

# ASSEMBLY, No. 4336

## STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED AUGUST 27, 2018

**Sponsored by:**

**Assemblyman DANIEL R. BENSON**

**District 14 (Mercer and Middlesex)**

**Assemblywoman CAROL A. MURPHY**

**District 7 (Burlington)**

**Assemblywoman VALERIE VAINIERI HUTTLE**

**District 37 (Bergen)**

**Co-Sponsored by:**

**Assemblymen Johnson and Dancer**

**SYNOPSIS**

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

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 5/24/2019)**

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

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

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

**45 DEPARTMENT OF HEALTH**

*20 Physical and Mental Health*

*23 Mental Health and Addiction Services*

**GRANTS-IN-AID**

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

**Grants:**

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

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

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

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36 2. This act shall take effect immediately.

STATEMENT

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

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

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

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