on appropriate physician/patient ratios to ensure patient safety and quality of care.
- Division of Family Development:
  - The Division consolidated the job tasks of field staff within the County Operations Unit. Other staff was realigned to prioritize services to clients, oversee emergency assistance and comply with federal and state mandates (e.g., work participation, sanctions, and quality control and assurance). Non-core activities either have been eliminated or transferred to existing service providers. A unit that prepared tracking and data reports was totally eliminated and staff was reassigned to other critical areas of Division operations. Quality Control functions have been consolidated and staff has received initial training to comply with the additional federally mandated QC reviews for work verification and child care payments.
- Division of Management and Budget:
  - Conversion, through a change in regulations, from the routine, annual licensing of group homes and other appropriate community programs to a data-driven (technology supported), bi-annual licensing strategy.

With the exemption of direct care staff from participating in mandatory furlough days, DHS will be able to minimize, although probably not fully eliminate, the impact of furlough on overtime in its developmental centers and mental health hospitals.

Any further reductions in staff represent significant concerns to the department. For example:

## Discussion Points (Cont'd)

- In Mental Health, it could jeopardize accreditation by the Joint Commission on Accreditation of Hospital Organizations (JCAHO) putting at risk Medicaid, Medicare and DSH funding. Additionally, as the Department of Justice has just completed its field work related to a review at Ancora Psychiatric Hospital, further reductions could lead to a lawsuit by DOJ resulting in court imposed staffing and other requirements. The Division is the subject of an as-yet unsettled Olmstead lawsuit. Additional staffing reductions will undoubtedly impede our ability to comply with implementation of the proposed settlement plan for discharging patients from the State hospitals, developing the appropriate community services, and accurately complying with anticipated reporting requirements.
- In the Division of Medical Assistance and Health Services, even with its reorganization and consolidated of functions, there are now several areas experiencing delays. There are backlogs in automated systems maintenance, required quality control reviews, analysis and implementation of federal requirements and eligibility operations. Further reductions to staff would likely result in slippage in regulatory updates, provider reimbursement operations, analysis of applicable federal proposals and responses to constituent and governmental inquiries.
- In the Division of Family Development, there are currently delays and deficiencies in the following areas that would be magnified if increased staff reductions were to occur: issuing payments, providing guidance to county and municipal welfare agencies regarding policy and procedural matters, timely fair hearing decisions, preparation of statistical reports, and the ability to monitor trends. Further, the ability to respond to written, electronic and telephone client and constituent issues and concerns, and client services has been impacted. There are also delays in addressing employee relations matters due to a reduction in human resource staff. The ability to provide safety net service administration and monitoring has been a challenge as the demand for these services continues to rise.

3. The FY 2009 appropriations act anticipated that \$25 million in procurement savings would be achieved by Executive departments. A chart on page 75 of the Budget in Brief categorizes those savings and indicates they will continue into FY 2010. The FY 2010 budget includes another \$25 million from procurement savings (Budget in Brief, Appendix I, page 8).

- **Question:** Please indicate the FY 2009 amount of procurement savings achieved by your department, by the categories set forth in the referenced table, and the sources of those savings by department program? What is the annual amount of these savings as continued into FY 2010? How have these reductions affected the department? What projects, work products or functions has the department discontinued or deferred in order to achieve these savings?

**Answer:** Treasury has advised DHS that they will be providing a response to this question centrally on behalf of all Departments.

4. The FY 2009 appropriations act had assumed a reduction in overtime costs of \$2.8 million through implementation of eCATS (Electronic Cost Accounting and Timesheet System) and a new biometric monitoring system. Available information is that neither eCATS nor the new biometric monitoring system will be operational during FY 2009.

## Discussion Points (Cont'd)

- **Questions:** What accounts for the delays in implementing these two systems?

**Answer:** Regarding eCATS:

Together with the Departments of Education and Children and Families, DHS is dependent upon necessary modifications in version 4.0 of the eCATS by the contract vendor, CGI, before the system can be implemented. The projected date for implementation of eCATS in DHS has consequently been postponed until approximately August 2009.

The second time-keeping system is planned for the Mental Health and DDD institutions. DHS contracted with a vendor for a biometric fingerprint scan system, and began a *pilot* in **August 2008** at Trenton Psychiatric Hospital. The pilot has demonstrated some faults and DHS is pursuing an alternative solution.

5. The two Legislative budget committees have expressed concern over the years regarding the compensation of Executive Directors at non-profit agencies under contract to the department. Most, if not all, of the monies received by non-profit agencies are public funds such as State and federal grants, or Medicaid or Medicare reimbursements.

As described in a Background Paper (on page xx of this report) there is a wide disparity in salaries paid to Executive Directors of non-profit agencies within the same budget range or within the same geographic area. While as private organizations the board of directors of the individual non-profit agencies sets compensation levels, the State can disallow and deny reimbursement for compensation deemed excessive.

- **Question:** What specific efforts will the department undertake to disallow compensation deemed excessive?

**Answer:** The department reviewed this issue previously and attempted to both identify costs and quantify potential savings. Initially, our review identified minimal savings. We reviewed the salaries of the top executives at the provider agencies using thresholds of \$125,000 and \$141,000 and determined that savings were minimal. There are difficulties in attempting to develop standard criteria for compensation ceilings. For example, compensation should reasonably include both salaries and benefits given to executives. However, accessing information from providers and developing the criteria to be used in identifying the value of the benefits has been difficult. The use of multiple funding sources by providers also complicates the evaluation of compensation paid to executives. In addition, the department utilizes some rate-based contracts, which do not identify cost categories per se, but rather use a fixed reimbursement rate to pay for services rendered. Extracting cost data related to executive compensation from these rate-based contracts is currently not possible. We plan to continue to work to establish criteria that can be used to limit executive compensation in view of our different contracting modalities. A work group comprised of fiscal staff throughout the department has been formed in order to review the complexities associated with different contracting modalities and the various forms of compensation provided in order to develop a standardized policy limiting compensation paid to provider executives.

**Discussion Points (Cont'd)**

6. Schedule I revenues for FY 2009 and FY 2010 do not reflect any School Based Medicaid revenues. As of February 2009, approximately \$15.4 million (gross) in claims have been processed.

- **Question:** Why are no School Based Medicaid revenues reflected in Schedule I for FY 2009 and FY 2010?

**Answer:** A federal government audit determined that the State claimed in excess of \$51 million in SEMI revenue that should not have been claimed between fiscal 1999 and 2003; the State has since reserved \$51.3 million in General Fund revenue in anticipation that it would need to re-pay the federal government for the audit finding. As of today, the Centers for Medicare and Medicaid Services (CMS) has not yet ruled on whether the State must re-pay the \$51.3 million. The federal government is currently conducting another audit of the SEMI program for services claimed between fiscal 2004 and 2007 for which there is still uncertainty regarding the amount of the finding. In anticipation of offsetting another disallowance, the State has not budgeted any SEMI revenue for 2009 and 2010.

**DIVISION OF MENTAL HEALTH SERVICES**

7. The FY 2010 recommended budget anticipates \$7.5 million in "efficiencies" as follows: Contract Efficiencies - \$2.1 million and Operational Efficiencies - \$5.4 million.

- **Question:** What specific Contract and Operational Efficiencies will be implemented?

**Answer:****Grant-In-Aid Contract Efficiencies \$2.1 million**

The DMHS reviewed contracts containing a surplus at the conclusion of each of the last several years to separate out non-recurring effects, such as the phase-in of new programs, from recurring effects, in an effort to quantify likely recurring structural surpluses. This analysis yielded \$2.1 million which could be reduced from such contracts with no diminution of services.

**Operational Efficiencies \$5.4 million**

A number of FY 10 operational efficiencies represent the deferred effect of actions started in FY 09 to address the FY 09 budget situation:

\$270,000 is for the reductions of annualized salary savings associated with 13 clerical positions, \$897,000 is for the reduction in annualized salary savings associated with 29 time keeper positions, \$115,000 is for increasing the employee meal rates at the psychiatric hospitals, \$140,000 is for reduction of funding for the Governor's Council on Mental Health Stigma activities, and \$1.8 million is for psychiatric hospital non-salary savings related in large measure to the new Greystone Park Psychiatric Hospital.

The remaining \$2.2 million savings in operational efficiencies relates to a cessation of Medicaid Administrative Claim participation awards for FY 10 only. These awards are made to community providers for participating in the ongoing time study to accumulate information regarding activities which may

**Discussion Points (Cont'd)**

be claimable as administrative activities under the Medicaid program. This initiative yields \$9.465 million in federal Medicaid revenue for the State.

8. Funding for the Governor's Council on Mental Health Stigma is reduced from \$240,000 to \$100,000.

- **Question:** What activities will the council be able to conduct with this level of funding and what activities will the council eliminate?

**Answer:** Despite the reduction in funding, the Council will continue to pursue a number of initiatives such as: its Veterans Campaign – a statewide mental health outreach and education initiative for veterans and their families; creation of an awareness campaign for the Governor's Police Suicide Task Force and utilizing a new training video from NAMI NJ to promote Crisis Intervention Training (CIT) to raise awareness on individuals living with mental illness and their interaction with law enforcement. The Council is also planning to reach out to the NJ Association of Community Colleges to organize statewide efforts to address the growing mental health needs of students.

While the Council will still pursue the above noted initiatives, the funding reduction will force them to eliminate several other initiatives such as: the annual statewide conference; planned funding to provide local mental health awareness initiatives; and reducing the scope and number of outreach and education statewide events and projects.

9. Executive Order No. 77 (2006) directed the department to develop a pilot program of operational incentives for the division's contracts.

In response to concerns that the operational incentives were distributed solely on the basis of financial criteria, the division indicated that the distribution of FY 2008 incentive funds would emphasize patient care issues over financial factors.

- **Question:** What specific changes were implemented relative to the distribution of incentive funds?

**Answer:** During Fiscal Year 2008, the DMHS piloted a performance-based contracting initiative with one of our program elements known as Programs of Assertive Community Treatment (PACT). Incentive funding is tied to provider and program performance with regard to critical consumer care measures such as staffing rates and service intensity, as well as core consumer outcomes such as community tenure, competitive employment and educational enrollment. As such, evidence-based practice fidelity measurement concepts are incorporated into the evaluation targets which determine the amount of incentive funding earned by the provider.

The DMHS is expanding this process for the other program elements, as called for under the Wellness and Recovery Transformation Action Plan, which will ultimately be incorporated into the operational incentive program.

## Discussion Points (Cont'd)

10. Various funding reductions were implemented during FY 2009 to address the State's overall financial problems.

- **Question:** Were incentive funds reduced or eliminated as part of these actions? How much of the recommended Community Care appropriation of \$276 million is allocated for incentive payments in FY 2010?

**Answer:** The DMHS instituted a moratorium on the operational incentive program affecting contracts ending 12/31/08 and 6/30/09. There are no FY 09 funds which will contribute to operational incentives.

There is no allocation, per se, of appropriations for incentive payments. The program, governed by Executive Order 77, provides that a provider may retain a portion of their individual contract surplus if they otherwise meet established performance criteria as an operational incentive. The DMHS does not allocate excess appropriations into contracts to result in a surplus; rather, we fund contracts at an appropriate level to achieve the service commitment objectives. A provider may, through their judicious use of funds, realize some savings during the year or may earn additional revenue, resulting in a surplus. Therefore there is no specific allocation of appropriations for operational incentives.

11. As of April 2009, approximately \$1.3 million in FY 2008 Community Care funds were still "encumbered."

- **Question:** Is the \$1.3 million in encumbered funds still valid? If not, how much can be lapsed?

**Answer:** \$1.3 million represents less than half of one percent of the total FY 2008 Community Care account funding. Such relative minor prior year balances are normal at this time of year for several reasons including: outstanding final expenditure reports, "hold payment" actions pending review / confirmation of costs for approved equipment, repair or renovation project funding, etc. The remaining encumbered funds are being held open to process remaining payments due on several community mental health provider agency contracts, as well as very minor balances due for county mental health board/administrator allocations for which we are still awaiting final expenditure details or are holding payment until required reports/responses are received. After closing virtually all of these remaining encumbrance balances within the next 60 – 90 days, the Division estimates that approximately \$125,000 of the remaining encumbered amount will be lapsed.

12. The division contracts with UMDNJ to provide various community mental health services in a non-hospital setting such as partial care, various forms of residential services, ICMS, PATH, etc. Many of these services are eligible for federal Medicaid reimbursement.

Available contract data for UMDNJ and other mental health providers indicate that UMDNJ's costs are higher than comparable costs at other mental health providers. Also, UMDNJ generally receives less federal Medicaid reimbursements, on a percentage basis, than other agencies that provide similar services.

## Discussion Points (Cont'd)

- **Question:** Should the division issue Requests for Proposals for specific mental health services provided by UMDNJ to determine whether services can be provided at less cost? Has the division reviewed UMDNJ's financial procedures to determine whether Medicaid reimbursements are being properly credited to the appropriate mental health programs?

**Answer:** The DMHS is in the process of requiring UBHC to reflect full expenses and full offsetting revenues in the DMHS community service contract. Historically, UBHC only reflected direct cost and did not reflect full allocable General and Administrative costs. We have undertaken an analysis and determined that full offsetting revenue has also not been reflected against the full cost and as noted above, are correcting that situation. The Governor's FY 10 Budget includes new language to require additional audit requirements to assure that revenues and expenses related to UBHC are properly reported. Once a full accounting of the resources supporting contract services is aligned with service volume, an informed decision regarding whether any services could be acquired more economically can be made.

13. The division has contracts with UMDNJ for technical assistance at various psychiatric hospitals.

A review of one such contract indicates that it is not possible to assess the effectiveness of UMDNJ's services as performance measures are vague. For example, one objective requires UMDNJ to "collaborate with hospital leadership to design a treatment mall that promotes recovery and wellness." Thus, one phone call may constitute collaboration and fulfill contract requirements.

- **Question:** How does the division assess whether UMDNJ's efforts are effective and produce measurable outcomes?

**Answer:** Regarding the affiliation between UBHC and the State hospitals (in existence since 1999 at Greystone, expanded to Ancora in 2004), measurable deliverables have been defined for each major goal. Goals and objectives are developed collaboratively each year, and reviewed by the Division's fiscal and state hospital management offices. Meetings to review progress, lack of progress, barriers, etc. occur regularly at each hospital. A final report is completed at the end of each year.

14. State Aid reimbursement to the six county psychiatric hospitals will increase from \$123.8 million in FY 2009 to \$138.9 million in FY 2010, despite a reduction in the State reimbursement rate from 87.5% to 85% of established rates. There has been no significant increase in the overall census of the county hospitals.

Further, existing and proposed budget language allows the appropriation in each year to be used to pay for expenditures attributable to prior fiscal years. Thus, the FY 2010 recommended appropriation can be used to pay for claims incurred during FY 2009 or in prior fiscal years.

- **Question:** How much of the \$138.9 million recommended FY 2010 appropriation is intended to pay for claims incurred in FY 2009 or earlier?

## Discussion Points (Cont'd)

**Answer:** None of the FY10 appropriations will be used to pay for FY09 claims.

15. The day-to-day operations of the Bergen Regional Medical Center (BRMC) which includes the county psychiatric hospital is handled by a private company under contract with the Bergen County Utilities Authority.

Available data indicate that the number of admissions to the six county psychiatric hospitals will increase from 6,550 (FY 2008) to about 6,930 (FY 2009). Most of the increase in admissions is attributable to BRMC. Further, during the FY 2005 - FY 2009 period, admissions to BRMC increased from around 3,400 to over 5,000.

- **Question:** What accounts for the increase in the number of admissions to BRMC? Is the increase in admissions related to the policies at the screening center that serves Bergen County? Does the structure of the contract provide financial incentives that would encourage the increase in admissions?

**Answer:** There has been no change to the Division's screening policy, as such policy is based on existing legislation.

The increase in admissions does not affect State Aid cost if there is no associated increase in the billable average daily population (ADP). The billable ADP for BRMC has remained relatively constant for FY 08 through our projection for FY 10. There was an increase in billable ADP from FY 07 to FY 08 related to BRMC reconfiguring 48 under utilized geriatric beds, to STCF, extended acute and emergency beds for which there was increasing demand.

The contract between the private vendor and the county does not provide the private vendor with a percentage of revenues generated by BRMC. The agreement provides for a fixed monthly management fee unrelated to admissions or the amount of State Aid payments received.

16. Available data indicate that between FY 2005 and FY 2009, overtime expenditures at the Ann Klein Forensic Center increased from \$2.0 million to an estimated \$5.5 million, while overtime hours worked increased from 59,000 to an estimated 136,800.

- **Question:** What accounts for the significant increase in overtime expenditures and hours at Ann Klein? What steps have been take to reduce overtime?

**Answer:** The hospital increasingly needed to use 1:1's to manage highly assaultive, suicidal and self-injurious patients and to reduce seclusion and restraint. The hospital has been receiving more dangerous patients from the regional hospitals, as it is a more secure environment, as well as from county jails.

AKFC has implemented new restraint training for all direct care employees. During FY07 and FY08 the hospital incurred over 7,200 hours of overtime for the training of medical security and nursing staff.

In past years the hospital attempted to use contracted agency resources for community hospital supervision; however, complaints were made from the local community hospital concerning the quality of that supervision. For public safety and appropriate supervision, medical security officers currently do all community hospital supervision.

## Discussion Points (Cont'd)

Due to wear and age problems with the operating system of the hospital's perimeter fence, there have been several occasions when it has been disabled requiring onsite patrols.

### Efforts to decrease overtime expenditures

The hospital has initiated a program to reduce the use of 1:1's. Declines are anticipated in the future, as the hospital has chosen to implement additional management controls.

AKFC has been reviewing each transfer to the local community hospital to ensure that agency supervision is not possible.

The hospital stopped all MANDT training and will not resume until overtime is brought down to more appropriate levels.

The hospital is in the process of expanding our regular clinical activities to our male and female Intensive Treatment Units where the bulk of 1:1's reside.

An additional 4 full-time and 2 part-time medical security officers were approved to be added to AKFC effective pay period 7 to aid in addressing the overtime situation.

Overtime for non-direct care is not permitted unless for emergency situations, and must have CEO approval.

17. During January 2009, the U.S. Department of Justice conducted an inspection of Ancora Psychiatric Hospital. A report is not expected to be issued before the end of the year.

- **Question:** Based on previous Department of Justice reviews of psychiatric hospitals in other states, what findings and recommendations may be forthcoming? What costs did other states incur to implement the recommendations?

**Answer:** The DOJ reviewers noted progress in patient care at the hospital. While Ancora awaits the DOJ report, DOJ findings letters in other states are consistently critical in the areas of risk management, active treatment, clinical assessments/treatment planning/discharge planning, workforce development and appropriateness of patients.

The Division does not currently have specific costs from other states, but DOJ investigations in other states have included increased costs associated with increased staffing, physical plant modifications, investment in Information Technology and Management Information Systems, and investment in community-based programs to support discharges.

## DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

18. Under the terms of the enhanced federal Medicaid reimbursement rate the State will receive between October 2008 – December 2010, the rate may be 58.78%, 60.19%, or 61.59%, depending on the State's Unemployment Reduction Factor.

## Discussion Points (Cont'd)

- **Questions:** What federal Medicaid reimbursement rate is being assumed for FY 2010?

**Answer:** Based on the most recent New Jersey Unemployment Rates, 7.3% in January, 2009 and 8.2% in February, 2009, the State is anticipating the reimbursement rate to be 61.59% for FY10.

19. A recent federal regulation requires states to provide an annual report and hospital specific financial data related to the Disproportionate Share program (DSH). The program provides federal compensation for hospitals serving a disproportionate share of low income-patients.

- **Questions:** What are the estimated costs of complying with this new federal requirement?

**Answer:** DMAHS is evaluating this new requirement. We do not yet have a cost estimate. States have until December 31, 2009 to file their 2005 and 2006 reports with CMS.

20. The federal Office of Inspector General (May 2006) reported that \$51.3 million in federal Medicaid matching funds for school-based health services were unallowable. The State provided additional information to document that those costs were valid. As of this writing, the final disposition of the \$51.3 million has not been resolved.

- **Question:** What is the current status of the \$51.3 million disallowance?

**Answer:** The federal Office of the Inspector General Audit report and the additional information provided by the State are being reviewed by the Centers for Medicare and Medicaid Services (CMS). CMS has not informed the State of any determination nor issued a disallowance for this issue.

21. According to the Budget in Brief (page 80), the FY 2010 recommended budget assumes \$6.0 million in savings from "client eligibility efficiencies."

- **Questions:** What specific "client eligibility efficiencies" will be undertaken? How much will each efficiency save?

**Answer:** The Division will work to maximize private or Medicare coverage for those eligible, thereby reinforcing Medicaid as the payor of last resort.

22. In January 2008, Medicaid reimbursement to physicians and dentists providing services to children was increased. The intent of the increase was to attract physicians and dentists to serve Medicaid children by making reimbursement more competitive with the private sector.

- **Question:** Has there been an increase in the number of physicians and dentists providing services to children as a result of the increase in reimbursement?

**Answer:** There has not been an increase in the number of participating physicians when comparing Calendar Years 2007 and 2008. However, there has been an increase of over 4% in the number of patients under 21 utilizing physician services

## Discussion Points (Cont'd)

which is an indication that, although the number of providers has not increased, that overall access, utilization and quality/preventive health coverage, which was the purpose of increasing the rates, is being achieved.

There has been an increase in participating dentists of 9.5% when comparing Calendar Years 2007 and 2008 and the number of paid claims has increased by over 4%. Again, these figures indicate greater access, utilization, and quality/preventive health coverage for our clients under the age of 21.

23. The FY 2009 appropriations act had assumed an additional \$25 million in anti-fraud efforts to be achieved by: contracting with forensic accountants to audit high cost providers; expanding use of claims editing; increasing third party liability efforts; and increasing provider credentialing efforts.

- **Questions:** How much will each initiative produce in savings?

**Answer:** The Division, in conjunction with the Office of the Medicaid Inspector General, was able to achieve the \$25 million in savings, in large part due to participation in several National Settlements and increased administrative recoveries. The Division is continuously expanding its third party liability efforts, claims editing, and provider enrollment processes.

24. Approximately \$5.0 million in incentive payments are awarded to managed care companies under contract to Medicaid related to Early and Periodic Screening, Diagnosis and Treatment (EPSDT) services provided to children. There is little evidence that such incentive payments improve EPSDT reporting by either the managed care companies or their provider network.

- **Question:** What impact would discontinuing incentive payments have on the reporting of EPSDT data?

**Answer:** Through various initiatives over the years, including the EPSDT incentive payment, the rate of EPSDT well visits increased from 35.4% in 1999 to 50.9% in 2006. This upward trend was also reflected in the Healthcare Effectiveness Data and Information Set (HEDIS) measures, which showed that the percentage of children who received six or more visits during the first 15 months of life increased from 44.2% in 2002 to 59.6% in 2007, similarly, the percentage of children between 3-6 years of age who had a well-child visit rose from 64.8% in 2002 to 74.4% in 2007, and the percentage of adolescents receiving well care jumped from 45.6% in 2002 to 52.6% in 2007. The effect of discontinuing the incentive payment is difficult to project, but could negatively impact the completeness and accuracy of EPSDT service reporting. These figures exceed the national average.

25. The FY 2009 appropriations act included a requirement, similar to one used by Medicare, that precludes Medicaid reimbursement for a preventable hospital error. A State Plan Amendment was submitted to the federal government and hospitals were notified of the policy.

**Discussion Points (Cont'd)**

- **Question:** Has the State Plan Amendment been approved by the federal government? To date, how many claims, representing what dollar value, has Medicaid denied?

**Answer:** No, DMAHS is awaiting CMS's approval of the SPA that was filed in September 2008. To date, 120 claims have been adjusted resulting in reduced payments of approximately \$160,000.

26. Recently adopted federal regulations align the Medicaid definition of "outpatient hospital service" with the Medicare definition. This could reduce Medicaid reimbursement for such services.

- **Question:** What impact will the outpatient regulations have on Medicaid reimbursement to hospitals?

**Answer:** The federal economic stimulus package (American Recovery and Reinvestment Act of 2009) contains a provision that places a moratorium on CMS from taking any action on this regulation prior to June 2009. CMS is reviewing the application of the regulation and is expected to provide further guidance after June 2009. Due to the uncertainty at the federal level, DHS is unable to perform an impact analysis.

27. To facilitate enrollment into the Medicaid and NJ FamilyCare programs, State law requires county welfare agencies to "outstation" workers at hospitals.

The division, in conjunction with the Department of Health and Senior Services, had indicated that it would examine staffing disparities with respect to the number of staff assigned to hospitals by county welfare agencies.

- **Questions:** What is the status of this review?

**Answer:** The Division performed a survey regarding the number of outstation workers assigned to hospitals and Federally Qualified Health Centers (FQHCs). A cooperative relationship is necessary between the County Welfare Agencies (CWAs) and the hospitals in order for this to be a successful partnership. CWAs do not always have sufficient staff available to assign as outstation workers due to the increase in volume of applications because of the economic downturn.

The issue of outstation workers at hospitals is at the forefront. Last week the New Jersey Hospital Association requested a meeting with the CWA Directors Association Chairperson to discuss best practices. This meeting will be scheduled in the immediate future.

28. University Hospital is required to reimburse the State Medicaid program upwards of \$55.1 million for prior year overpayments.

- **Questions:** Has a repayment schedule been reached with University Hospital regarding repayment? If so, what amount has been agreed upon?

## Discussion Points (Cont'd)

**Answer:** The State signed a settlement agreement with UMDNJ and University Hospital on January 28, 2009. The settlement agreement waives recovery of \$23 million of the \$46 million in overpayment. The full federal share of the overpayment has been returned to federal government.

29. When a provider must repay Medicaid, the repayment is recorded as a receivable, and the federal government is generally credited with its share of the receivable. Thus, if Provider X must repay \$1.0 million, the federal government is credited with \$500,000. In most instances, monies will not be collected as the provider files for bankruptcy or is insolvent.

Available information indicates that if the State can document that the monies are uncollectible due to a provider's bankruptcy, etc., the federal government would refund or otherwise credit the State for the federal share of the receivable. Thus, if the State has credited the federal government for the \$7.0 million owed by the Hospital Center at Orange and United Hospitals, the State may be able to recoup these funds.

- **Question:** Has the division examined whether it can recoup monies from the federal government on behalf of providers that are insolvent or filed for bankruptcy?

**Answer:** The Division will seek a refund from the federal government where appropriate.

30. A review of the division's receivables report indicates that the Medicaid program is due money from out-of-State providers, New Jersey hospitals, chain and supermarket pharmacies, and various New Jersey school districts.

As a recovery is initiated based on a provider number, recoveries may not be realized from providers who submit claims infrequently or from providers who have multiple provider numbers.

- **Questions:** What steps will the division take to review the report, determine which providers are active, and contact such providers to initiate a recovery?

**Answer:** The Division, in conjunction with the Office of the Medicaid Inspector General, has reassigned two FTEs to aggressively review the existing list of outstanding receivables with a focus on reassigning liabilities from inactive provider numbers to active provider numbers under the same federal tax identification number. If reassignment is not an option and a provider is unwilling to return payment via a check, the Division will initiate recoveries through liens processes.

31. The division is involved with two disease management programs funded by Eli Lilly:

- Comprehensive NeuroScience (CNS) for clients with mental illness, which is funded through April 2009; and
  - APS for clients in Hudson County with certain chronic medical conditions such as congestive heart failure, which is funded through December 2008.
- **Question:** What is the status of the CNS and APS programs?

## Discussion Points (Cont'd)

**Answer:** Both programs have been extended and are currently running. The contract with Comprehensive NeuroScience was recently extended through December 2009. The contract with APS will also end in December 2009. The details of this and other Disease Management programs are incorporated in the December, 2008 Disease Management Report submitted to the Legislature.

32. The division received a \$4.8 million two-year federal grant to provide alternative services to patients with non-emergencies who present at hospital emergency rooms. Monmouth Medical Center and Newark Beth Israel were selected for the project.

- **Questions:** What is the status of the project? What baseline data will be used to determine the project's success?

**Answer:** Monmouth Medical Center partnered with Monmouth Family Health Center and Newark Beth Israel partnered with Newark Community Health Center. Both partnerships have completed their preparation period and began implementation of the project in early March. Site visits have been conducted at both locations and a steering committee meeting is scheduled for late April. Baseline data will include staffing levels, utilization, services/referrals, peak days and hours.

33. The division received a \$1.5 million federal grant to develop a system to help providers identify areas where Medicaid clients under 21 years of age need follow-up care, immunizations and screening tests.

- **Questions:** What is the status of the project?

**Answer:** In 2007, the Centers for Medicare and Medicaid Services (CMS) awarded the Division of Medical Assistance and Health Services (DMAHS) a Medicaid Transformation Grant (MTG) funded at \$1,516,900 for the development of the NJ Electronic Medical Record for Children (NJ eMEDIC). New Jersey will begin by building an Enterprise Master Client Index (EMCI) and Record Locator Service (RLS). The creation of this Client Registry will allow New Jersey to have an exchange of Medicaid, Immunization and Blood Lead Screening databases with New Jersey's Departments of Health and Senior Service, Children and Families, Managed Care Organizations and the Department of Human Services. A vendor will be selected within the next few months with implementation by March, 2010.

34. The Governor's FY 2010 recommended budget assumes \$10 million in savings through "improved management of prescription drugs."

- **Questions:** What specific management improvements will be undertaken? How much will each improvement save?

**Answer:** The Governor's Recommended Budget requires the Commissioner of Human Services to develop a plan to manage the prescription drug program. Specific improvements will be identified in a plan to be implemented by January 1, 2010.

35. This past winter several supermarket chains offered customers free antibiotic medications.

## Discussion Points (Cont'd)

Medicaid regulations, N.J.A.C.10:51-1.5(c), require that "the maximum charge to [Medicaid]...shall not exceed the provider's usual and customary and/or posted or advertised charge." Thus, Medicaid should not reimburse supermarket pharmacies that fill antibiotic prescriptions for Medicaid patients as non-Medicaid patients can obtain such medications at no cost.

- **Questions:** Is Medicaid currently denying reimbursement to supermarket pharmacies that provide "free" antibiotics to their non-Medicaid patients? If not, will Medicaid reprocess such prescription claims to recoup any reimbursement?

**Answer:** The Division has processes in place to address this specific issue. First, the claim system is designed to capture the usual and customary charge reported by pharmacies on pharmacy claims. This information is used to cap reimbursement at the lower of a pharmacy's usual and customary charge or the calculated Medicaid payment amount.

Second, a list of NDCs of all antibiotics included in free antibiotic programs was compiled and information pertaining to the claims associated with those are being reported on a retrospective basis. Upon complete review of all claims processed for the NDCs and quantities dispensed that meet the criteria for free antibiotics, claims will be reprocessed and payments to those pharmacies recouped. The program has been extended until the end of May 2009 for certain pharmacies. To date the value of this recovery is not significant since all of the drugs in the program are generics and inexpensive (approximately \$3,000).

36. Federal law requires states to operate a drug utilization review board. Though New Jersey has such a board, staff turnover has minimized the board's effectiveness as data are often unavailable and limited analysis of the data are provided. Recent board meetings have been shortened or cancelled due to staff limitations.

- **Questions:** As prescription drugs represent a significant portion of Medicaid spending, what steps are being taken to provide the board with adequate staff to examine prescription drug issues?

**Answer:** DMAHS responds to all requests for information regarding utilization of drugs submitted by the DURB. Often, DMAHS takes the initiative to request recommendations from the Board regarding excessive utilization of drugs by State beneficiaries.

DMAHS has an ongoing relationship with the Board that includes identifying and monitoring utilization trends to determine ways to enhance the State's drug utilization review process.

37. The division recently awarded a 5-year \$300 million (gross) contract for "transportation broker services" to Logisticare Solutions LLC. The cost of these services is part of the recommended \$64.3 million FY 2010 appropriation for Medicaid Transportation Services.

In addition to this appropriation, proposed budget language would permit the transfer of an unspecified amount from the NJ FamilyCare account to provide additional budgetary support for the contract.

## Discussion Points (Cont'd)

- **Questions:** What is the estimated FY 2010 cost of the contract? As the contract was intended, in part, to reduce Medicaid transportation costs, how much is this contract estimated to save over current expenditures?

**Answer:** The vendor will be paid a capitation rate for each client eligible for transportation services each month. Based on current enrollment figures, we estimate payments of \$70 million annually.

38. The division has acknowledged that it is difficult to verify the reported income of NJ FamilyCare applicants who are self-employed.

- **Questions:** Is the division matching its eligibility files against both the State income tax and wage reporting databases maintained by the Departments of the Treasury and Labor and Workforce Development, respectively? How many cases have been identified as a result of such matches?

**Answer:** This past year, the Division initiated a new verification process to identify unreported income. In addition to using pay stubs or labor data, the Division matches all new NJFC applicants against state income tax records and appropriate follow-up action is taken. In addition, the Division matched all NJFC cases against income taxes. As a result, 3 cases have been referred to the Office of the Medicaid Inspector General for investigation. Last, the Division is in the process of doing a similar match of the entire eligibility file, including Medicaid cases processed by the County Welfare Agencies. This tax match has been found to be an excellent tool for the Division.

### DIVISION OF DEVELOPMENTAL DISABILITIES

39. The FY 2010 recommended budget assumes about \$28.6 million in "efficiencies" for the division as follows: Contract Efficiencies - \$21.0 million and Operational Efficiencies - \$7.6 million.

- **Question:** What specific contract and operational efficiencies will be initiated to achieve the \$28.6 million in savings?

**Answer:**

#### **Contract Efficiencies**

In the upcoming months, the Division will continue a review of identifying vacancies in the residential programs. Once an inventory of vacancies has been established, the Division will be able to evaluate the viability of each vacancy and, either force the use of vacancies (for emergency capacity or placement) or eliminate funding where appropriate. Division staff (Regional Assistant Director) will be tasked to determine "suitable" placements in conjunction with the agencies to actively fill all vacancies. Additionally, an analysis of the ongoing contract closeout process will be done to identify under spending in certain 3rd party contracts. Where under spending is found to be historic and systemic, contract ceilings will be reduced to achieve this efficiency.

## Discussion Points (Cont'd)

### Operational Efficiencies

This amount is derived through annualized salary savings and enhanced prior year federal recoveries.

40. Revised Schedule 2 federal Community Care Waiver (CCW) revenues for FY 2009 were increased from \$303.8 million to \$311.3 million. Schedule 2 federal CCW revenues for FY 2010 increase \$3.9 million, to \$315.2 million.

- **Question:** What is the basis for these revenue increases?

**Answer:** The \$7.5 million increase in FY09 anticipated revenues is partly related to the Division's recently approved Community Care Waiver (approved as of October 1, 2008). As a result of the waiver renewal and amendments, DDD is anticipating an additional \$6 million in FY09 CCW revenue resulting from additional services becoming eligible for reimbursement; \$4 million of which is ongoing and \$2 million of which is one time retroactive. In addition to this \$6 million, DDD is also anticipating an increase of \$1.5 million in CCW revenue as a result of serving (and removing) approximately 100 consumers from the Community Services Waiting List.

The \$3.9 million net increase in FY10 is a result of (1) an additional \$377,000 in revenues resulting from the waiver approval, (2) an additional \$2.6 million in revenues resulting from placing people off the Community Services Waiting List, (3) an additional \$4 million in revenues resulting from placing 62 consumers under the Division's Olmstead initiative, (4) a decrease of \$1.5 million for Olmstead annualization, and (5) a decrease of \$2 million for the retroactive adjustment noted above (only carries a FY09 impact).

41. The FY 2008 appropriations act had anticipated approximately \$334.5 million in federal ICF/MR revenues (Schedule 2). Actual FY 2008 ICF/MR revenues were \$313.4 million.

- **Question:** What accounts for the \$21.1 million shortfall in federal ICF/MR revenues for FY 2008?

**Answer:** A reduction in expenses has resulted in a reduction in revenue. One of the major reasons for the decline in ICF revenue is the Division's adherence to the strict staffing guidelines (hiring freeze) in place over the past fiscal year. As a result of this hiring freeze, there has been a direct impact on administrative staffing at (1) the Developmental Centers, (2) DDD's Central Office, and (3) at the Department's Office of Management and Budget. All of these three areas feed into the ICF rates used for claiming that ultimately generate ICF revenue to the Department. The hiring freeze impact, combined with the applicable fringe and indirect rate, has produced a material change in anticipated levels of ICF revenue. The Division has also made an effort to better monitor and reduce overtime, which has caused a reduction in ICF revenue. Plus, as the centers are downsizing, there are fewer people to bill against.

42. Between July 2007 – December 2008, the overall census at the developmental centers was reduced by nearly 200 clients, from over 3,040 to nearly 2,850. The census reduction enabled the division to close buildings at various developmental centers and reassign staff, which has resulted in a reduction in overtime expenditures. In FY 2010, overtime savings of \$1.5 million are assumed due to the closing of five cottages.

## Discussion Points (Cont'd)

The overall census reduction possibly could enable patients from Green Brook to be transferred to other facilities so that Green Brook could be closed.

- **Question:** In view of the overall census reduction, is it feasible to transfer Green Brook clients to other facilities?

**Answer:** Yes, transferring the Green Brook population to other developmental centers is possible. Moving Green Brook's population to other developmental centers could impact the Division's ability to address emergency admissions. With Woodbridge and New Lisbon already closed to admissions, closing Green Brook would leave only four facilities to accommodate this emergency population.

43. Between July 2007 – December 2008, approximately 130 clients were transferred from developmental centers to group homes and other community settings.

- **Question:** Of the approximately 130 clients transferred to community programs, how many were readmitted to a developmental center or to another institutional setting such as a nursing home?

**Answer:** From July 2007 to December 2008, the Division transferred 173 individuals from institutional settings to the community (121 during FY08 and another 52 during the first six months of FY09).

Of those 173 consumers transferred, 4 consumers experienced failed placements resulting in a return to a Developmental Center and 3 are in currently being served in Skilled Nursing Facilities.

44. During the FY 2009 budget hearings, the division had indicated that it would initiate a program to reduce the number of Private Institutional Care placements. Data indicate that the number of clients in Private Institutional Care in both FY 2009 and FY 2010 will remain at 709.

- **Question:** As there has been no overall reduction in the number of such Private Institutional Care, what actions has the division take with respect to this initiative?

**Answer:** At the beginning of 2008, the Division made a concerted effort to accommodate placement in-State and avoid all out-of-State placements, unless otherwise mandated by the court system. So while there is no discernable drop in out-of-State census, based on DDD's rate of growth for out-of-State placements from FY04 (census of 603) to FY08 (census of 770), DDD prevented roughly 90 additional out-of-state placements in FY2010.

In addition, the Division has a major initiative underway called "Returning Home NJ" designed at returning consumers to in-State placements closer to their families. Of the 709 individuals currently out-of-state, 560 are adults with the remainder young adults aging-out of their educational entitlements and children. Between fiscal years 2009 and 2010, the Division is planning to return 15-20 of these adults and age-outs from out-of-state facilities back to placement in New Jersey.

## Discussion Points (Cont'd)

45. Funding for the Real Life Choices (RLC) program for FY 2009 and FY 2010 is approximately \$24.3 million (gross) and will provide services to 650 clients.

The FY 2009 budget had assumed that RLC enrollment would be about 750 clients at an average cost \$32,400 per client. As of December 2008, about 850 clients were involved in RLC.

- **Question:** What are projected FY 2009 RLC expenditures in the aggregate, and on a per capita basis? As the FY 2009 appropriations act was based on 650 persons participating in RLC and there are over 750 persons involved in RLC, are applicants being placed on a waiting list?

**Answer:** There is no waiting list for Real Life Choices (RLC). Projected expenditures in FY09 are expected to approach (1) approximately \$20 million for the 650 consumers in RLC and - per capita cost of approximately \$30,800 (of an average RLC budgeted amount of \$44,500) and (2) approximately \$4 million for the 200 consumers either self directing their day service placement or in the process of transitioning to a Self Directed Day Service program (SDDS) – per capita cost of approximately \$20,000.

The FY10 Governor's Budget continues RLC funding at \$24.3m (gross) for the 650 consumers currently enrolled in the RLC program (consumers receive a vast array of services) and 200 consumers electing to self direct their day program only (a single service).

46. Proposed budget language would allow \$4.0 million of the \$48.8 million (gross) Home Assistance appropriation to be used for clients on the division's Community Care Waiting List. Though the use of \$4.0 million is classified as providing "new placements," many of the clients who receive Home Assistance are already on the division's Community Care Waiting List.

- **Question:** Of the clients who receive Home Assistance, how many are on the Community Services Waiting List?

**Answer:** Of the 27,689 consumers eligible for Family Support, 3,668 appear in the Priority Category of the Community Services Waiting List. Data on how many consumers are present in the General Category of the Community Services Waiting List is not available at this time.

47. The FY 2009 appropriations act assumed that Adult Activity Services would be provided to 9,100 clients. Revised data indicate that 8,900 clients will receive services.

- **Question:** What accounts for the reduction in the number of persons receiving such services?

**Answer:** This is not a reduction in consumers receiving services from the Adult Activity program, simply a reduction in unused contracted capacity. This reduction is a result of an exhaustive statewide reconciliation of all Adult Activity contracts for (1) level of service and (2) utilization. If an agency was found to have a history of funded but vacant capacity, their contract was reduced to levels where capacity meets

**Discussion Points (Cont'd)**

enrollment (no vacancy). Currently, contract modifications are occurring to permanently reduce these contracts and as a result, \$2 million in savings will be achieved.

48. Budget language is proposed to allow the Aspergerer's Syndrome Pilot Program to carry forward any unexpended funds. Available information is that none of the original FY 2008 appropriation of \$300,000 has been expended to date.

- **Question:** What is the status of the project?

**Answer:** As a result of the latest Request for Proposal process, the National Institute for Persons with Disability has qualified for Aspergers Syndrome Pilot Program funding. The spending plan associated with the award has been approved and the agency is currently working with the Division's fiscal office to expedite payment of the funds. Due to the timing delays in awarding the funds, NIPD is slated to receive \$150,000 of the funding in current fiscal year and the remaining \$150,000 in FY10 - hence the need for the carry forward language provision.

**COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED**

49. The FY 2010 recommended appropriation for the Commission for the Blind and Visually Impaired (CBVI) is reduced by \$500,000 for "operational savings."

- **Question:** What specific operational efficiencies will CBVI initiate?

**Answer:** The Division will institute the following efficiencies: purchase office products on an as-needed basis and eliminate excess vision aid inventory, bid out computer hardware maintenance contracts, eliminate one-time classified ad savings, shift volunteer monitoring contract to non-state funds, and defer equipment purchases.

50. The organization that operates Camp Marcella contracted with another agency to use the facility. Hence, funding for Camp Marcella is not continued in FY 2010.

- **Question:** Does CBVI have sufficient capacity within the other summer programs it operates to accommodate clients who may have participated in the Camp Marcella program?

**Answer:** Yes. Four summer 2009 recreational programs for children and their parents are currently scheduled. These events will focus on recreation, independence, socialization and instruction. To date, 450 children and parents are registered to attend.

**DIVISION OF FAMILY DEVELOPMENT**

**Discussion Points (Cont'd)**

51. In FY 2008, the division estimated federal Temporary Assistance to Needy Families (TANF) Block Grant revenues (Schedule 2) at \$436.7 million. Actual FY 2008 federal TANF revenues were \$417.8 million.

- **Questions: What accounts for federal TANF revenues being \$18.9 million less in FY 2008 than anticipated?**

**Answer:** Child care expenses for FY 2008 were approximately \$16 million less than originally anticipated. The remaining \$2.9 million primarily reflects under-spending in the TANF information technology account due to a delay in implementing the Consolidated Assistance and Support System (CASS) project. (See question #53)

52. The American Recovery and Reinvestment Act of 2009 created a Emergency Contingency Fund as part of the federal TANF program. Federal (Schedule 2) TANF funds are estimated at \$455.5 million in FY 2010.

- **Question: Of the \$455.5 million, how much represents TANF Emergency Contingency Funds? If none of the \$445.5 million represent TANF Emergency Contingency Funds, does the division anticipate drawing upon such monies during FY 2009?**

**Answer:** None of the \$455.5 million in TANF funds shown under Federal Schedule 2 include the \$202 million available to New Jersey under the ARRA TANF Emergency Contingency Fund. The ARRA creates a TANF Emergency Contingency Fund to assist states with increased caseloads and expenditures. This provision allows states to access funds when their TANF caseload for a particular quarter exceeds that same quarter in FFY 2007 or 2008. We are awaiting additional federal guidance regarding these funds, however, a 20% State match is required for any drawdown. An estimated \$50 million would be required to drawdown \$202 million, the maximum amount available.

53. A Request for Proposal to develop and implement a new welfare/food stamps computer system known as the Consolidated Assistance and Support System (CASS) is currently under review. No contract has been awarded due to appeals and other concerns.

- **Questions: What is the status of the CASS project? What is the projected gross cost to implement CASS?**

**Response:** A Letter of Intent to Award was issued to EDS to implement CASS on August 1, 2008. Following resolution of an appeal, the implementation contract was finalized and submitted for prior approval by our federal partners on February 6, 2009.

**Gross Costs (FY09 – FY14)**

Implementation vendor (EDS) \$90.0 million  
Quality Assurance vendor (Maximus) \$11.6 million  
Salary/Other \$21 million  
Projected gross cost: \$122.6 million

54. During Fall 2007, the division implemented "e-timesheet" to verify hours of attendance in TANF work activities for purposes of determining the State's Work Participation Rate (WPR).

**Discussion Points (Cont'd)**

Since October 2007, no formal WPR data has been published as “numerous end-users have encountered some initial difficulties in adjusting to [the timesheet].” Notwithstanding these difficulties, WPR data are likely being made available to federal authorities.

- **Question: What is the WPR for the State and for individual counties since October 2007?**

**Answer:**

**Work Participation Rates—County and State by Month**

Month	ATLANTIC	BERGEN	BURLINGTON	CAMDEN	CAPE MAY	CUMBERLAND	ESSEX
Oct-07	14.0%	10.8%	13.0%	14.1%	14.9%	19.7%	14.1%
Nov-07	13.1%	12.2%	14.8%	14.4%	17.3%	17.3%	14.8%
Dec-07	14.7%	8.7%	11.3%	13.0%	16.0%	15.2%	14.0%
Jan-08	14.2%	11.9%	14.2%	14.8%	13.2%	17.1%	15.8%
Feb-08	17.0%	14.7%	15.6%	15.2%	15.4%	17.8%	16.6%
Mar-08	16.9%	13.4%	15.4%	16.1%	12.7%	16.6%	16.4%
Apr-08	15.7%	15.8%	19.3%	18.2%	16.0%	18.7%	19.1%
May-08	14.7%	15.6%	19.4%	16.8%	17.4%	17.9%	18.8%
Jun-08	14.7%	14.5%	16.5%	16.6%	18.4%	18.2%	16.8%
Jul-08	14.9%	14.3%	19.0%	16.4%	16.7%	19.8%	17.5%
Aug-08	15.5%	14.5%	17.0%	14.6%	15.0%	17.5%	15.8%
Sep-08	17.8%	17.2%	19.5%	16.7%	25.1%	18.5%	16.1%
Oct-08	14.4%	16.1%	20.0%	18.2%	20.7%	19.5%	18.7%
Nov-08	12.2%	16.1%	17.0%	15.3%	15.7%	18.0%	16.7%
Dec-08	14.2%	17.2%	17.9%	16.0%	13.7%	18.8%	17.8%
Jan-09	12.8%	15.2%	17.6%	15.2%	12.1%	17.0%	16.3%
Feb-09	13.2%	17.1%	20.6%	18.4%	13.8%	18.9%	19.0%

Month	GLOUCESTER	HUDSON	HUNTERDON	MERCER	MIDDLESEX	MONMOUTH	MORRIS
Oct-07	21.2%	17.7%	16.1%	18.7%	18.3%	21.9%	16.2%
Nov-07	16.4%	16.2%	11.3%	19.0%	17.9%	21.7%	18.3%
Dec-07	16.9%	15.5%	16.7%	16.7%	16.5%	18.4%	15.6%
Jan-08	17.8%	18.2%	20.0%	16.8%	22.5%	19.9%	18.6%
Feb-08	16.5%	19.2%	19.2%	16.4%	20.7%	18.0%	16.1%
Mar-08	15.6%	18.0%	21.8%	17.7%	19.4%	19.2%	13.6%
Apr-08	17.3%	21.8%	16.1%	20.0%	21.2%	19.4%	13.1%
May-08	18.6%	20.8%	18.5%	19.5%	21.1%	22.3%	16.8%
Jun-08	17.8%	20.8%	17.9%	18.3%	19.3%	20.2%	14.2%
Jul-08	16.2%	19.5%	23.2%	17.6%	18.8%	21.3%	16.0%
Aug-08	15.7%	17.2%	12.3%	15.8%	16.7%	20.4%	15.4%
Sep-08	17.3%	18.4%	16.9%	15.9%	18.1%	21.7%	16.7%
Oct-08	17.7%	19.5%	23.4%	15.7%	17.7%	24.0%	20.6%
Nov-08	17.0%	17.7%	26.9%	15.2%	14.8%	19.9%	10.5%

**Discussion Points (Cont'd)**

Dec-08	15.9%	19.3%	23.5%	14.5%	17.5%	19.5%	15.2%	
Jan-09	12.1%	19.5%	26.8%	12.9%	16.5%	19.9%	20.9%	
Feb-09	13.7%	22.2%	27.6%	16.1%	19.1%	20.2%	23.2%	
Month	OCEAN	PASSAIC	SALEM	SOMERSET	SUSSEX	UNION	WARREN	STATE
Oct-07	20.6%	12.9%	16.6%	23.7%	20.9%	15.9%	14.4%	17.97%
Nov-07	16.3%	13.5%	17.1%	18.7%	15.5%	16.9%	18.7%	17.80%
Dec-07	14.0%	12.3%	15.7%	17.9%	15.1%	15.0%	19.3%	16.37%
Jan-08	17.3%	12.8%	17.4%	25.9%	18.9%	16.1%	20.5%	18.49%
Feb-08	14.0%	13.8%	17.4%	21.4%	20.5%	16.3%	19.0%	19.20%
Mar-08	14.1%	12.6%	15.7%	20.7%	20.9%	14.6%	16.6%	18.77%
Apr-08	19.5%	13.7%	19.8%	23.7%	21.3%	17.7%	14.7%	21.62%
May-08	19.3%	13.6%	21.3%	20.1%	21.8%	17.4%	15.0%	21.21%
Jun-08	17.4%	14.7%	21.0%	20.5%	23.5%	17.4%	18.7%	20.07%
Jul-08	18.4%	13.5%	22.3%	23.2%	21.4%	15.6%	19.2%	20.06%
Aug-08	17.1%	12.8%	18.6%	19.7%	13.4%	13.6%	17.9%	18.08%
Sep-08	21.0%	14.8%	19.9%	19.7%	17.8%	14.7%	17.8%	19.62%
Oct-08	20.0%	19.7%	20.3%	17.9%	20.7%	16.7%	17.7%	21.30%
Nov-08	17.1%	17.6%	18.5%	19.5%	17.2%	14.9%	20.2%	19.02%
Dec-08	15.8%	18.5%	18.4%	17.0%	18.8%	19.9%	15.2%	20.45%
Jan-09	15.1%	17.8%	15.6%	19.2%	15.0%	18.2%	13.0%	19.01%
Feb-09	16.7%	22.3%	19.3%	22.5%	8.6%	22.2%	13.8%	22.14%

55. P.L.2007, c.97 adopted a new policy intended to streamline the process for imposing sanctions for non-compliance with work participation requirements on persons participating in WorkFirst New Jersey (WFNJ). For General Assistance (GA) recipients, the policy became effective July 1, 2008, and for TANF recipients, August 1, 2008.

- **Question:** In comparison to the July – December 2007 period, how many GA recipients were sanctioned? In comparison to the August – December 2007 period, how many TANF recipients were sanctioned?

**Answer:**

<b>General Assistance Cases Sanctioned</b>			
<i>by Sanction</i>			
<i>Start Date</i>			
Sanction	Count Of	Sanction	Count Of
Start Date	Case Number	Start Date	Case Number
Jul-07	795	Jul-08	666
Aug-07	542	Aug-08	597
Sep-07	789	Sep-08	636
Oct-07	702	Oct-08	728
Nov-07	686	Nov-08	643
Dec-07	841	Dec-08	629
<b>Total:</b>	<b>4,355</b>		<b>3,899</b>

**Discussion Points (Cont'd)**

Aug-07	1,394	Aug-08	1,874
Sep-07	1,583	Sep-08	3,147
Oct-07	1,909	Oct-08	4,389
Nov-07	1,995	Nov-08	4,347
Dec-07	1,669	Dec-08	4,481

56. The Division of Family Development has implemented various programs to assist recipients of Work First New Jersey.

One such program is the TANF Initiative for Parents (TIP) program, which provides in-home visitation, nutritional, and support services to all new TANF mothers to promote healthy child development and family functioning. Data are not available to evaluate the program's effectiveness.

- **Question:** How does the division determine if the program is cost effective and achieving its purpose?

**Answer:** In SFY 2008-09, the TIP program was integrated with the Department of Children and Families, Division of Prevention and Community Partnership (DCF-DPCP) Healthy Families (HF) Home Visitation programs into the "Healthy Families – TIP" based on the nationally recognized, research based HF model. As a result of this integration, utilization increased from 991 to 1159, as of Feb 2009.

This collaboration has allowed more families to access services, maximize home visitation funding, reduce duplication, and standardize services. Since 2006, there has been a steady increase in utilization of this service, as detailed below.

SFY	Expected Utilization	Actual Utilization	Program
2006-07	1000 TANF	991 TANF	TIP only
2007-08	1000 TANF	1038 TANF	TIP only
2008-09	1020 TANF	1159 TANF (2.28.09)*	TIP-HF Integrated

In 2009, DCF-DPCP was awarded a "Supporting Evidence-Based Home Visitation Program to Prevent Child Maltreatment" grant from the federal Administration on Children and Families (ACF) to evaluate New Jersey's Home Visitation programs.

National research on Home Visitation does suggest that families who receive these services show improvements with child health and wellbeing outcomes, maternal health outcomes, and positive parent-child interactions, which is believed to reduce the risk of child maltreatment.

Additionally, beginning in SFY 2010, a 3-year federally funded independent evaluation will be conducted of this program.

57. The Supportive Assistance to Individuals and Families (SAIF) program provides services to WFNJ recipients who have received benefits for 60 months or more and who are not exempt

**Discussion Points (Cont'd)**

from the 60-month time limit on benefits. Eligible recipients may receive cash assistance for up to 24 additional months. Intensive case management services are provided by a private vendor who determines whether a recipient could be eligible for an exemption from the 60-month time limit and helps clients not eligible for an exemption to transition off public assistance.

- **Question:** In FY 2008, how many recipients participated in SAIF? Of those that participated, how many were eligible for an exemption? Of those not eligible for a exemption, how many were able to transition off public assistance and obtain employment? How much was expended on each SAIF vendor? What administrative costs did counties and the division incur?

**Answer:** In FY 2008, there were a total number of 3,116 participants enrolled in the SAIF program, (1,011 were GA recipients; and 2,105 were TANF recipients). Of the 3,116 SAIF clients, 815 were exempted from the time limit, 360 closed due to employment, and the balance closed for a variety of other reasons, including non-cooperation with the SAIF program. The Department contracts with nine vendors (Mercer County BSS subcontracts with Union County) for a total of \$5,096,984 to provide intensive case management statewide. SAIF referrals are a component of the overall case management function at the CWAs. We cannot determine the county administrative costs related to SAIF since there is not a separate identifier for SAIF in the county cost allocation plan. There is one full time state employee who spends approximately 75% of her time on the SAIF program, and a supervisor that has oversight over the SAIF program accounting for perhaps 10% of her time.

Total DFD administrative costs are estimated to be about \$93,000 in salary and fringe benefits.

AGENCY	AWARD
	AMOUNT
Care Plus	\$484,686
Catholic Charities - Camden	\$425,576
Catholic Charities - Newark (35%)	\$662,007
Essex DTE (35%)	\$662,007
New Community Corporation (30%)	\$567,435
Family Services Association	\$153,680
Hudson County CWA	\$756,582
Mercer County BSS	\$557,499
Newark Emergency Services (GA)	\$827,512
<b>TOTAL</b>	<b>\$5,096,984</b>

58. Pursuant to P.L.2004, c.39, the division implemented Smart Steps, which assists certain recipients of Work First New Jersey benefits in obtaining additional higher education on a full-time basis.

## Discussion Points (Cont'd)

- **Question:** Since the program's inception, how many WFNJ recipients have participated in Smart Steps? How many have completed a two or four-year degree program? How many are currently employed and no longer on WFNJ?

**Answer:** This is a Department of Labor and Workforce Development program. Commissioner Socolow is providing a written response to this question.

59. The division provides federal TANF funds to the Departments of Community Affairs and State for various programs to assist WFNJ recipients. Available information indicates that the two departments do not provide the division with timely fiscal and program information to assess expenditures or the program's effectiveness.

- **Question:** How does the division evaluate the effectiveness of the programs to determine whether the programs should be continued?

**Answer:** The Division receives both Quarterly Expenditure and Programmatic reports from the Department of Community Affairs for the administration of the Individual Development Account (IDA) program. Reporting procedures are detailed in a Memorandum of Understanding between our two agencies. Thus far, of the \$2 million allocated in the IDA enabling legislation, approximately one million dollars has been expended to assist WFNJ recipients. From 2007 to 2008, we have seen a 66% increase in expenditures, which would indicate that more and more low-income families have been able to take advantage of this program, which helps families purchase homes, pursue education, and start their own business by matching savings dollar for dollar. This program is mandated via state statute.

Monthly, the Department of State provides the Division with reports from all eleven Community and Faith-based organizations engaged in the Sanction Outreach Initiative. The report details each vendor's outreach efforts to approximately 1,000 WFNJ recipients monthly. The sanction outreach initiative goals are to assist, educate, and inform clients of the new sanction policies and regulations; and, provide guidance to help them cure their sanction and/or resolve their problems before they lose their welfare benefits. The division will utilize sanction data to evaluate the effectiveness of the initiative. Since the goal of the sanction process is to reengage clients in work activities, the outcome should result in fewer cases closing due to sanction.

60. The FY 2009 appropriations act reduced the income eligibility for free wrap-around child care services in certain school districts from 300% to 250% of the federal poverty level. The division had estimated that over 1,300 children would not qualify for free services due to the income eligibility change.

- **Question:** How many children were actually affected by the income eligibility change?

**Answer:** Monthly statistical reports documenting the number of children enrolled in Abbott wrap around child care indicate that in September 2007, 29,392 children were determined eligible for subsidy services and 39,116 children were determined eligible in September 2008. The lower number for September was

## Discussion Points (Cont'd)

attributed to a slow response for families due to the requirement to provide income verification; however, by October 2007 32,647 children were enrolled.

The number of children enrolled has consistently increased each year despite the biennial turnover of children and changes that have been implemented that require means testing of families.

61. The FY 2010 recommended budget imposes a co-payment for “wrap-around” child care services for families who reside in school districts that received pre-school expansion aid in FY 2008, with incomes of between 175% and 250% of the federal poverty level. Available information is that 28 districts received such aid, but that Gloucester City, Keansburg and Neptune, former Abbott Districts, did not receive such assistance.

- **Question:** How many children will be affected by this policy? As Gloucester City, Keansburg and Neptune did not receive pre-school expansion aid in FY 2008, are children in these school districts eligible for “wrap-around” child care services? If so, are such children exempt from the co-payment policy?

**Answer:** Approximately 3,200 children would be subject to this change in policy.

According to the Department of Education, these three districts continue to be Abbott Districts. As a result, families with children enrolled in Abbott preschool programs in Gloucester City, Keansburg and Neptune remained eligible to receive wrap around child care with no assessed co-pay fees in FY '08 and '09. The following statistics reflect the number of children in these districts that are enrolled in the wrap around child care program as of February, 2009:

Gloucester City:	69
Keansburg	99
Neptune	156

62. The FY 2009 appropriations act assumed that an average of 70,800 children per month would receive child care services. Revised FY 2009 enrollment data indicate 64,140 children will receive child care services monthly, and in FY 2010 the number will be reduced to 63,760 children per month. The reduction in the number of children receiving child care services occurs despite an additional \$29.5 million in federal funds provided by the American Recovery and Reinvestment Act of 2009.

- **Question:** What accounts for the reduction in the number of children who receive child care services despite an increase in federal funds made available for this service?

**Answer:** In November 2007, the Division changed its methodology of counting Child Care recipients from a duplicated count of payments each month to the number of children eligible for Child Care Services in each month. This change resulted in the decrease of children between the FY 2009 & FY 2010 Budget Evaluation Data presentations. Regarding the additional federal funds, the evaluation data did not reflect the additional Child Care funds available through the American Recovery & Reinvestment Act pending completion of a spending plan for the limited-duration federal funds.

**Discussion Points (Cont'd)**

63. In addition to a \$2.9 million contract with Legal Services of New Jersey, private attorneys may assist persons in applying for SSI benefits. Such attorneys receive a portion of the initial SSI retroactive check. To date, there does not appear to be an assessment as to which form of legal assistance qualifies more people for SSI benefits.

- **Question:** During FY 2007 and FY 2008, how many persons became eligible for SSI benefits through the efforts of private attorneys as compared to the efforts of Legal Services of New Jersey?

**Answer:** In 2007 LSNJ approved 2% more cases than Private Attorneys and 2008 LSNJ approved 15% more cases than Private Attorneys.

**Persons who became eligible for SSI through private attorney's for calendar years:**

CY 2007 419  
 CY 2008 430

**Statistics from LSNJ**

**WELFARE STATUS ON CASES APPROVED FOR BENEFITS 2007**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year to Date
GA	26	32	32	21	23	34	18	23	26	19	33	24	311
TANF	9	10	12	9	8	5	13	12	11	11	8	8	116
<b>TOTAL</b>	<b>35</b>	<b>42</b>	<b>44</b>	<b>30</b>	<b>31</b>	<b>39</b>	<b>31</b>	<b>35</b>	<b>37</b>	<b>30</b>	<b>41</b>	<b>32</b>	<b>427</b>

**WELFARE STATUS ON CASES APPROVED FOR BENEFITS 2008**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Year to Date
GA	21	29	26	32	18	38	31	29	37	42	31	28	362
TANF	11	7	8	13	16	13	12	11	10	21	14	8	144
<b>TOTAL</b>	<b>32</b>	<b>36</b>	<b>34</b>	<b>45</b>	<b>34</b>	<b>51</b>	<b>43</b>	<b>40</b>	<b>47</b>	<b>63</b>	<b>45</b>	<b>36</b>	<b>506</b>

64. Under the Set-off of Individual Liability (SOIL) program, N.J.A.C.18:35-10, the State may recapture WFNJ or Supplemental Nutrition Assistance Program (food stamps) benefits. County or municipal welfare agencies may submit the name of former recipients of such benefits to the Department of the Treasury to have the recipients' Gross Income Tax refund or Homestead Rebate withheld and refunded to the State.

- **Question:** In FY 2008, how many cases were forwarded to Treasury and how much was recovered?

**Answer:** There were 13,057 WFNJ or Supplemental Nutrition Assistance Program (food stamp) debts added to the Treasury Set-Off Individual Liability (SOIL) system in FY 2008.

**Discussion Points (Cont'd)**

There are 123,922 active WFNJ or Supplemental Nutrition Assistance Program (food stamps) debts on the Treasury system. The following amounts were recovered during FY 2008:

QUARTER ENDING	AMOUNT COLLECTED
September 2007	\$1,887,384.48
December 2007	\$48,459.55
March 2008	\$87,948.12
June 2008	\$2,432,698.28
<b>TOTAL</b>	<b>\$4,456,490.43</b>

65. The FY 2010 recommended appropriation for Work First New Jersey – Client Benefits of \$117.8 million (gross) assumes average monthly caseloads of 98,200. In December 2008, the caseload was 97,800.

- **Question:** In view of the current caseloads, what is the basis for the 98,200 estimate?

**Answer:** Despite the recent decline in TANF caseloads, it was considered prudent to include a nominal increase to the caseload for FY 2010 in acknowledgement of the worsening economic news on both the State and national levels. The FY 2010 request represents a less than 1% increase above the FY 2009 year-to-date average recipients (through preliminary April figures).

66. Of the \$92.8 million recommended FY 2010 appropriation for Payments for Supplemental Security Income, approximately \$14.1 million is for burial expenses. FY 2009 expenditure data indicate that burial costs will be about \$12.7 million.

- **Question:** Can the recommended appropriation be reduced, as actual burial costs are about \$1.4 million below the FY 2010 estimate?

**Answer:** The Division’s current projected expense for FY 2009 burials is \$13.9 million based on expenses through April totaling approximately \$11.4 million. The FY 2010 amount of \$14.1 million allows for a modest 1.4% increase over currently projected FY 2009 costs. In light of more recent expense data, it is premature to reduce the FY 2010 request.

67. The recommended appropriation for Food Stamp Administration – State is increased from \$8.6 million in FY 2009 to \$17.2 million in FY 2010, based on the assumption that counties will require more financial assistance to meet program costs.

- **Question:** Please provide a breakdown as to which counties will receive assistance, the amount of assistance they will receive, and the amount of county funds each county will expend for Food Stamp administration.

**Answer:** The \$8.6 million increase in funding will be used to offset county administrative costs associated with expanding food stamp categorical eligibility for up

**Discussion Points (Cont'd)**

to 35,000 households in New Jersey from 130% to 185%. Since state regulations need to be adopted as well as FAMIS database system changes required to do the benefit calculation, this program will become operational around October 1, 2009. Since county funding to administer the food stamp categorical eligibility program is not necessary until then, we can provide you with a breakout of the county allocations under separate cover.

68. The division provides financial assistance to county welfare agencies related to child support administrative costs. This assistance stemmed from a federal policy that precluded counties from using federal child support incentive funds to supplant local expenditures.

The American Recovery and Reinvestment Act of 2009 reversed this federal policy. As such, counties may again be able to use federal child support incentive funds for county administrative costs.

- **Question:** Can the \$9.5 million in assistance provided by the State to the counties for this purpose be reduced or eliminated?

**Answer:** No. Under a March 26, 2009 Action Transmittal issued by the federal Administration for Children and Families, states were specifically advised to comply with the requirements of Section 458f of the Social Security Act and CFR 305.35 regarding the reinvestment of child support incentive funds. These federal regulations specifically mandate the use of incentive payments to supplement and not supplant other funds used by a state.

**DIVISION OF ADDICTION SERVICES**

69. The Division of Addiction Services was expected to initiate six audits during FY 2008.

- **Question:** How many audits were actually conducted and completed? How much, if any, funds were recovered? How many audits are being initiated during FY 2009?

**Answer:**

14 audits were initiated in SFY 2008 by DHS OOA. 10 were completed; \$163,000 has been identified as potential recovery.

26 audits were initiated in FY 2009. Of these, six have been completed.

70. To minimize or eliminate possible double billing between services funded by the division and similar services provided by other divisions, an "encounter module" was to be added within NJ-SAMS, the division's management information system.

- **Question:** Has the "encounter module" been implemented? If so, how much in potential duplicate billings have been avoided?

**Answer:** DAS has successfully constructed and begun the roll-out of the encounter module, which enhances DAS's ability to track individual services and to

## Discussion Points (Cont'd)

generate provider claims. It has been rolled out for two initiatives, the co-occurring network and the needle exchange treatment initiative. It will be implemented for some Drug Court services by July 1, 2009.

Once the encounter module is utilized uniformly throughout the entire DAS system and cross-referenced with Medicaid claims data, opportunities for double-billing on the part of providers will be minimized.

71. The division contracted with a private vendor to secure Medicaid reimbursement for administrative costs incurred by substance abuse providers on behalf of Medicaid recipients. Approximately \$1.0 million in federal Medicaid administrative reimbursement had been anticipated.

- **Question:** What is the status of the initiative? How much, if any, Medicaid reimbursements have been realized?

**Answer:** Treasury contracted with Maximus in 2007 to secure additional revenue through Medicaid Administrative Claim. Maximus predicted over \$1 million in claims for the 20 participating agencies. Treasury subsequently contracted with a new vendor before claims were filed under Maximus. The new vendor projects revenue of approximately \$400,000 for FY09 for the remaining 15 providers. Treasury agreed that the participating vendors share 25% of any realized amounts. The first quarter claim is expected to be filed shortly.

### DIVISION OF MANAGEMENT AND BUDGET

72. The Personal Services account within Administration and Support Services is reduced by \$600,000.

- **Question:** What impact will this reduction have on overall operations?

**Answer:** This reduction represents the annualized cost of reducing the DMB share of clerical positions within the department. The department has been able to re-prioritize and consolidate the workload of our staff in order to absorb this reduction without any adverse impact on operations. However, further reductions to our staffing levels will jeopardize the department's ability to carry out its core missions.

73. Overtime has been an ongoing concern within the Institutional Security Services (Human Services Police) program. Of the \$7.8 million recommended appropriation for this program in FY 2010, \$7.5 million is for Personal Services.

- **Question:** How much of the \$7.5 million recommended appropriation for Personal Services of the Human Services Police is for overtime? What specific steps have been taken to reduce overtime costs? How successful have those efforts been?

**Answer:** In FY10, the \$7.5 million recommended appropriation includes \$1.9 million for Human Services Police overtime.

**Discussion Points (Cont'd)**

All Department of Human Services Police overtime has been tracked by each pay-period for the last three years. Every overtime detail must be approved and validated by a supervisor. When overtime is worked, it is categorized by type and tracked by station / location. Overtime is worked based on need only.

The Department of Human Services Police is a twenty-four hour a day, seven day a week public safety / law enforcement agency with minimum staffing levels required at each station based on the needs of the facilities within the geographical area that is being served by the specific station / office.

In 2008 the Department of Human Services Police overtime costs were \$3.1 million; DCF accounted for \$1.2 million and DHS accounted for \$1.9 million.

In 2007 the Department of Human Services Police instituted the following Overtime Reduction Action Plan:

- *Establishment of a Police Personnel Recruitment Unit in order to attract and retain stronger career minded personnel – reducing personnel turn-over;*
- *In conjunction with the Department of Personnel, instituted Promotional Personnel Hiring throughout State Government, we now advertise and hire personnel who are already state of New Jersey employees and have already made an investment in their careers – reducing personnel turn-over;*
- *Reduced minimum manpower coverage's at the four state psychiatric facilities from 3 personnel to 2 personnel;*
- *Instituted a state-wide centralized communications dispatch center eliminating the need to have personnel at the stations providing dispatching services;*
- *Instituted accountability measures within the rank and file relating to overtime, requiring prior approval by a supervisor and documentation on the permanent time record;*
- *Instituted weekly staff meeting with the District Lieutenants and the DCF Sergeants where overtime is discussed and reviewed on a weekly basis; and*
- *All scheduled overtime is now reviewed based on the need and whether or not it can wait until ample personnel are on regular duty.*

As a result, the following overtime reduction in hours has been noted:

2006 Overtime Hours 82,181.8

2007 Overtime Hours 73,423.5      -8,758.3 hours from 2006; a reduction of \$450,000

2008 Overtime Hours 68,973.3      -13,208.5 hours from 2006 or \$678,000 compared to 2006

**Discussion Points (Cont'd)**

*The initiatives as outlined above have shown to be a successful endeavor in the reduction and controlling of overtime usage. In order to maintain this trend, staffing levels need to remain at the current level.*

74. Within the overall Services Other Than Personal account, recommended appropriations for miscellaneous Services Other Than Personal expenses increase by about \$700,000, from \$4.7 million in FY 2009 to \$5.4 million in FY 2010.

- **Question:** What accounts for the \$700,000 increase and what specific costs will be incurred?

**Answer:** This increase relates to the biennial cost of certain maintenance contracts required in order to support our primary computer software programs.

75. A FY 2009 supplemental appropriation for \$1.2 million is anticipated to pay Maximus.

In 2007, Maximus entered into a deferred prosecution agreement with the federal government concerning its consulting work in another jurisdiction. Available information is that Maximus subsequently discontinued the type of work that was the subject of the agreement.

- **Question:** Is this supplemental appropriation still necessary, and if so, why?

**Answer:** This supplemental is needed because Maximus continues to administer the Contributions to Care program for DDD clients, which generates \$45 million annually in fee revenue for the state.

76. Approximately \$100,000 is recommended for the Health Care Billing System in FY 2010. As most of the system is to be completed in FY 2009, the need for additional funding in FY 2010 may not be warranted.

- **Question:** Can the recommended appropriation be reduced or eliminated?

**Answer:** The recommended appropriation is needed in FY 2010 to complete the development and implementation of the new system. Although a substantial amount of work on the system has been completed to date, it is estimated that it will take until December 2009 to complete all system work. This work includes completing the remaining programming, data conversion, system testing, system documentation, and the development of user manuals and training.