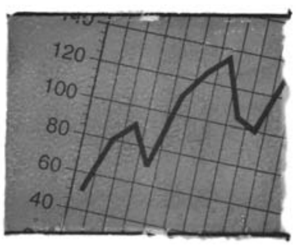


ANALYSIS OF THE NEW JERSEY BUDGET

DEPARTMENT OF HUMAN SERVICES

FISCAL YEAR 2009 - 2010

PREPARED BY OFFICE OF LEGISLATIVE SERVICES
NEW JERSEY LEGISLATURE • APRIL 2009

NEW JERSEY STATE LEGISLATURE

This report was prepared by the Human Services Section of the Office of Legislative Services under the direction of the Legislative Budget and Finance Officer. The primary author was Jay A. Hershberg.

Questions and comments may be directed to the OLS Human Services Section (Tel. 609-292-1646) or the Legislative Budget and Finance Office (Tel. 609-292-8030).

DEPARTMENT OF HUMAN SERVICES

Budget Pages.......	C-6, C-14, C-22; D-175 to D-228; G-3 to G-4

Fiscal Summary ($000)

	Expended FY 2008	Adjusted Appropriation FY 2009	Recommended FY 2010	Percent Change 2009-10
State Budgeted	$5,065,058	$4,958,236	$4,592,365	(7.4%)
Federal Funds	3,960,402	4,519,014	5,242,265	16.0%
Other	834,228	679,401	657,891	(3.2%)
Grand Total	$9,859,688	$10,156,651	$10,492,521	3.3%

Personnel Summary - Positions By Funding Source

	Actual FY 2008	Revised FY 2009	Funded FY 2010	Percent Change 2009-10
State	10,810	10,665	10,728	0.6%
Federal	4,827	4,729	4,780	1.1%
Other	63	60	62	3.3%
Total Positions	15,700	15,454	15,570	0.8%

Actual payroll counts are reported for fiscal year 2008 as of December and revised fiscal year 2009 as of January. The Budget Estimate for fiscal year 2010 reflects the number of positions funded.

Key Points

Division of Mental Health Services

- **Direct State Services.** Recommended funding for Division of Mental Health Services (DMHS) Administration and Support Services and the State Psychiatric Hospitals will decrease by nearly $11.5 million, from $315.9 million to $304.4 million as follows:

DMHS Administration and Support Services decrease by over $0.4 million, from $13.3 million to $12.9 million reflecting the following reductions: Personal Services ($300,000); and Governor's Council on Mental Health Stigma ($140,000).

Psychiatric Hospitals appropriations decrease by about $11.1 million, from $302.6 million to $291.5 million. This reduction is offset by $16.4 million in additional federal revenues.

Key Points (Cont'd)

The FY 2010 census of the five psychiatric hospitals is largely unchanged from FY 2009 levels at 2,035 patients.

- Grants-in-Aid funding increases $12.2 million, from $328.7 million to $340.8 million as follows: Community Care - $5.8 million increase, to $276.0 million; Olmstead Support Services - $6.4 million increase, to $46.7 million. (Approximately $8.3 million of the Community Care FY 2009 adjusted appropriation and $1.3 million of the Olmstead Support Services FY 2009 adjusted appropriation are in reserve and may not be expended. To the extent that these monies are not spent, the actual increase in spending would be greater than $12.2 million.)

- State Aid reimbursement to six county hospitals for services will increase $15.1 million, to $138.9 million. The budget recommendation assumes savings of $1.8 million by reducing State reimbursement from 87.5% to 85%; county costs, therefore, would increase since the counties cost share would increase to 15% from the current 12.5%.

  The six county hospitals will provide services to about 660 patients daily.

Division of Medical Assistance and Health Services

- Direct State Services appropriations increase $3.0 million, from $23.5 million to $26.5 million, primarily for Services Other Than Personal ($2.2 million) and Payments to Fiscal Agents ($1.1 million) accounts.

  (Medicaid administrative costs are not eligible for enhanced federal reimbursement.)

- Grants-in-Aid. This account supports Medicaid services that are eligible for enhanced federal Medicaid reimbursement during the October 2008 – December 2010 period, and programs such as NJ FamilyCare which do not qualify for enhanced federal reimbursement.

  Recommended funding is reduced $363.0 million from $2.581 billion to $2.218 billion for all Grants-in-Aid programs, once enhanced federal Medicaid reimbursement of $671.1 million is factored in[1]. Without these additional federal funds, overall Grants-in-Aid appropriations would increase $308.2 million.

  The recommended appropriation includes $58.0 million in savings broadly classified as follows: Prescription Drug Changes, including Co-Pays - $28.0 million; Management Improvements. including Fraud Activities - $22.8 million; and Hospital Reimbursement Changes - $7.2 million.

[1] Available information is that the $671.1 million includes enhanced reimbursement on behalf of clients who receive services through the Division of Developmental Disabilities.

Key Points (Cont'd)

In addition to the various Medicaid related changes, costs associated with the following programs are expected to increase:

General Assistance Medical Services - $13.4 million increase, to $147.2 million, due to General Assistance caseload growth.

NJ FamilyCare – Affordable and Accessible Health Coverage Benefits – $148.3 million increase to $306.1 million: NJ Family Care Children - $80.5 million, and NJ FamilyCare Adults - $225.6 million. If the recommended appropriation is approved, premiums for children with family income of 151% -200% the federal poverty level would be eliminated at a cost of $1.2 million and enrollment of parents with income between 151% - 200% of the federal poverty level would be closed, saving about $9.7 million.

- Federal Funds are expected to increase by $575.7 million, from $2.74 billion to $3.32 billion, including $671.1 million in enhanced federal matching funds. Federal Funds are expended as follows: Administration - $75.4 million; and Health Care Services - $3.24 billon.

  Of the $3.32 billion in Federal Funds, approximately $521.2 million is for NJ FamilyCare: Administration - $7.6 million; NJ FamilyCare (Children) services - $150.6 million and NJ FamilyCare (Adults) services - $363.0 million.

- Other Funds appropriations decrease by $3.7 million, from $548.9 million to $545.2 million, for New Jersey Health Care Hospital Payments.

Division of Disability Services

- Direct State Services funding is unchanged at about $1.3 million.

- Grants-in-Aid are reduced by $39.3 million, from $173.3 million to $134.0 and reflects $45.8 million in Enhanced Federal Medicaid Reimbursement. Without these additional federal funds, Grants in Aid expenditures (General and Casino Revenue Funds) would increase by $6.5 million as follows.

  General Fund appropriations increase $6.5 million, from $75.4 million to about $81.9 million. This reflects a $7.6 million increase for Personal Care, coupled with a $1.3 million reduction in Waiver Initiative, based on current expenditure and utilization patterns.

  Casino Revenue Funds of $97.9 million supplement the $81.9 million in General Funds.

- Federal Funds appropriations increase $72.2 million, including an additional $45.8 million in enhanced federal matching funds. Approximately $0.9 million is used for administration and $71.3 million is expended on client services.

Key Points (Cont'd)

Division of Developmental Disabilities

- Direct State Services funding will decrease $13.7 million, to $102.9 million, as follows:

  DDD Administration and Support Services recommended appropriations decrease by $0.2 million, to $4.1 million.

  Community Programs Administration and Support recommended appropriations are unchanged at $8.7 million.

  State Developmental Centers appropriations for the seven facilities decrease $13.6 million, to $90.1 million. Approximately $6.2 million in savings are anticipated through a reduction in overtime and personnel related changes.

  As Federal Funds available for the developmental centers increase $16.4 million, overall funding for the developmental center will increase $2.9 million, to $386.7 million.

  The overall census of the developmental centers in FY 2010 is expected to decline by about 110 clients, to about 2,730. Since FY 2007, the census has been reduced by nearly 300 patients.

- Grants-in-Aid. Recommended General Fund appropriations decrease $5.0 million, from $558.1 million to $553.2 million. Including Casino Revenue Funds, Federal Funds and Other Funds, total grant funding will decrease by about $1.2 million to $924.2 million. This reduction incorporates $21.0 million in "contract efficiency" savings.

  As $34.0 million of the FY 2009 adjusted appropriation is in reserve and may not be expended, the FY 2010 recommendation may actually increase State spending by $25.0 million, if the $34.0 million is not expended.

  (The $553.2 million General Fund appropriation is supplemented by $32.5 million in Casino Revenue Funds and $46.0 million in various cost recoveries, classified as Other Funds.)

- Federal Funds appropriations increase $21.4 million, from $612.8 million to $634.2 million, and are expended as follows: DDD Administration - $8.1 million; DDD Community Administration - $36.9 million; Developmental Center Operations - $296.5 million; and Grants-in-Aid - $292.6 million.

  It is noted that the Federal Funds are not at the enhanced federal match rate, but at the regular 50% rate. The Administration has decided to reflect the enhanced federal match for the division's programs as part of the $671 million in enhanced federal match reflected within the Division of Medical Assistance and Health Services.

Key Points (Cont'd)

Commission for the Blind and Visually Impaired

- Recommended funding for Direct State Services is reduced by over $400,000, to $12.3 million as follows: Services for the Blind and Visually Impaired – $0.35 million reduction and Administration and Support Services - $0.1 million reduction.

  Budget language requires the commission to allocate $0.9 million of its overall Personal Services appropriation to support the Governor's Literacy Initiative. As the $0.9 million is included within the commission's overall appropriation, the language will assure that the monies are not used for other purposes.

- Grants-in-Aid is reduced by nearly $0.2 million, to $4.1 million. Funding for Camp Marcella ($52,000) is not continued as the camp's owner has rented the facility to another organization. Services to Rehabilitation Clients is reduced $132,000 to $1.6 million.

- Federal Funds are expected to increase by $2.3 million, to $16.4 million. This increase will offset most of the Direct State Services and Grants-in-Aid reductions.

Division of Family Development

- Direct State Services. Recommended funding is reduced by over $2.1 million, from $26.0 million to $23.9 million.

  Funding for the Work First New Jersey – Technology Investment program is reduced by $2.5 million, to $5.7 million, as a new Child Support computer system is in the process of being implemented. Also, the Technology Investment account has significant unexpended balances, the reduction should have little impact on future technology projects.

  Offsetting the $2.5 million technology reduction are increases in Personal Services ($0.1 million) and Services Other Than Personal ($0.1 million).

- Grants-in-Aid. Recommended appropriations are reduced by $8.5 million, to $263.1 million. The following grants are reduced: Substance Abuse Initiative - $2.0 million; WFNJ Child Care - $5.3 million; and Mental Health Assessments - $1.0 million.

  A proposed change to the co-payment policy, wherein families with incomes between 175% - 250% of the federal poverty level who reside in certain school districts with incomes between 175% - 250% of the federal poverty level will have a co-pay for "wrap around" child care services, is expected to save about $3.0 million.

- State Aid. Recommended funding is increased by $45.6 million, to $352.3 million, as follows:

Key Points (Cont'd)

General Assistance Programs - $30.8 million increase, to $172.9 million. Program costs for General Assistance benefits and Emergency Assistance increase $16.7 million and $14.1 million, respectively. Caseloads are expected to increase to 49,600 in General Assistance and 8,300 in Emergency Assistance.

Savings of $3.6 million are anticipated by conducting "compliance reviews" in the two General Assistance programs.

SSI Programs - $6.2 million increase, to $113.3 million. Mandatory payments to the federal government for administration increase $1.1 million, and State assistance to SSI recipients increase by over $5.0 million.

Food Stamp Administration costs are expected to increase $8.6 million, to $17.2 million.

- Federal Funds are expected to increase $32.7 million, to $860.8 million. The increase is related to the American Recovery and Investment Act which provided additional funds for child care, Supplemental Nutrition Assistance Program (Food Stamps) and TANF.

- Other Funds are expected to decrease by $18.8 million, to $25.7 million. The reduction is related to Child Support Incentive funds which were used to develop and implement a new Child Support computer system as part of the Work First New Jersey Technology Investment program. As the system is in the process of being implemented, less funds are required in FY 2010.

Division of Addiction Services

The recommended budget incorporates the Governor's Council on Alcoholism and Drug Abuse, including $17.4 million in Other Funds available to the Council. Also, two State Aid programs, Essex County – County Jail Substance Abuse Programs ($19.0 million) and Union County – Inmate Rehabilitation Services ($4.0 million) are transferred to the Department of Corrections.

- Direct State Services funding of $936,000 reflects a $36,000 reduction in Personal Services.

- Grants-in-Aid funding is reduced by $1.5 million, from $45.8 million to $44.3 million. The reduction in the Community Based Substance Abuse Treatment and Prevention-State Share is offset by an additional $1.5 million from the Alcohol Education Rehabilitation and Enforcement Fund.

- Other Funds increase by about $1.4 million, to $30.3 million, primarily due to additional Alcohol Education Rehabilitation and Enforcement Fund monies.

Key Points (Cont'd)

Division of the Deaf and Hard of Hearing

- **Direct State Services.** FY 2010 recommended funding of about $0.8 million is unchanged from FY 2009 adjusted levels.

Division of Management and Budget

- **Direct State Services** appropriations decrease about $1.1 million, to $24.0 million, in the Administration and Support Services program as follows: Personal Services - $0.6 million decrease; and Services Other Than Personal (SOTP) - $0.5 million decrease as a FY 2009 supplemental appropriation is not reflected in FY 2010. Disregarding this supplemental appropriation, SOTP expenditures increase by about $0.7 million.

- **Grants-in-Aid** funding is reduced by $250,000, to $9.4 million, as follows: Office for Prevention of Mental Retardation and Developmental Disabilities - $180,000 reduction; and Community Provider Cost of Living Adjustment[2] - $241,000 reduction.

  Offsetting the above reductions, pharmaceutical services at State institutions (Unit Dose Contracting Services and Consulting Pharmacy Services) increase by $174,000, after efficiency savings of $450,000.

- **Capital Construction.** Approximately $4.9 million is recommended for projects at the Vineland Developmental Center ($2.5 million) and Trenton Psychiatric Hospital ($2.4 million).

Background Papers:

[2] The $241,000 represents the unexpended balance after monies were distributed among the various divisions.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS ($000)

	Expended FY 2008	Adj. Approp. FY 2009	Recom. FY 2010	Percent Change 2008-10	Percent Change 2009-10
General Fund					
Direct State Services	$547,969	$522,883	$497,040	(9.3%)	(4.9%)
Grants-In-Aid	3,987,022	3,874,399	3,468,839	(13.0%)	(10.5%)
State Aid	266,214	430,497	491,154	84.5%	14.1%
Capital Construction	2,967	0	4,875	64.3%	0.0%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	$4,804,172	$4,827,779	$4,461,908	(7.1%)	(7.6%)
Property Tax Relief Fund					
Direct State Services	$0	$0	$0	0.0%	0.0%
Grants-In-Aid	148,044	0	0	(100.0%)	0.0%
State Aid	0	0	0	0.0%	0.0%
Sub-Total	$148,044	$0	$0	(100.0%)	0.0%
Casino Revenue Fund	$112,842	$130,457	$130,457	15.6%	0.0%
Casino Control Fund	$0	$0	$0	0.0%	0.0%
State Total	$5,065,058	$4,958,236	$4,592,365	(9.3%)	(7.4%)
Federal Funds	$3,960,402	$4,519,014	$5,242,265	32.4%	16.0%
Other Funds	$834,228	$679,401	$657,891	(21.1%)	(3.2%)
Grand Total	$9,859,688	$10,156,651	$10,492,521	6.4%	3.3%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2008	Revised FY 2009	Funded FY 2010	Percent Change 2008-10	Percent Change 2009-10
State	10,810	10,665	10,728	(0.8%)	0.6%
Federal	4,827	4,729	4,780	(1.0%)	1.1%
All Other	63	60	62	(1.6%)	3.3%
Total Positions	15,700	15,454	15,570	(0.8%)	0.8%

Actual payroll counts are reported for FY 2008 as of December and revised fiscal year 2009 as of January. The Budget Estimate for fiscal year 2010 reflects the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	66.5%	59.5%	59.5%	----	----

Significant Changes/New Programs ($000)

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page

Division of Mental Health Services

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Psychiatric Hospitals	$302,608	$291,546	($11,062)	(3.7%)	D-182

The funding reduction at the five State psychiatric hospitals incorporates $6.1 million in savings as follows: Overtime - $4.0 million and Physician Position Reduction - $2.1 million. The reduction is offset by an additional $16.4 million in federal funds. Thus, total psychiatric hospital funding will increase from $312.7 million (gross) to $318.0 million (gross).

The recommended budget no longer provides information as to the number of personnel at the individual hospitals. Overall staffing will increase by about 50 positions, to over 4,700 staff.

The overall census of the five State hospitals is unchanged from FY 2009 levels at 2,035 patients.

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Division of Mental Health Services Administration and Support Services: Direct State Services	$13,298	$12,888	($410)	(3.1%)	D-186

Personal Services are reduced by $300,000, to $11.7 million. Funding for the Governor's Council on Mental Health Stigma is reduced by $140,000, to $100,000.

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Olmstead Support Services	$40,383	$46,733	$6,350	15.7%	D-186

This appropriation is increased by about $6.4 million, to $46.7 million, and includes $5.0 million for additional placements and $1.4 million in annualized FY 2009 expenses.

It is noted that $1.3 million of the FY 2009 appropriation is in reserve and not available for expenditure. If the $1.3 million is not spent, total spending may actually increase by $7.7 million from FY 2009.

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Community Care	$270,207	$276,025	$5,818	2.2%	D-186

This appropriation is increased by over $5.8 million, to $276.0 million, and reflects an $8.0 million increase in Partial Hospitalization costs and $2.1 million in contract efficiency savings.

It is noted that $8.3 million of the FY 2009 appropriation is in reserve and not available for expenditure. If the $8.3 million is not spent, spending may increase by over $14.1 million from FY 2009.

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page

FY 2009 budget language that directed the expenditure of $39.2 million in Community Care funds according to the recommendations of the Governor's Task Force on Mental Health is not continued. Elimination of this language should have no impact as monies are being spent in accordance with the Task Force's recommendations.

Support of Patients in County Psychiatric Hospitals: State Aid	$123,816	$138,895	$15,079	12.2%	D-187

Overall appropriations increase $15.1 million, to $138.9 million. In FY 2010, the six county hospitals will provide services to approximately 660 patients.

Savings of $1.8 million are anticipated by reducing the amount the State reimburses county hospitals from 87.5% to 85%. County costs would increase since the county share for costs will increase to 15%, from the 12.5% counties currently pay.

It is noted that a reduction in the percentage reimbursed by the State will also reduce the percentage the State pays for patients at State hospitals. In other words, the county share of costs for patients at State hospitals will increase from 12.5% to 15%.

Division of Medical Assistance and Health Services

Direct State Services	$23,489	$26,511	$3,022	12.9%	D-191

The increases are for Personal Services ($52,000), Services Other Than Personal ($2.2 million) and Payments to Fiscal Agents ($1.1 million). Information regarding these increases is not available.

Offsetting reductions of $0.3 million are in the Materials and Supplies, Maintenance and Fixed Charges and Drug Utilization Review Board – Administrative Costs accounts.

General Medical Services: Grants-in-Aid	$2,580,778	$2,888,950	$308,172	11.9%	D-191
LESS: ENHANCED FEDERAL MEDICAID MATCHING PERCENTAGE		($671,126)	($671,126)	- -	D-191
NET General Medical Services: Grants-in-Aid	$2,580,778	$2,217,824	($362,954)	(14.1%)	D-191

The $671.1 million in enhanced federal Medicaid reimbursements enable the overall Grants-in-Aid appropriation to be reduced by about $363.0 million, from $2.581 billion to

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page

$2.218 billion. Without these federal monies, overall Grants-in-Aid appropriations would increase by $308.2 million, to $2.889 billion.

It is noted that the $671.1 million in enhanced federal Medicaid matching funds includes enhanced funds for programs operated by the Division of Developmental Disabilities. The decision to account for the enhanced federal Medicaid matching funds in this manner may have been done for convenience and does not violate any federal policy.

Below is information on specific Grants-in-Aid appropriations. The amounts referenced do not reflect the enhanced federal Medicaid matching funds, which are deducted from the overall Grants-in-Aid Total.

Payments for Medical Assistance Recipients:

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Adult Mental Health Residential	$25,381	$25,678	$297	1.2%	D-191
Managed Care Initiative	$835,852	$904,393	$68,541	8.2%	D-191
Hospital Relief Offset Payments	$65,845	$62,645	($3,200)	(4.9%)	D-191
ICF-MR	$5,652	$5,554	($98)	(1.7%)	D-191
Inpatient Hospital	$333,818	$303,729	($30,089)	(9.0%)	D-191
Prescription Drugs	$508,015	$562,608	$54,593	10.7%	D-191
Outpatient Hospital	$146,042	$139,918	($6,124)	(4.2%)	D-192
Physician Services	$38,674	$41,319	$2,645	6.8%	D-192
Home Health Care	$12,075	$12,978	$903	7.5%	D-192
Medicare Premiums	$122,129	$131,706	$9,577	7.8%	D-192
Dental Services	$11,325	$17,473	$6,148	54.3%	D-192
Psychiatric Hospital	$8,642	$8,882	$240	2.8%	D-192
Medical Supplies	$13,754	$19,126	$5,372	39.1%	D-192
Clinic Services	$77,174	$87,621	$10,447	13.5%	D-192

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Transportation Services	$56,986	$64,307	$7,321	12.8%	D-192
Programs for Assertive Community Treatment	$6,951	$7,054	$103	1.5%	D-192
Other Services	$7,143	$27,150	$20,007	280.1%	D-192
TOTAL MEDICAID GENERAL FUND	$2,275,458	$2,422,141	$146,683	6.4%	

The recommended appropriation reflects projected FY 2009 expenditures and utilization trends, such as an increasing number of disabled receiving services through the Managed Care Initiative.

The Medicaid appropriation incorporates $58.0 million in savings as follows:

- Medicaid Anti-Fraud/Enhanced Utilization Efficiencies - $12.5 million.

- Medicaid Pharmaceutical Savings - $23.4 million including improved management ($10.0 million); reimbursement based on 16% AWP ($5.1 million); long-term care dispensing fee ($2.1 million); conformity with Medicare Part D ($3.5 million); and the elimination of coverage of erectile dysfunction and cosmetic medications ($2.7 million).

- Prescription Drug Co-Pay - $4.6 million through a $2.00 co-pay per prescription, capped at $10.00 per month. The co-payments would also apply to persons enrolled in managed care programs and to Medicaid recipients who participate in the Medicare Part D program for prescription drugs not covered by the Medicare Part D plan. Co-payments do not apply to children under the age of 18, pregnant women, institutionalized patients, and persons who receive family planning services.

- Hospital Reimbursement Reductions: $7.2 million which includes Hospital Relief Offset Payments ($3.2 million) and Graduate Medical Education ($4.0 million).

- Misc. Savings: $10.3 million, which includes client eligibility efficiencies ($6.0 million), FQHC compliance audits ($1.3 million), and partial care prior authorization ($3.0 million).

  The following is also noted:

- Approximately $324 million of the $562.6 million recommended for prescription drugs represents mandatory payments to the federal government for the Medicare Part D Prescription Drug Program, otherwise known as "clawback."

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page

- The division recently awarded a 5-year, $300.0 million contract for "transportation broker services" to Logisticare Solutions LLC. Costs associated with this contract are to be paid from the Medicaid Transportation Services and NJ FamilyCare accounts.

Eligibility Determination Services	$4,710	$5,000	$290	6.2%	D-192
Health Benefit Coordination Services	$9,000	$8,512	($488)	(5.4%)	D-192

Recommended appropriations reflect projected costs associated with programs that primarily provide services to NJ FamilyCare adults and children who apply or reapply for eligibility or who seek to change their managed care provider.

General Assistance Medical Services	$133,799	$147,223	$13,424	10.0%	D-192

General Assistance enrollment in FY 2010 is expected to increase by 4,000, to 49,600. This will increase projected costs by $13.4 million.

NJ FamilyCare – Affordable and Accessible Health Coverage Benefits	$157,811	$306,074	$148,263	93.9%	D-192

The FY 2009 adjusted appropriation/FY 2010 recommended appropriation incorporates expenditures on behalf of children that were previously classified as Other Funds.

Children. Expenditures will increase by $15.5 million, to $80.5 million. This reflects $1.2 million in costs associated with the elimination of premiums for children with household income of between 151% - 200% of the federal poverty level. The $80.5 million assumes an increase in the number of children enrolled due to the enactment of federal legislation which eased residency and documentation requirements to enroll in the program, Pub.L.111-3, the federal Children's Health Insurance Program Reauthorization Act of 2009.

Parents. Expenditures will increase by $132.7 million, from $92.8 million to $225.6 million. While the recommended budget expects the number of parents enrolled in the program to increase by nearly 21,700, to over 183,700, savings of $9.7 million are anticipated by closing enrollment of parents with incomes between 151% - 200% of the federal poverty level.

Approximately $513.6 million in federal funds are recommended for services: Children - $150.6 million; and Parents - $363.0 million. Total NJ FamilyCare costs for administration and services will be $827.3 million (gross).

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Division of Disability Services					
Disability Services: Grants-in-Aid	$173,336	$179,798	$6,462	3.7%	D-199
General Fund	$75,395	$81,857	$6,462	8.6%	D-199
Casino Revenue Fund	$97,941	$97,941	$0	- -	D-199
LESS ENHANCED FEDERAL MATCHING FUNDS	$0	($45,803)	($45,803)	- -	D-199
NET Disability Services: Grants-in-Aid	$173,336	$133,995	($39,341)	(22.7%)	D-199

As a result of a $45.8 million increase in federal Medicaid matching funds in FY 2010, overall appropriations are reduced by $39.3 million, to approximately $134.0 million, for the various programs supported by the account, such as Personal Care, Waiver Initiatives, Personal Assistance Services Program, Community Supports and Other Services.

Disregarding the increase in federal Medicaid reimbursement, program costs associated with the Personal Care program increase $7.6 million, to $144.7 million, while costs associated with Waiver Initiatives decrease by $1.3 million, to $20.2 million. The increases/decreases are based on existing expenditure and utilization trends.

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Division of Developmental Disabilities					
Developmental Centers TOTAL	$383,761	$386,628	$2,867	0.7%	D-203
State	$103,656	$90,092	($13,564)	(13.1%)	D-203
Federal	$280,105	$296,536	$16,431	5.9%	D-203

Overall funding for the seven developmental centers will increase $2.9 million (gross), to $386.6 million.

The $90.1 million State appropriation anticipates $6.2 million in savings: Overtime Reduction - $2.3 million; Reduce Physician Staffing - $2.6 million; Cottage Consolidation - $1.3 million.

As a result of a legal settlement with the U.S. Department of Justice regarding patient care at the New Lisbon and Woodbridge Developmental Centers and the Olmstead Initiative, between FY 2007 – FY 2010, the census will have been reduced by nearly 300 clients, to nearly 2,730. The census at both New Lisbon and Woodbridge have been reduced by over 100 patients each.

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Administration and Support	$12,385	$12,219	($166)	(1.3%)	D-205
State	$4,261	$4,095	($166)	(3.9%)	D-205
Federal Funds	$8,124	$8,124	$0	- -	D-205

The $0.2 million reduction in State appropriations is in the Personal Services account. The number of State supported personnel will be reduced from 88 to 74, though personnel may be reassigned to Community Programs (below).

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Community Programs	$44,455	$45,668	$1,213	2.7%	D-207
State	$8,721	$8,721	$0	- -	D-207
Federal Funds	$35,734	$36,947	$1,213	3.4%	D-207

The increase is primarily related to Personal Services where overall staffing will increase by 123: State - 79 and Federal – 44.

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Group Homes	$421,955	$405,273	($16,682)	(4.0%)	
State	$209,342	$192,026	($17,316)	(8.3%)	
Federal	$161,229	$161,863	$634	0.4%	
Other	$31,030	$31,030	$0	- -	
Casino Revenue Fund	$20,354	$20,354	$0	- -	D-208
Olmstead Residential Services	$30,118	$48,477	$18,359	61.0%	D-208
State	$19,645	$34,007	$14,362	73.1%	
Federal	$10,024	$14,021	$3,997	39.9%	
Other	$449	$449	$0	- -	

Program costs for these two residential programs are noted above and will provide residential services to nearly 5,160 clients, an increase of over 160 clients from FY 2009 levels, at a cost of about $88,000 per client. Administrative and other service costs for these clients are included in line item appropriations within both the division and in other divisions.

The increases/reductions within the Group Homes and Olmstead Residential Services accounts are based on current expenditure and utilization trends.

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Home Assistance	$49,680	$48,837	($843)	(1.7%)	
State	$41,763	$41,763	$0	- -	
Federal	$6,260	$5,417	($843)	(13.5%)	
Casino Revenue Fund	$1,657	$1,657	$0	- -	D-209

Total program costs are expected to decline as noted above. Approximately 26,100 clients will receive services. It is noted that proposed budget language (D-210) allocates $4.0 million of the $48.8 million to provide various services to persons on the division's Community Services Waiting List.

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Purchase of Adult Activity Services	$169,157	$167,157	($2,000)	(1.2%)	
State	$110,849	$108,849	($2,000)	(1.8%)	
Federal	$50,934	$50,934	$0	- -	
Casino Revenue Fund	$7,374	$7,374	$0	- -	D-209

The $167.2 million recommended appropriation is based on current expenditure and utilization trends. In FY 2010, approximately 8,940 clients will receive services at a per capita cost of $18,700.

Commission for the Blind and Visually Impaired

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Direct State Services	$12,748	$12,317	($431)	(3.4%)	D-212

Recommended appropriations are reduced as follows:

- Services for the Blind and Visually Impaired program is reduced by about $350,000, to $9.8 million. The reduction is in the Personal Services account.
- Administration and Support Services program is reduced by about $100,000, to about $2.5 million, in such accounts as Materials and Supplies, etc.

Some or all of the reductions may be offset by an increase in federal Vocational Rehabilitation funds.

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Grants-in-Aid	$4,298	$4,114	($184)	(4.3%)	D-212

The Camp Marcella grant ($52,000) is eliminated and the Services to Rehabilitation Clients grant is reduced by $132,000, to about $1.6 million.

With respect to Camp Marcella, the owner has entered into an agreement with another agency for the facility's use. Thus, no funds are recommended. As the commission operates

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page

other summer programs, these programs may have the capacity to accommodate clients who may have participated in the Camp Marcella program.

An increase in federal Vocational Rehabilitation funds will likely offset the State's funding reduction for Services to Rehabilitation Clients.

Division of Family Development

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Direct State Services	$134,270	$115,276	($18,994)	(14.1%)	D-216
State	$25,995	$23,863	($2,132)	(8.2%)	D-216
Federal	$87,736	$85,667	($2,069)	(2.4%)	D-216
Other	$20,539	$5,746	($14,793)	(72.0%)	D-216

The $2.1 million reduction in State appropriations is due to a $2.5 million reduction in the Work First New Jersey Technology Investment account. Offsetting the technology funding reduction, Personal Services and Services Other Than Personal appropriations would each increase by $0.1 million.

Overall funding for Work First New Jersey Technology Investment would be reduced $19.9 million (gross), to $45.5 million (gross), as implementation of a new child support computer system will reduce funding requirements. The reduction should have little overall impact on technology related projects as the account had $31.9 million (gross), including $16.3 million in State funds, in unexpended funds available at the end of FY 2008. These monies are available due to delays in awarding a contract to develop and implement a new welfare computer system known as CASS.

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
DFD Homeless Prevention Initiative	$3,388	$4,479	$1,091	32.2%	D-217
State	$2,000	$2,000	$0	- -	
Federal	$1,388	$2,479	$1,091	78.6%	

An additional $1.1 million in federal funds is allocated for program costs. In FY 2008, program costs were approximately $5.3 million.

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Restricted Grants (FEDERAL)	$5,516	$3,300	$2,216	(40.2%)	D-217

No information is available regarding this reduction in restricted grants supported with federal funds.

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Work First New Jersey – Child Care	$395,187	$392,934	($2,253)	(0.6%)	D-217
State	$193,977	$188,675	($5,302)	(2.7%)	

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Federal	$201,210	$204,259	$3,049	1.5%	

The recommended appropriation incorporates $3.0 million in savings by extending a co-payment for wrap around child care services to families with incomes between 175% and 250% of the federal poverty level who reside in school districts that received pre-school expansion funds in 2008, effective September 2009. The co-payment amount has not been determined and will be published in the New Jersey Register.

Available budget information indicates that the average number of children receiving child care services will decline by 380 children per month, from 64,140 (FY 2009) to 63,760 (FY 2010).

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Mental Health Assessments	$3,497	$2,451	($1,046)	(70.1%)	D-217
State	$1,097	$51	($1,046)	(95.4%)	
Federal	$2,400	$2,400	$0	- -	

This program provides mental health and job training services to both General Assistance and WFNJ recipients with mental illness.

The General Assistance component of the program is being eliminated due to questions regarding its effectiveness in dealing with the population group. Available information is that the Substance Abuse Initiative may be able to serve additional General Assistance clients within its overall $33.1 million appropriation.

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Kinship Care Guardianship and Subsidy (FEDERAL)	$3,348	$2,679	($669)	(20.0%)	D-217

This program, supported entirely with federal funds, is reduced by less than $0.7 million, to $2.7 million. Information is not available as to why funding is being reduced.

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Substance Abuse Initiatives	$35,132	$33,132	($2,000)	(5.6%)	D-217
State	$32,950	$30,950	($2,000)	(6.1%)	
Federal	$2,182	$2,182	$0	- -	

Available information is that the program has unexpended funds. Thus, the reduction should have little impact on the program. It has been indicated that the program may be able to provide services to General Assistance clients who would have been referred to the Mental Health Assessments program. In FY 2009, over 3,200 clients have been referred to the program, about 800 persons who receive federal TANF benefits and about 2,400 persons who receive General Assistance benefits.

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
County Administration Funding	$281,781	$303,557	$21,776	7.7%	D-218
State	$9,460	$9,460	$0	- -	
Federal	$272,321	$294,097	$21,776	8.0%	

Overall funding for administrative costs of county welfare agencies/boards of social services increases $21.8 million, to $303.6 million. Most funds are federal with approximately $9.5 million in State support related to child support administrative costs.

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
WFNJ Client Benefits	$116,186	$117,763	$1,577	1.4%	D-218
State	$8,023	$8,023	$0	- -	
Federal	$108,163	$109,740	$1,577	1.5%	

WFNJ caseloads are expected to increase by over 600 recipients, from about 97,600 to 98,200. Total appropriations increase by $1.6 million to $117.8 million.

In December 2008, approximately over 97,800 persons received assistance.

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
WFNJ Emergency Assistance FEDERAL	$71,338	$76,510	$5,172	7.2%	D-218

Program costs are supported entirely with federal funds and are expected to increase $5.2 million. The increase, in part, reflects projected FY 2009 expenditures of $75.7 million. Emergency Assistance caseloads are to increase from about 15,550 to 15,860.

In December 2008, over 15,700 persons received assistance.

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
General Assistance TOTAL	$142,101	$172,872	$30,771	21.7%	
General Assistance Emergency Assistance Program	$69,443	$83,529	$14,086	20.3%	D-218
Payments for Cost of General Assistance	$72,658	$89,343	$16,685	22.9%	D-218

The FY 2010 recommended appropriations for the two General Assistance programs, in part, reflects higher FY 2009 costs due to increased caseloads.

In FY 2010, the number of persons receiving emergency assistance is expected to increase from 7,600 (FY 2009) to 8,300 (FY 2010); the number of persons who receive monthly

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page

General Assistance benefits is expected to increase from 45,600 (FY 2009) to 49,600 (FY 2010).

In December 2009, nearly 45,800 persons received General Assistance benefits and over 7,500 persons received Emergency Assistance.

The FY 2010 recommended budget anticipates $3.6 million in savings from "compliance reviews." Available statistical data indicate that there are significant cost and program variations among counties and municipalities that administer the program.

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Payments for Supplemental Security Income	$87,809	$92,845	$5,036	5.7%	D-218

The increase is largely attributable to caseload growth and related expenditures. The number of persons who receive a State supplement will increase by nearly 3,900, to 161,150. Burial and emergency assistance costs will increase by $0.9 million.

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
State Supplemental Security Income Administrative Fee to SSA	$19,273	$20,419	$1,146	5.9%	D-218

This reflects a federally mandated fee increase to reimburse the federal government for processing the State's supplemental payments to SSI recipients. State efforts to reduce costs by privatizing the function or administering the supplement in-house have not been successful.

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Food Stamp Administration – State	$8,600	$17,225	$8,625	100.3%	D-218

While in general, counties are responsible for 50% of the costs associated with the administration of the Supplemental Nutrition Assistance Program (formerly Food Stamps), in certain instances the State provides financial assistance to counties to offset their administrative costs. The increase reflects the assumption that more counties will require such assistance.

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Fair Labor Standards Act – Minimum Wage Requirements (TANF) (FEDERAL)	$23	$252	$229	995.7%	D-218

No information is available regarding this increase though it would appear to be related to federal program requirements.

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page

Division of Addiction Services

The recommended budget incorporates the Governor's Council on Alcoholism and Drug Abuse within the division. Also, two State Aid programs, Essex County – County Jail Substance Abuse Programs and Union County – Inmate Rehabilitation Services which were part of the FY 2009 appropriations act are transferred to the Department of Corrections and are not reflected within the division's recommended budget.

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Community Based Substance Abuse Treatment and Prevention – State Share	$42,678	$41,178	($1,500)	(3.5%)	D-221

The $1.5 million reduction is offset by a $1.5 million increase in Alcohol Education and Rehabilitation Enforcement Funds.

Division of Management and Budget

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Direct State Services	$25,016	$23,962	($1,054)	(4.2%)	D-225

Recommended appropriations for the Institutional Security Services program (Human Services Police) is unchanged at $7.8 million.

Administration and Support Services funding is reduced by nearly $1.1 million, to $16.2 million as follows: Personal Services is reduced by $0.6 million, to $6.6 million, and would support over 130 staff; and Services Other Than Personal (SOTP) costs are reduced by about $0.5 million, to $5.4 million. However the SOTP reduction is not a true reduction as the FY 2010 recommendation does not reflect a $1.2 million supplemental appropriation. This type of supplemental appropriation is processed annually. If one disregards the FY 2009 supplemental appropriation, SOTP expenditures will increase by nearly $0.7 million.

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Grants in Aid	$9,682	$9,435	($247)	(2.6%)	D-225

Grants awarded by the Office for Prevention of Mental Retardation and Developmental Disabilities are reduced by $180,000, to $573,000. A Community Provider Cost of Living Adjustment for $241,000 is not continued.

Offsetting these reductions, an additional $174,000 is recommended for pharmaceutical contracting services at the State institutions: Unit Dose Contracting Services and Consulting Pharmacy Services. This increase reflects various changes to the delivery of pharmaceutical services intended to save $450,000.

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2009	Recomm. FY 2010	Dollar Change	Percent Change	Budget Page
Capital Construction	$0	$4,875	$4,875	- -	D-226

The following projects would be funded: Vineland Developmental Center – Fire Code Compliance ($2.5 million) and Trenton Psychiatric Hospital – Bathroom and Electrical Renovations ($2.4 million).

In addition, at the end of FY 2008, about $11.7 million in unexpended Capital Construction funds were available for other projects at the developmental centers, psychiatric hospitals and community programs.

Language Provisions

Mental Health Services

2009 Appropriations Handbook

p. B-91.

The amount hereinabove appropriated for the Community Mental Health Centers and the amount appropriated to the University of Medicine and Dentistry of New Jersey are first charged to the federal disproportionate share hospital reimbursements anticipated as Medicaid uncompensated care, and, as a condition for such appropriation, the University of Medicine and Dentistry of New Jersey shall be required to provide fiscal reports to the Division of Mental Health Services and the Office of State Comptroller, including all applicable expenses incurred for programs supported in whole or in part with the above appropriations, as well as all applicable revenues generated from the provision of such program services, as well as any other revenues used to support such services, in such a format and frequency as required by the Division of Mental Health Services.

2010 Budget Recommendations

p. D-187.

Similar language except that the following sentence is added at the end of the paragraph:

In addition, the annual audit report and Consolidated Financial Statements for the University of Medicine and Dentistry must include audited subsidiary Statements of Net Assets and Statements of Revenues, Expenses and Changes in Net Assets for the two UBHC Centers separately and UBHC as a whole.

Explanation

The additional language will require UMDNJ's audited statements to include audited financial information concerning mental health programs that UMDNJ operates in Newark and Piscataway, i.e., University Behavioral Healthcare Centers (UBHC).

2009 Appropriations Handbook

p. B-91.

Of the amounts hereinabove appropriated for Community Care, $39,212,000 shall be expended consistent with the recommendations in the final report of the Governor's Task Force on Mental Health as follows: $14,803,000 for Mental Health Screening Centers; $2,637,000 for Self-Help Centers; $5,359,000 for psychiatric services; $5,125,000 for support services for permanent supportive housing; $1,000,000 for supported employment services;

2010 Budget Recommendations

No comparable language provision.

Language Provisions (Cont'd)

2009 Appropriations Handbook	2010 Budget Recommendations
p. B-91.	
$600,000 for jail diversion in Atlantic County; $600,000 for jail diversion in Essex County; $600,000 for jail diversion in Union County; $924,000 for additional jail diversion programs; $2,868,000 for bilingual and culturally competent services; $1,346,000 for treatment of co-occurring disorders; $1,000,000 for Short-Term Care Facilities; $850,000 for Community Health Law Project; and $1,500,000 for Special Case Management services.	

Explanation

For several fiscal years, budget language has been included to identify monies for certain funding priorities of the Governor's Task Force on Mental Health. The language is not continued.

While any new monies in the Community Care account will be spent according to the division's priorities, the $39.2 million in funding priorities of the Governor's Task Force on Mental Health are ongoing and are not likely to be reduced or eliminated.

2009 Appropriations Handbook	2010 Budget Recommendations
p. B-92.	p. D-188.
An amount not to exceed $2,327,000 may be transferred from the Community Care and Olmstead Support Services accounts in the Division of Mental Health Services, to the Health Care Subsidy Fund Payments account in the Department of Health and Senior Services, to increase the Mental Health Subsidy Fund portion of this account in order to maintain the FY 2009 per bed allocation for Short-Term Care Facility (STCF) beds, for new STCF beds which opened between January 1, 2008 and June 30, 2009,subject to the approval of the Director of the Division of Budget and Accounting.	Similar language except that the amount has been increased to $2,813,000.

Language Provisions (Cont'd)

Explanation

The $2.8 million will be distributed to hospitals that opened new Short-Term Care Facility (STCF) beds between January 1, 2009 and June 30, 2010. These monies provide hospitals that operate STCF beds with a financial incentive to operate those beds. STCF beds are intended to reduce admissions to State and county psychiatric hospitals.

2009 Appropriations Handbook	2010 Budget Recommendations
p. B-92.	p. D-188.
Notwithstanding the provisions of R.S.30:4-78, or any law or regulation to the contrary, during the period of July 1 through December 31 of each year, commencing July 1, 2009, the State shall pay to each county an amount equal to 37.5% of the total per capita costs for the reasonable cost of maintenance and clothing of county patients in State psychiatric facilities for the period January 1 through December 31 of that year.	Notwithstanding the provisions of any law or regulation to the contrary, the amount hereinabove appropriated for Support of Patients at County Psychiatric Hospitals is conditioned upon the following provision: the rate to be paid by the counties to the State the behalf of the maintenance of county patients in State psychiatric facilities and State facilities for the developmentally disabled and county patients receiving other residential functional services for the developmentally disabled shall be 50% of the actual reasonable per capita cost of maintenance of such patients, and during the period July 1 through December 31 of each year, the State shall pay each county an amount equal to 35% of the total per capita costs for the reasonable cost of maintenance and clothing of county patients in State psychiatric facilities for the period January 1 through December 31 of that year.

Explanation

The FY 2010 language is related to the proposed reduction in reimbursement to county hospitals from 87.5% to 85%, with a corresponding increase of 2.5% in county costs to 15%. This change also affects the amount counties pay for patients at State institutions. The amount counties pay will increase 2.5%, to 15%, with a corresponding reduction in State contributions from 87.5% to 85%.

Language Provisions (Cont'd)

2009 Appropriations Handbook	2010 Budget Recommendations
p. B-92.	p. D-188.
Notwithstanding the provisions of R.S.30:4-78, or any law or regulation to the contrary, as of January 1, 2009, the State share of payments from the Support of Patients in County Psychiatric Hospitals account to the several county psychiatric facilities on behalf of the reasonable cost of maintenance of patients deemed to be county indigents shall be at the rate of 47.5% of the established State House Commission rate during the period January 1 through June 30 of each year. For all calendar years beginning January 1, 2009, the total amount to be paid by the State on behalf of county indigent patients shall not exceed 87.5% of the total reasonable per capita cost.	Similar language with the following substantive change: The 47.5% amount is changed to 45%, and the 87.5% amount is changed to 85%.

Explanation

The amount the State reimburses county psychiatric hospitals will be reduced from 87.5% to 85% of the established rate. The State will save about $1.8 million. Conversely, county costs will increase by a similar amount.

2009 Appropriations Handbook	2010 Budget Recommendations
	p. D-188.
No comparable language provision.	Notwithstanding the provisions of any law to the contrary, the amount hereinabove appropriated for Support of Patients in County Psychiatric Hospitals is conditioned upon the following provision: payments to county psychiatric hospitals will only be made after receipt of their claims by the Division of Mental Health Services. County psychiatric hospitals should submit such claims no less frequently than quarterly and within 15 days of the close of each quarter.

Explanation

At present, some county psychiatric hospitals submit reimbursement claims on a periodic basis, sometimes more than six months after services were provided. This makes it difficult to budget

Language Provisions (Cont'd)

and manage the overall State appropriation. The proposed language should result in the more timely submission of claims by the county psychiatric hospitals.

Division of Medical Assistance and Health Services

2009 Appropriations Handbook	2010 Budget Recommendations
pp. B-97, B-100.	
Additional federal Title XIX revenue generated from the claiming of medical service payments on behalf of individuals enrolled in the second year of Medicaid Extension is appropriated, subject to the approval of the Director of the Division of Budget and Accounting.	No comparable language provision.
Additional federal Title XIX revenue generated from the claiming of family planning services payments on behalf of individuals enrolled in the Medicaid managed care program is appropriated, subject to the approval of the Director of the Division of Budget and Accounting.	
Of the amount hereinabove appropriated for Eligibility Determination, an amount not to exceed $630,000 is allocated for increased eligibility determination costs related to immigrant services.	

Explanation

The language provisions are not considered necessary as neither the revenues nor costs have been incorporated within the overall recommended appropriations.

2009 Appropriations Handbook	2010 Budget Recommendations
pp. B-97, B-98.	
The Commissioner of the Department of Human Services shall submit a report to the Assembly and Senate Budget Committees, by December 31, 2008, on any efforts the department is currently undertaking related	No comparable language provisions.

Language Provisions (Cont'd)

2009 Appropriations Handbook	2010 Budget Recommendations
pp. B-97, B-98.	
to disease and/or health management programs in the Medicaid program. The report shall include a summary of efforts in other states and on the federal level and whether or not they could be applicable to New Jersey's program. Finally, the report shall include any recommendations the department has for legislative action on this issue.	
Such sums as may be necessary are appropriated from the General Fund for the payment of any provider assessments to Intermediate Care Facilities/Mental Retardation facilities, subject to the approval of the Director of the Division of Budget and Accounting of a plan as shall be submitted by the Commissioner of Human Services.	

Explanation

The first language provision was added by the Legislature and required the submission of a report to the two budget committees on disease management by December 31, 2008. The report was submitted, and the language is not continued.

The second language provision is not continued as a similar language provision is included within the Division of Developmental Disabilities budget.

2009 Appropriations Handbook	2010 Budget Recommendations
	p. D-195.
No comparable language provision.	Notwithstanding the provisions of any law or regulation to the contrary, commencing at the beginning of the fiscal year, of the amounts hereinabove appropriated to NJ FamilyCare Affordable and Accessible Health Care Coverage Benefits, premiums will no longer be required for children from families with incomes at or below 200% of the federal poverty level.

Language Provisions (Cont'd)

Explanation

Eliminating the requirement for payment of premiums for children in households with incomes up to 200% of the federal poverty level will increase program costs by $1.2 million. Administrative savings of over $0.1 million are anticipated.

2009 Appropriations Handbook	2010 Budget Recommendations
p. B-99.	p. D-194.
Notwithstanding the provisions of any law or regulation to the contrary, those hospitals that are eligible to receive a Hospital Relief Subsidy Fund (HRSF) payment as hereinabove appropriated in the Payments for Medical Assistance Recipients-Inpatient Hospital program shall receive enhanced payments from the Medicaid program for providing services to Medicaid and NJ FamilyCare beneficiaries. The total payments shall not exceed the amount appropriated and shall be allocated among hospitals proportionately based on the amount of HRSF payments (excluding any adjustments to the HRSF for other Medicaid payment increases). Interim payments shall be made from the Hospital Relief Offset Payment account, based on an estimate of the total enhanced amount payable to a qualifying hospital, and subject to cost settlement. The enhanced payment, determined at cost settlement, shall be an amount approved by the Director of the Division of Budget and Accounting per Medicaid patient day, adjusted by a volume variance factor (the ratio of expected Medicaid inpatient days to actual Medicaid inpatient days for the rate year) and an HRSF factor (the ratio of the hospital's HRSF payments to total HRSF payments) and subject to a pro rata adjustment so that the total enhanced per diem amounts are equivalent to the total State and federal funds appropriated not to exceed an amount to be approved by the Director of the Division of Budget and Accounting. The total of these payments shall be reduced by an amount equal to any	Similar language except that "shall" is changed to "may."

Language Provisions (Cont'd)

2009 Appropriations Handbook	2010 Budget Recommendations
p. B-99.	p. D-194.
increase in Medicaid and NJ FamilyCare fee-for-service payments to New Jersey hospitals enacted herein or subsequent to this legislation.	

Explanation

The change from "shall" to "may" would make payments to hospitals eligible to receive a Hospital Relief Subsidy Fund payment discretionary. It cannot be determined whether any hospital will be denied any such payments.

2009 Appropriations Handbook	2010 Budget Recommendations
p. B-99.	p. D-194.
Notwithstanding the provisions of any law or regulation to the contrary, for those hospitals that qualify for a Hospital Relief Subsidy Fund payment the State Medicaid program shall reimburse those hospitals Graduate Medical Education outpatient payments up to the amount the hospital would have received under Medicare principles of reimbursement for Medicaid and NJ FamilyCare fee-for-service beneficiaries. Payments shall be made from and are hereinabove appropriated in the Hospital Relief Offset Payment account, and shall be based on the qualifying hospitals' first finalized 1996 cost reports. The amount that the qualifying hospital would otherwise be eligible to receive from the Hospital Relief Subsidy Fund shall be reduced by the amount of this Graduate Medical Education outpatient payment. The total amount of these payments shall not exceed an amount approved by the Director of the Division of Budget and Accounting in combined State and federal funds. In no case shall these payments and all other enhanced payments related to those services primarily used by Medicaid and NJ FamilyCare beneficiaries that the hospital receives exceed the amount	Similar language except for the following changes: "shall" has been changed to "may," and "Hospital Relief Offset Payment" account has been changed to "Payments for Medical Assistance Recipients – Inpatient Hospital" account.

Language Provisions (Cont'd)

2009 Appropriations Handbook	2010 Budget Recommendations
p. B-99.	p. D-194.
the hospital would otherwise have been eligible to receive from the Hospital Relief Subsidy Fund in the State fiscal year.	

Explanation

The change from "shall" to "may" makes payments to hospitals eligible to receive Graduate Medical Education (GME) payments discretionary. It cannot be determined whether any hospital will be denied any such payment. The overall amount of GME payments has been reduced by $8.0 million (gross).

Information is not available regarding the change from the Hospital Relief Offset Payment (HROP) account to the Payments for Medical Assistance Recipients – Inpatient Hospital account. It is noted that the FY 2010 budget recommends $62.6 million for the HROP account and $303.7 million is recommended for the Inpatient account. Thus, there are more monies available in the Inpatient account to make any such payments.

2009 Appropriations Handbook	2010 Budget Recommendations
p. B-99.	p. D-195.
Notwithstanding the provisions of any law or regulation to the contrary, and subject to the notice provisions of 42 CFR 447.205 where applicable, no funds appropriated for prescription drugs in the Payments for Medical Assistance Recipients-Prescription Drugs or General Assistance Medical Services account shall be expended except under the following conditions: (a) reimbursement for the cost of single source brand name legend and non-legend drugs shall be on the basis of Average Wholesale Price less a 15% discount and reimbursement for the cost of multisource generic drugs shall be in accordance with the federal Deficit Reduction Act of 2005 upon final adoption of regulations by the Department of Health and Human Services; (b) the current prescription drug dispensing fee structure set as a variable rate of $3.73 to $3.99 shall remain in effect through the current fiscal year, including the current increments for impact allowances as determined by revised qualifying	Notwithstanding the provisions of any law or regulation to the contrary, and subject to the notice provisions of 42 CFR 447.205 where applicable, no funds appropriated for prescription drugs in the Payments for Medical Assistance Recipients-Prescription Drugs or General Assistance Medical Services account shall be expended except under the following conditions: (a) reimbursement for the cost of all legend and non-legend drugs shall be on the basis of Average Wholesale Price less a 16% discount. Reimbursement for the cost of multisource generic drugs shall be in accordance with the federal Deficit Reduction Act of 2005 upon final adoption of regulations by the Department of Health and Senior Services. **In the event that the Average Wholesale Price is discontinued, reimbursement for all legend and non-legend drugs shall be based on an Average Manufacturer Price calculation to be equivalent with Average Wholesale Price less a 16% discount or the federal upper**

Language Provisions (Cont'd)

2009 Appropriations Handbook

p. B-99.

requirements and allowances for 24-hour emergency services; and (c) multisource generic and single source brand name drugs shall be dispensed without prior authorization but multisource brand name drugs shall require prior authorization issued by the Division of Medical Assistance and Health Services or its authorizing agent; however, a 10-day supply of the multisource brand name drug shall be dispensed pending receipt of prior authorization. Certain multi-source brand name drugs with a narrow therapeutic index, other drugs recommended by the Drug Utilization Board or brand name drugs with lower cost per unit than the generic, may be excluded from prior authorization by the Division of Medical Assistance and Health Services. Further, not later than April 1, 2009 the State Treasurer in consultation with the Commissioner of Human Services shall review whether the utilization of generic pharmaceuticals exceeds the level anticipated and the effect of such enhanced utilization of generic drugs on disbursements from these accounts, net of manufacturers rebates and adjusted for utilization shifts resulting from patent expirations or other one time factors, and to the extent possible within the limits of the funds appropriated and federal regulations herein above shall modify the average wholesale price discount rate to not less than 12.5%, the upper limit of the prescription drug dispensing fee structure to not greater than $4.07, or both, retroactive to July 1, 2009.

2010 Budget Recommendations

p. D-195.

payment limit/maximum allowable cost based on the Deficit Reduction Act of 2005 upon final adoption. (b) the current prescription drug dispensing fee structure set as a variable rate of $3.73 to $3.99 shall remain in effect through the current fiscal year, including the current increments for impact allowances as determined by revised qualifying requirements and allowances for 24-hour emergency services; and (c) multisource generic and single source brand name drugs shall be dispensed without prior authorization but multisource brand name drugs shall require prior authorization issued by the Division of Medical Assistance and Health Services or its authorizing agent; however, a 10-day supply of the multisource brand name drug shall be dispensed pending receipt of prior authorization. Certain multi-source brand name drugs with a narrow therapeutic index, other drugs recommended by the Drug Utilization Board or brand name drugs with lower cost per unit than the generic, may be excluded from prior authorization by the Division of Medical Assistance and Health Services.

Explanation

The amended language would increase the discount the State receives for payment of prescription drugs from 15% to 16% of Average Wholesale Price. This will save $5.1 million. Also, language is added that should the federal government discontinue the use of Average Wholesale Price as a method for reimbursing pharmacies, the State would continue to reimburse on a basis equivalent to Average Wholesale Price less 16% or the federal upper payment limit/maximum allowable cost as appropriate

Language Provisions (Cont'd)

The amended language also deletes a provision included by the Legislature as to a report that is to be submitted by April 1, 2009 concerning generic drug issues. As of this writing, no report has been submitted.

2009 Appropriations Handbook	2010 Budget Recommendations
p. B-100.	p. D-195.
Of the revenues received as a result of sanctions to health maintenance organizations participating in Medicaid Managed Care, an amount not to exceed $500,000 is appropriated to the NJ KidCare A - Administration account to improve access to medical services and quality care through such activities as outreach, education, and awareness, subject to the approval of the Director of the Division of Budget and Accounting.	Similar language except that the following has been added: "$500,000 is appropriated to the Managed Care Initiative or the NJ KidCare A – Administration account…."

Explanation

The amended language broadens the permitted use of $500,000 in fines the State obtains from health maintenance organizations, to include improvements to the overall Managed Care Initiative account.

2009 Appropriations Handbook	2010 Budget Recommendations
p. B-101.	p. D-195.
Of the amount hereinabove appropriated for the NJ FamilyCare program, there shall be transferred to various accounts, including Direct State Services and State Aid accounts, such amounts, not to exceed $6,000,000, as are necessary to pay for the administrative costs of the program, subject to the approval of the Director of the Division of Budget and Accounting.	Similar language except the amount has been increased to $9,000,000.

Explanation

The amended language increases the amount that can be expended for administrative costs related to the NJ FamilyCare program from $6.0 to $9.0 million as the number of persons applying for the program has increased.

Language Provisions (Cont'd)

2009 Appropriations Handbook	2010 Budget Recommendations
p. B-101.	p. D-196.
Notwithstanding the provisions of any law or regulation to the contrary, and subject to the notice provisions of 42 CFR 447.205 where applicable, the appropriation in the Payments for Medical Assistance Recipients-Physician Services account shall be conditioned upon the following provisions: (a) reimbursement for the cost of physician-administered drugs shall be consistent with reimbursement for legend and non-legend drugs; and (b) reimbursement for selected high cost physician-administered drugs shall be limited to those drugs supplied by manufacturers who have entered into the federal Medicaid Drug Rebate Agreement and are subject to drug rebate rules and regulations consistent with this agreement. The Division of Medical Assistance and Health Services shall collect and submit utilization and coding information to the Secretary of the United States Department of Health and Human Services for all single source drugs administered by physicians.	Similar language except the words "selected high cost" drugs are eliminated.

Explanation

The elimination of the words "selected high cost" drugs may increase rebates collected on behalf of physician-administered drugs. The State may attempt to obtain rebates on all physician-administered drugs, irrespective of cost.

2009 Appropriations Handbook	2010 Budget Recommendations
B-102.	
Notwithstanding the provisions of any law or regulation to the contrary, the Commissioner of Human Services is authorized to utilize savings not to exceed $8,000,000 in the Payments for Medical Assistance Recipients-Outpatient Hospital account that materialize as a result of the annualization of the February 5, 2007 Outpatient Hospital Psychiatric Reimbursement changes for individuals age 22 and older. Utilization of	No comparable language provision.

Language Provisions (Cont'd)

2009 Appropriations Handbook	2010 Budget Recommendations
B-102.	
the savings not to exceed $8,000,000 shall be for outpatient hospital psychiatric service rate adjustments in the Medicaid program and/or reinvestment into community based psychiatric services for individuals age 22 and older. An amount not to exceed $8,000,000 may be transferred to the Community Care appropriation within the Division of Mental Health Services to support outpatient hospital and community based psychiatric services for individuals age 22 and older, subject to the approval of the Director of the Division of Budget and Accounting.	

Explanation

The FY 2009 budget language permitted up to $8.0 million in savings the division realized when it adopted various changes to Outpatient Hospital Psychiatric Reimbursement to persons age 22 or older. The savings were to be used to either increase reimbursement rates for such services or the monies were to be transferred to the Division of Mental Health Services for use in the Community Care grants account.

Elimination of the language will mean that any savings will be used to reduce overall Medicaid expenditures.

2009 Appropriations Handbook	2010 Budget Recommendations
p. B-103.	
Of the amounts hereinabove appropriated to NJ FamilyCare-Affordable and Accessible Health Coverage Benefits, upon the enactment of P.L.2008, c.38. (pending as Senate Bill No.1557 of 2009) authorizing the expansion of health care coverage to certain low income parents, $8,000,000 is appropriated to fund the increase in coverage provided for in that act.	No comparable language.

Language Provisions (Cont'd)

Explanation

The language is no longer necessary as it applied to pending legislation that was subsequently enacted.

2009 Appropriations Handbook	2010 Budget Recommendations
	p. D-196.
No comparable language.	Notwithstanding the provisions of any law or regulation to the contrary, and subject to the notice provisions of 42 CFR 447.205 where applicable, the appropriations hereinabove for Managed Care Initiative, Payments to Medical Assistance Recipients – Prescription Drugs and General Assistance Medical Services shall be subject to the following condition: all qualifying beneficiaries, in accordance with 42 CFR 447.53, of the Division of Medical Assistance and Health Services will be responsible for a $2 co-payment per prescription drug. The maximum amount a beneficiary will be charged is $10.

Explanation

The proposed language would impose a $2 per prescription co-pay for Medicaid and General Assistance recipients capped at $10 per month. This would save approximately $4.6 million. The co-payment would also apply to persons enrolled in managed care programs and to Medicaid recipients who are also on the Medicare Part D program for medications not covered by a Medicare Part D plan. It is noted that under federal law, co-payments cannot be imposed on children under the age of 18, pregnant women, persons who receive family planning services, and persons in institutions.

2009 Appropriations Handbook	2010 Budget Recommendations
	p. D-196.
No comparable language provision.	Notwithstanding any provisions of any law or regulation to the contrary, of the amounts hereinabove appropriated to the Payments for Prescription Drugs account, the capitated dispensing fee payments to providers of pharmaceutical services for residents of nursing facilities shall be adjusted to reflect the reduced prescription volume dispersed

Language Provisions (Cont'd)

2009 Appropriations Handbook	2010 Budget Recommendations
	p. D-196.
	to non-dual eligibles since the implementation of the Medicare Part D Program.

Explanation

A recent audit by the State Auditor determined that the capitated dispensing fee paid by Medicaid on behalf of nursing home clients did not reflect dispensing fees paid by the Medicare Part D program on behalf of the same clients. Implementation of a lower capitated dispensing fee is expected to save $2.1 million.

2009 Appropriations Handbook	2010 Budget Recommendations
	p. D-196.
No comparable language provision.	Notwithstanding the provisions of any law or regulation to the contrary, subject to federal approval and effective no earlier than January 1, 2010, expenditures from the Payment for Medical Assistance Recipients – Prescription Drugs and General Assistance Medical Services accounts shall be based on a plan developed by the Commissioner of Human Services to manage the provision of legend and non-legend prescription drugs.

Explanation

This language authorizes the Commissioner of Human Services to develop a plan to manage the provision of legend and non-legend prescription drugs to Medicaid and General Assistance recipients. Savings of $10.0 million are anticipated by "using best practices to procure prescription drugs more efficiently in the Medicaid program…."

2009 Appropriations Handbook	2010 Budget Recommendations
	p. D-197.
No comparable language provision.	Notwithstanding the provisions of any law or regulation to the contrary, of the amounts hereinabove appropriated for Payments for Medical Assistance Recipients – Prescription Drugs and General Assistance Medical Services, no payments shall be expended for drugs used for the treatment of erectile

Language Provisions (Cont'd)

2009 Appropriations Handbook

2010 Budget Recommendations

p. D-197.

dysfunction, select cough/cold medications as defined by the Commissioner of Human Services, or cosmetic drugs including but not limited to: drugs used for baldness, weight loss, and purely cosmetic skin conditions.

Explanation

Proposed language would preclude reimbursement for certain drugs to treat erectile dysfunction, certain cough/cold medications and certain cosmetic drugs in the Medicaid and General Assistance Medical Services program. The proposed language is expected to save $2.7 million.

2009 Appropriations Handbook

p. B-103.

Notwithstanding the provisions of subsection (a) of N.J.A.C.10:60-5.7 and subsection (e) of N.J.A.C.10:60-11.2 to the contrary, the amount hereinabove appropriated for Payments for Medical Assistance Recipients - Clinic Services is conditioned upon the Commissioner of Human Services increasing the hourly nursing rates for Early and Periodic Screening, Diagnosis and Treatment/Private Duty Nursing (EPSDT/PDN) services by $10 per hour.

2010 Budget Recommendations

p. D-197.

Similar language except that the last sentence now reads: "$10 per hour above the fiscal year 2008 rate."

Explanation

The amended language specifies FY 2008 as the base year upon which the $10 per hour rate increase is to be determined. Information is not available as to whether the use of FY 2008 will increase or reduce expenditures.

2009 Appropriations Handbook

No comparable language provision.

2010 Budget Recommendations

p. D-197.

Notwithstanding the provisions of any law or regulation to the contrary, of the amounts hereinabove appropriated for Payments for Medical Assistance Recipients –

Language Provisions (Cont'd)

2009 Appropriations Handbook	2010 Budget Recommendations
	p. D-197.
	Transportation Services and NJ FamilyCare Affordable and Accessible Health Coverage Benefits, payments may be expended by the Commissioner of Human Services to implement a non-emergency medical transportation brokerage program.

Explanation

The division awarded a 5-year, $300 million contract for "transportation brokerage services" to Logisticare Solutions LLS. The proposed language would allow the two referenced accounts to be used for costs associated with the contract.

2009 Appropriations Handbook	2010 Budget Recommendations
	p. D-198.
No comparable language provision.	Notwithstanding the provisions of any law or regulation to the contrary, effective July 1. 2009, no provision for partial care services in mental health clinics, as hereinabove appropriated in Payments for Medical Assistance Recipients – Clinic Services shall be provided unless the services are prior authorized by professional staff designated by the Department of Human Services.

Explanation

The proposed language would require prior authorization before a mental health clinic can provide partial care services. Savings of $6.0 million are anticipated.

Division of Developmental Disabilities

2009 Appropriations Handbook	2010 Budget Recommendations
p. B-111.	p. D-204.
The State appropriation for the State's developmental centers is based on ICF/MR revenues of $344,238,000 provided that if	The State appropriation for the State's developmental centers is based on ICF/MR revenues of $332,908,000 provided that if

Language Provisions (Cont'd)

2009 Appropriations Handbook	2010 Budget Recommendations
p. B-111.	p. D-204.
the ICF/MR revenues exceed $344,238,000 there will be placed in reserve a portion of the State appropriation equal to the excess amount of ICF/MR revenues, subject to the approval of the Director of the Division of Budget and Accounting.	the ICF/MR revenues exceed $332,908,000, an amount equal to the excess ICF/MR revenues may be deducted from the State appropriation for the developmental centers, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The proposed FY 2010 language reduces the amount of federal ICF/MR revenues upon which the developmental center appropriation is based from approximately $344.2 million to $332.9 million. This reduction may be the result of a decline in the number of clients at the centers and fewer billable days.

Further, amended language would allow any excess ICF/MR revenues to be deducted from the $90.9 million State appropriation for the developmental centers rather than being placed in reserve. Whether the State appropriation will be reduced in the event that ICF/MR revenues exceed the amount included in the budget cannot be determined at this time.

2009 Appropriations Handbook	2010 Budget Recommendations
	p. D-209.
No comparable language provision.	The amounts appropriated hereinabove for Community Programs are available for the payment of obligations applicable to prior fiscal years, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This language would permit the FY 2010 Community Programs appropriation to be used to pay claims from FY 2009 or earlier. Similar language appears in many other programs.

It is not known how much, if any, of the FY 2010 Community Programs appropriation may be used to pay claims from prior fiscal years.

Language Provisions (Cont'd)

2009 Appropriations Handbook

p. B-107.

Notwithstanding the provisions of any law or regulation to the contrary, $303,766,000 of federal Community Care Waiver funds is appropriated for community-based programs in the Division of Developmental Disabilities. The appropriation of federal Community Care Waiver funds above this amount is conditional upon the approval of a plan submitted by the Department of Human Services that must be approved by the Director of the Division of Budget and Accounting.

2010 Budget Recommendations

p. D-210.

Similar language except that the amount of federal Community Care Waiver funds is increased to $315,171,000.

Explanation

The amount of federal Community Care Waiver Revenues the division anticipates in FY 2010 is estimated at $315.2 million, an $11.4 million increase over FY 2009.

2009 Appropriations Handbook

No comparable language provision.

2010 Budget Recommendations

p. D-210.

Of the amount hereinabove appropriated for the Home Assistance account, $4,000,000 is appropriated to provide community services for consumers on the Division of Developmental Disabilities Waiting List with the services to be provided consistent with a needs assessment, including but not limited to day, residential or other in-home supports.

Explanation

The proposed language would formally permit $4.0 million of the $48.8 million Home Assistance account to be used to provide services to clients on the division's waiting list.

As clients who receive Home Assistance may already be on the division's waiting list and the services provided through the Home Assistance account are fairly broad, it is not clear why the language is required.

Language Provisions (Cont'd)

2009 Appropriations Handbook	2010 Budget Recommendations
p. B-107.	
Notwithstanding the provisions of any law or regulation to the contrary, the unexpended balance at the end of the preceding fiscal year, not to exceed $12,500,000, in the Group Homes account, is appropriated to provide community residential placements for clients on the Division of Developmental Disabilities Community Services Waiting List with the services to be provided consistent with a needs assessment and for other community services, including but not limited to residential or other in-home supports, subject to the approval of the Director of the Division of Budget and Accounting.	No comparable language provision.

Explanation

The language is no longer necessary as the use of $12.5 million in unexpended FY 2008 balances applied only to FY 2009. The unexpended balances from FY 2008 are no longer available.

Commission for the Blind and Visually Impaired

2009 Appropriations Handbook	2010 Budget Recommendations
p. B-112.	p. D-213.
In addition to the amount hereinabove appropriated, the amount of $900,000 is transferred from the Governor's Literacy Initiative to the Commission for the Blind and Visually Impaired for increased Braille lessons for blind children, subject to the approval of the Director of the Division of Budget and Accounting.	Of the amounts hereinabove appropriated for Salaries and Wages, $900,000 is allocated for the Governor's Literacy Initiative.

Explanation

The proposed language would require the commission to use $0.9 million of its $10.3 million appropriation for Salaries and Wages to continue services provided under the Governor's Literacy Initiative. Previously, the commission received an additional $0.9 million to support the program. What impact this reallocation of resources will have on the commission's overall programs is not known.

Language Provisions (Cont'd)

Division of Family Development

2009 Appropriations Handbook	2010 Budget Recommendations
p. B-114.	p. D-219.
Notwithstanding the provisions of any law or regulation to the contrary, no funds hereinabove appropriated for before-school, after-school and summer "wrap around" child care shall be expended except in accordance with the following condition: effective September 1, 2008, families with incomes above 250% of the federal poverty level who reside in districts who received pre-school expansion aid in fiscal 2007 shall not be eligible for free "wrap around" child care.	Notwithstanding the provisions of any law or regulation to the contrary, no funds hereinabove appropriated for before-school, after-school and summer "wrap around" child care shall be expended except in accordance with the following conditions: 1) Effective September 1, 2009, families with incomes between 175% and 250% of the federal poverty level who reside in districts who received pre-school expansion aid in fiscal 2008 shall be subject to a co-payment for "wrap around" child care, based upon a schedule approved by the Department of Human Services and published in the New Jersey Register; and 2) Families earning above 250% of the federal poverty level who reside in districts who received pre-school expansion aid in fiscal 2008 shall not be eligible for free "wrap around" child care.

Explanation

The proposed language would reduce the income eligibility level for free "wrap around" child care to families with incomes below 175% of the federal poverty level. As in FY 2009, families with incomes between 175% and 250% of the federal poverty level would be subject to a co-payment for "wrap around" child care in an amount yet to be determined. Families with income above 250% of the federal poverty levels would not be eligible for free "wrap around" child care.

While the co-payment amount is yet to be determined, the FY 2010 recommended appropriation assumes savings of approximately $3.0 million.

Language Provisions (Cont'd)

2009 Appropriations Handbook	2010 Budget Recommendations
p. B-114.	
In addition to the provisions of section 3 of P.L.1973, c.256 (C.44:7-87), the Department of Human Services shall assess welfare boards at the beginning of each fiscal year in the same proportion that the counties currently participate in the federal categorical assistance programs, in order to obtain the amount of each county's share of the supplementary payments for eligible persons in this state, based upon the number of eligible persons in the county. Welfare boards shall pay the amount assessed.	No comparable language provision.

Explanation

As the division has regulations on the subject, the language provision is not continued.

Division of Addiction Services

2009 Appropriations Handbook	2010 Budget Recommendations
	pp. D-222, D-223.
No comparable language provisions.	The amounts available in the Drug Court Substance Abuse Treatment Programs account is available to pay liabilities applicable to prior fiscal years, subject to the approval of the Director of the Division of Budget and Accounting. The amounts hereinabove appropriated for Community Based Substance Abuse Treatment and Prevention and Mutual Agreement Parole Rehabilitation Project for Substance Abusers (MAP) accounts are available to pay for liabilities applicable to prior fiscal years, subject to the approval of the Director of the Division of Budget and Accounting.

Language Provisions (Cont'd)

Explanation

These two language provisions would permit FY 2010 appropriations to the referenced accounts to be used to pay claims from FY 2009 or earlier. Similar language provisions appear in many other programs.

It is not known how much, if any, FY 2010 monies will be required to pay liabilities from prior fiscal years.

2009 Appropriations Handbook	2010 Budget Recommendations
	p. D-222.
No comparable language provision.	Notwithstanding the provisions of any law or regulation to the contrary, there are appropriated from the "Drug Enforcement and Demand Reduction Fund" such sums as may be required to provide for the administrative expenses of the Governor's Council on Alcoholism and Drug Abuse and for programs and grants to other agencies subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The FY 2010 recommended budget transfers the Governor's Council on Alcoholism and Drug Abuse from in, but not of, the Department of the Treasury and $17.4 million in Other Funds to the Division of Addiction Services. The proposed language would appropriate "such sums as may be required" for administrative and other expenses of the Council. At this time, it is not known whether additional funds may be transferred to support the Council's activities.

2009 Appropriations Handbook	2010 Budget Recommendations
	p. D-222.
No comparable language provision.	Notwithstanding the provisions of any law to the contrary, in addition to the amount hereinabove appropriated for Community Based Substance Abuse Treatment and Prevention – State Share, an amount not to exceed $1,500,000 is appropriated from the unexpended balances of fees paid into the "Alcohol Education, Rehabilitation and Enforcement Fund" to support the Intoxicated Driving Program Unit.

Language Provisions (Cont'd)

Explanation

The FY 2010 recommended budget reduced funding for Community Based Substance Abuse Treatment and Prevention – State Share account by $1.5 million, from $42.7 million to $41.2 million. The proposed language would offset the reduction by providing the program with $1.5 million in Other Funds.

Division of Management and Budget

2009 Appropriations Handbook	2010 Budget Recommendations
p. B-118.	
The Commissioner of the Department of Human Services may reallocate amounts appropriated for various institutions in an amount not to exceed $5,000,000 to reflect overtime savings.	No comparable language provision.

Explanation

The language was applicable to the FY 2009 appropriations act and is not continued in FY 2010. To effectuate a reduction in overtime costs at State institutions, funding was reduced in a central account rather than at each institution. The FY 2009 language allowed the department to reallocate monies from the various institutions to offset the $5.0 million reduction.

2009 Appropriations Handbook	2010 Budget Recommendations
p. B-118.	
Of the amounts hereinabove appropriated for Community Provider Cost of Living Adjustment, amounts may be transferred to other divisions within the Department of Human Services in order to provide a cost of living adjustment to community care providers contracting with the various divisions, subject to the approval of the Director of the Division of Budget and Accounting.	No comparable language provision.

Explanation

The FY 2009 appropriations act provided monies for a Community Provider Cost of Living adjustment in a central account. This language permitted the monies to be transferred to other divisions without the usual paperwork that accompanies such transfer of appropriations. As the

Language Provisions (Cont'd)

language applied to FY 2009, it is not continued in FY 2010. The FY 2010 recommended budget does not provide for a cost of living adjustment.

2009 Appropriations Handbook	2010 Budget Recommendations
p. B-119.	p. D-227.
The unexpended balances at the end of the preceding fiscal year due to opportunities for increased recoveries in the Department of Human Services are appropriated, subject to the approval of the Director of the Division of Budget and Accounting. These recoveries may be transferred to the Division of Developmental Disabilities as follows: $9,116,000 for residential and other support services and infrastructure for individuals transitioning from the developmental centers to the community and from the community services waiting list, and for family support services in accordance with a plan approved by the Director of the Division of Budget and Accounting and an amount for operating costs in the developmental centers, subject to the approval of the Director of the Division of Budget and Accounting.	The unexpended balances at the end of the preceding fiscal year due to opportunities for increased recoveries in the Department of Human Services are appropriated, subject to the approval of the Director of the Division of Budget and Accounting. These recoveries may be transferred to the Division of Developmental Disabilities for operating costs in the developmental centers, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The language was originally included in the FY 2007 appropriations act with respect to the State's receipt of upwards of $200 million in retroactive federal Community Care Waiver funds (the retroactive payments were made because the State had not updated and finalized it's rates on a timely basis). The language set aside $50 million for cost associated with the placement of clients from developmental centers into the community program.

By FY 2009, the $50 million had been reduced to $9.1 million, the amount referenced in the FY 2009 appropriations act. As the remaining $9.1 million will be expended by the end of FY 2009, no amount is referenced in the FY 2010 recommended budget. Any unexpended balances from any subsequent recoveries will be used to offset State costs at the developmental centers.

Discussion Points

DEPARTMENT OF HUMAN SERVICES – GENERAL

The first three questions below were previously provided to all State agencies by the Legislative Budget and Finance Officer and are reproduced in their entirety below.

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 FY09 and $2.220 billion in FY10) 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. Most executive departments anticipate stimulus funding in either FY 2009, FY 2010 or both.

- *Question:* Please itemize the federal stimulus funding, if any, other than portions of the $3.074 billion allocated for budget relief, included in the department's 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?

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?

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).

Discussion Points (Cont'd)

- *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?

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

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

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 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?

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 2008 and FY 2010?

DIVISION OF MENTAL HEALTH SERVICES

1. 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?

2. 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?

Discussion Points (Cont'd)

3. Executive Order No. 77 (2005) directed the division to develop a pilot program of operational incentives.

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?

4. 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 $276.0 million Community Care appropriation is allocated for incentive payments?

5. As of February 2009, approximately $2.1 million in FY 2008 Community Care funds were still "encumbered."

- *Question:* Is the $2.1 million in encumbered funds still valid? If not, how much can be lapsed?

6. 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.

- *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?

7. 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?

Discussion Points (Cont'd)

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

Further, budget language in the annual appropriations act allows this appropriation 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 appropriation is intended to pay for claims incurred in FY 2009 or earlier?

9. 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?

10. 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?

11. During January 2009, the U.S. Department of Justice conducted an inspection of Ancora Psychiatric Hospital. A report is expected to be issued by 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?

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

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

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

2. A recent federal regulation requires states to provide an annual report and hospital specific financial data related to the Disproportionate Share program (DSH).

Discussion Points (Cont'd)

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

3. 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?

4. 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?

5. During 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?

6. 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?

7. Approximately $5.0 million in incentive payments are awarded to managed care companies under contract to Medicaid related to 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?

8. 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.

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

Discussion Points (Cont'd)

9. 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?

10. 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?

11. 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?

12. 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?

13. 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?

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

Discussion Points (Cont'd)

- 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?

15. 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?

16. 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?

17. 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?

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

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 to 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?

19. 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?

Discussion Points (Cont'd)

20. 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 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 provided additional budgetary support for the contract.

- *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?

21.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 Treasury and Labor, respectively? How many cases have been identified as a result of such matches?

DIVISION OF DEVELOPMENTAL DISABILITIES

1. The FY 2010 recommended budget assumes about $28.6 million in "efficiencies" 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?

2. Revised Schedule 2 federal 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?

3. 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?

4. 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.

The overall census reduction possibly could enable patients from Green Brook to be transferred to other facilities and 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?

Discussion Points (Cont'd)

5. 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?

6. 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?

7. 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?

8. 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?

9. 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?

10. 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?

Discussion Points (Cont'd)

COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED (CBVI)

1. CBVI's recommended appropriation is reduced by $0.5 million for "operational savings."

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

2. The organization that operates Camp Marcella contracted with another agency to use the facility, a 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?

DIVISION OF FAMILY DEVELOPMENT

1. In FY 2008, the division estimated federal TANF expenditures (Schedule 2) at $436.7 million. Actual FY 2008 federal TANF expenditures were $417.8 million.

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

2. The Economic 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?

3. 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?

4. 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). 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?

5. P.L.2007, c.97 adopted a new policy with respect to imposing sanctions on persons participating in WFNJ, that is intended to streamline the process. For GA recipients, the policy became effective July 1, 2008, and for TANF recipients, August 1, 2008.

Discussion Points (Cont'd)

- *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?

6. 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 the following 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?

7. 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 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?

8. 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.

- *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?

9. 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?

10. 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.

Discussion Points (Cont'd)

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

11. 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 yes, are such children exempt from the co-payment policy?

12. 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.

- *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?

13. In addition to a $2.9 million contract with Legal Services of New Jersey, private attorneys may assist persons to apply 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 attorney's as compared to the efforts of Legal Services of New Jersey?

14. As the State may recapture WFNJ or Supplemental Nutrition Assistance Program (food stamps) benefits that were provided to persons, pursuant to N.J.A.C.18:35-10, 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?

15. 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?

Discussion Points (Cont'd)

16. Of the $92.8 million recommended 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?

17. Recommended appropriations for Food Stamp Administration – State increase from $8.6 million to $17.2 million, 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.

18. 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 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 be reduced or eliminated?

DIVISION OF ADDICTION SERVICES

1. The Division of Addiction Services 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?

2. 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?

3. 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?

Discussion Points (Cont'd)

DIVISION OF MANAGEMENT AND BUDGET

1. The Personal Services account within Administration and Support Services is reduced by $0.6 million.

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

2. Overtime has been an ongoing concern within the Institutional Security Services (Human Services Police) program.

- *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?

3. Within the overall Services Other Than Personal account, recommended appropriations for miscellaneous Services Other Than Personal expenses increase by about $0.7 million, from $4.7 million to $5.4 million.

- *Question:* What accounts for the $0.7 million increase and what specific costs will be incurred?

4. 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?

5. 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?

Background Paper: Executive Director Salaries at Contract Agencies

BACKGROUND AND ANALYSIS

In past years, members of the two budget committees have raised questions concerning compensation for Executive Directors (EDs) and other administrative personnel of agencies under contract to the Departments of Children and Families and Human Services. The concern is related to high turnover/vacancies in direct care positions at such agencies and the salaries paid to direct care personnel.

In general, there is no formal State policy with respect to compensation matters at contract agencies. The department's have rarely questioned the compensation paid to EDs and other administrative personnel. As the majority of funds contract agencies receive are from public sources such as State/county/municipal grants, Medicaid and Medicare reimbursements, etc., it is reasonable for the State to establish compensation limits on administrative personnel of contract agencies[3]. If the agency is of the opinion that its ED merits additional compensation in excess of any State established limit, the agency can seek private funding to compensate for the difference.

Charts I and II, below and on the next page, present salary data on the compensation of EDs taken from the contracts Annex B of numerous agencies that provide various services to children and persons with developmental disabilities and mental illness.

The agencies are not identified, but are listed by county, based on the mailing address, though many agencies provide services in multiple counties. Agencies affiliated with a hospital, Rutgers, UMDNJ or county or municipal government are not included.

Chart I notes that ED compensation varies widely and does not appear related to the overall funding an agency receives. An ED in an agency with a contract of between $5.0 million - $9.9 million may earn more than an ED in an agency with a contract of between $5.0 million - $14.9 million.

Chart I. Executive Director Salary by Contract Amount

Contract Amount (Gross)	No. of Agencies	Executive Director Salary Range ($000)
Under $1 million	3	$66,000 to $70,000
$1,000,000 to $4,999,999	13	$90,000 to $142,000
$5,000,000 to $9,999,999	18	$86,000 to $176,000
$10,000,000 to $14,999,999	14	$89,000 to $147,000
$15,000,000 to $19,999,999	8	$105,000 to $210,000
Greater than $20 million	6	$156,000 to $250,000

Chart II notes that ED compensation varies widely, even within the same geographic area and does not depend on the number of clients a particular agency serves. For example, a Mercer County agency that primarily provides advocacy services paid its ED about $142,000 out of a $1.7 million contract. Another Mercer County agency that provides direct services to hundreds of clients paid its ED about $124,000 out of a $13.1 million contract.

[3] The State, on occasion, has disallowed a portion of an ED's salary as "unallowable." What this means is that a portion of an ED's time was expended on activities that were not allowed or related to the overall purpose of the contract.

Background Paper: Executive Director Salaries at Contract Agencies (Cont'd)

Chart II. Selected Executive Director Salaries by Agency by County			
Agency by County	Service[4]	Gross Contract Amount ($000)[5]	Executive Director Salary ($000)
Atlantic A	MH	$5,417	$140
Atlantic B	MH, DDD, SS	6,481	112
Atlantic C	DDD	9,283	107
Atlantic D	MH, SS	8,357	128
Atlantic E	MH, SS	7,760	176
Bergen A	MH	10,435	128
Bergen B	MH	18,167	141
Bergen C	MH, SS	24,475	156
Bergen D	MH	3,072	116
Bergen E	MH, SS	7,711	140
Burlington A	MH, DDD, SS	36,556	165
Burlington B	DDD	6,564	88
Burlington C	MH	3,073	93
Camden A	MH, SS	16,684	155
Camden B	DDD	9,595	124
Camden C	MH	11,629 est.	143 est.
Camden D	DDD	88,375	250
Cape May A	DDD	7,700	94
Cape May B	MH, SS	13,367	122
Cape May	MH	3,077	114
Cumberland A	MH, SS	12,280	115
Cumberland B	DDD	924	66
Essex A	MH	8,100	156
Essex B	MH	10,684	142
Essex C	DDD	17,967	210
Essex D	Adv.	5,918	147[6]
Essex E	Adv., SS	5,005	136
Gloucester A	MH	8,693	107
Gloucester B	DDD	11,634	89
Hudson A	MH	3,072	128
Hunterdon A	DDD	6,840	86
Mercer A	MH, DDD	30,717	201
Mercer B	MH, SS	13,142	124
Mercer C	MH	2,296	90
Mercer D	Adv.	1,736	142
Mercer E	DDD	13,275	120
Mercer F	Adv., DDD	2,518	110

[4] MH refers to mental health services; DDD refers to developmental disability services; SS refers to general social services such as child care and other services not exclusively for clients with developmental disabilities or mental illness; and Adv. refers to advocacy.

[5] Gross Contract Amount may be from either the FY 2008, FY 2009 or CY 2008 contract.

[6] Approximately $15,000 of the Executive Director's reported salary was classified as an unallowable cost and is not eligible for reimbursement under the contract with the State.

Background Paper: Executive Director Salaries at Contract Agencies (Cont'd)

Agency by County	Service	Gross Contract Amount ($000)	Executive Director Salary ($000)
Mercer G	DDD	18,772	105
Middlesex A	MH, SS	60,000	156
Middlesex B	DDD	9,060	115
Middlesex C	Adv., DDD	4,430	116
Middlesex D	Adv.	567	67
Monmouth A	MH, DDD, SS	29,851	223
Monmouth B	DDD	16,162	110
Morris A	DDD	14,748	144
Morris B	MH, SS	9,378	125
Morris	MH	4,030	95
Ocean A	MH	3,073	102
Ocean B	MH, SS	15,990	140
Ocean C	MH, SS	12,952	139
Ocean D	DDD	11,619	102
Passaic A	MH	731	70
Salem A	MH, SS	5,158	115
Salem B	DDD	3,467	111
Somerset A	MH	3,073	104
Somerset B	MH, DDD, SS	10,922	108
Somerset C	DDD	18,105	110
Sussex A	DDD	12,278	130
Union A	MH, SS	10,993	110
Union B	MH	3,073	133
Union C	DDD	15,093	137[7]
Warren A	DDD	6,781	97

[7] Approximately $21,000 of the Executive Director's reported salary was classified as an unallowable cost and is not eligible for reimbursement under the contract with the State.

Background Paper: Overtime at State Institutions, FY 2005 – FY 2009

SUMMARY

FY 2009 overtime expenditures are projected at $82.0 million, or 1.5% less than FY 2008 expenditures. The number of overtime hours worked is estimated at approximately 2.6 million, a 6.3% decrease from FY 2008 levels.[8]

Between FY 2005 – FY 2008 overtime costs increased by an average of 6.1% annually. Based on this rate of increase, FY 2009 overtime costs would have increased to about $88.4 million barring efforts to control overtime.

The FY 2009 appropriations act reduced overtime at developmental centers and psychiatric hospitals by $7.8 million:

- The Governor's recommended budget assumed $2.8 million in savings due to the implementation of an electronic Cost Accounting Timesheet System (eCATS) and a new biometric based time clock system to reduce fraud; and
- The Legislature reduced the department's salary accounts by $5.0 million, expecting the department to reduce overtime costs.

Thus, FY 2009 overtime expenditures would have to be $80.6 million to achieve the $7.8 million in overtime savings included in the FY 2009 appropriations act; however, as noted above, FY 2009 overtime expenditures are estimated at $82.0 million, or $1.4 million greater than the target. Despite not achieving $2.8 million in savings from eCATS and a new biometric based time clock system, overtime savings were achieved by reassigning staff as census reductions resulted in units to be closed.

The FY 2010 recommended budget assumes a $6.3 million reduction in overtime expenditures at the State developmental centers ($2.3 million) and psychiatric hospitals ($4.0 million).

BACKGROUND AND ANALYSIS

Overtime is an operational reality at the 12 institutions administered by the Department of Human Services in order to maintain minimum staffing standards mandated by the federal government, and staffing limitations.

As employee compensation is set through the State's union contract agreement, managing overtime hours is the only way to control expenditures. Managing overtime hours,

---

[8] The estimate of FY 2009 overtime expenditures and hours adjusts for one-time training costs at the psychiatric hospitals. Without this adjustment, estimated overtime expenditures would have exceeded $82.0 million.

All overtime data are from various Department of Human Services reports. Overtime expenditures and hours include Resident Living Specialists employed by the Vineland Developmental Center who are assigned to staff community group homes operated by PAFACOM, pursuant to the union contract.

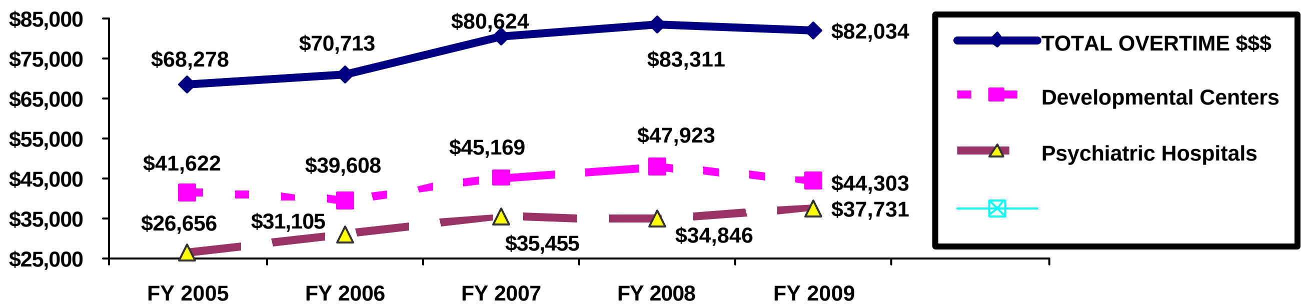
Overtime hours decreased more than overtime expenditures. The difference is attributable to overtime expenditures being based on an employee's pay and employees receive salary increases per the union contract. Thus, overtime hours can decrease more than overtime expenditures.

Background Paper: Overtime at State Institutions, FY 2005 – FY 2009 (Cont'd)

in turn, depends on maintaining minimum staffing requirements, the number of patients and the clinical condition of patients.

Figure 1 summarizes **overtime expenditures** at State institutions for the FY 2005 – FY 2009 (est.) period:

Figure 1: Overtime Expenditures at Developmental Centers and Psychiatric Hospitals ($000) FY 2005 - FY 2009 (est.)



- Psychiatric Hospitals. Overtime expenditures increased by nearly 41.5%, from $26.7 million to $37.7 million (est.) during the period FY 2005 – FY 2009 (est.):

	FY 2005	FY 2009 (est.)
Ancora	$7.8 million	$10.7 million
Forensic	$2.0 million	$5.5 million
Greystone	$6.6 million	$9.3 million
Hagedorn	$3.5 million	$3.6 million
Trenton	$6.8 million	$8.6 million

- Developmental Centers. Overtime expenditures increased by 6.4%, from $41.6 million to $44.3 million during the period FY 2005 – FY2009 (est.):

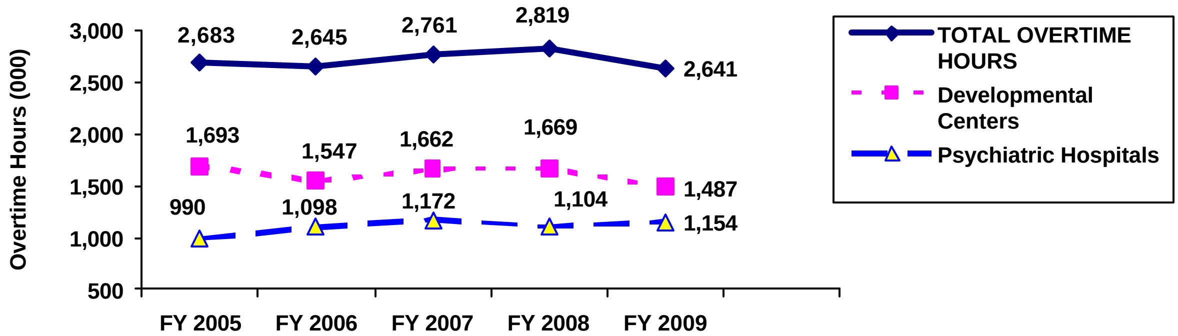
	FY 2005	FY 2009 (est.)
Green Brook	$0.7 million	$0.7 million
Hunterdon	$8.8 million	$11.0 million
New Lisbon	$8.2 million	$6.4 million
North Jersey	$4.9 million	$6.6 million
Vineland	$5.1 million	$7.3 million
Woodbine	$4.5 million	$7.0 million
Woodbridge	$9.3 million	$5.3 million

The reduction in overtime expenditures at New Lisbon and Woodbridge is likely attributable to the settlement agreements with the federal government. Additional staff was hired, and the census reduction at the facilities enabled staff to be reassigned.

Background Paper: Overtime at State Institutions, FY 2005 – FY 2009 (Cont'd)

Figure 2 summarizes overtime hours at State institutions for the FY 2005 – FY 2009 (est.).

Figure 2: Overtime Hours at Developmental Centers and Psychiatric Hospitals FY 2005 – FY 2009 (est.)



- Psychiatric Hospitals. Total overtime hours increased by 16.5%, from 1.0 million hours to 1.15 million hours (est.) during the FY 2005 – FY 2009 period:.

	FY 2005	FY 2009 (est.)
Ancora	308,800	328,700
Forensic	59,000	136,800
Greystone	244,000	294,700
Hagedorn	128,200	108,800
Trenton	250,500	285,000

- Developmental Centers. During the FY 2005 – FY 2009 period, overtime hours decreased by 12.2%, from 1.7 million hours to about 1.5 million hours (est.):

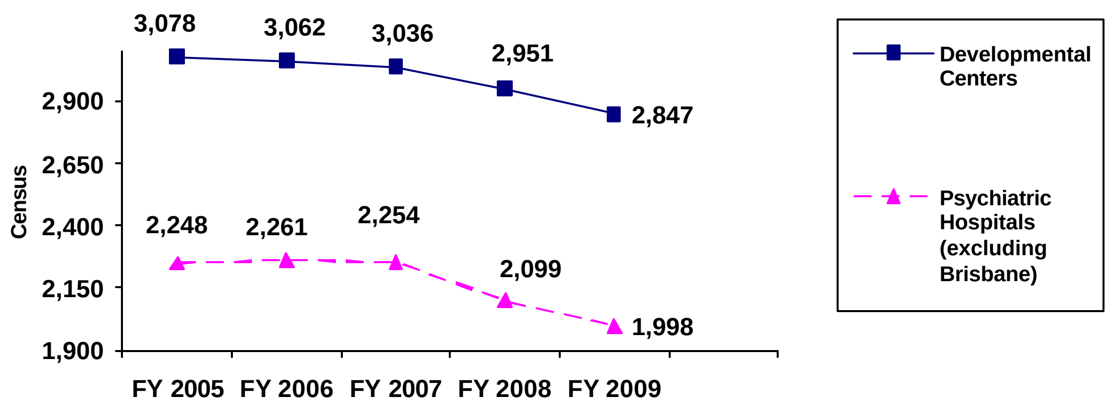
	FY 2005	FY 2009 (est.)
Green Brook	28,200	23,300
Hunterdon	353,900	378,400
New Lisbon	337,863	217,100
North Jersey	195,400	212,800
Vineland	204,100	226,700
Woodbine	188,000	240,000
Woodbridge	385,300	188,900

The reduction in overtime hours at New Lisbon and Woodbridge is attributable to the settlement agreements with the federal government. Additional staff was hired, and the census reduction at the facilities enabled staff to be reassigned which reduced overtime.

Background Paper: Overtime at State Institutions, FY 2005 – FY 2009 (Cont'd)

Figure 3 (next page) provides census data for the State institutions for the FY 2005 – FY 2009 (through December 2008) period:

Figure 3: Census at Developmental Centers and Psychiatric Hospitals FY 2005 – FY 2009 (thru Dec. 2008)



- Psychiatric Hospitals[9]. The overall census during the FY 2005 – FY 2009 (December 2008) period decreased by 11.1%, from about 2,250 to 2,000 patients.

	FY 2005	FY 2009 (as of 12/08)
Ancora	710	580
Forensic	200	200
Greystone	550	450
Hagedorn	290	270
Trenton	500	436

Most of the 250 patient census reduction has occurred since July 2007 (FY 2008): Ancora's census was reduced by nearly 160 patients; and Greystone's census was reduced by nearly 75 patients. The reduction in the number of patients at Ancora is due to other admissions options becoming available in the community at Hampton Hospital, Carrier Clinic and Lakeland (Camden County Hospital). The reduction in the number of patients at Greystone is due to the transfer of certain units to a community provider.

- Developmental Centers. The overall census during the FY 2005 – FY 2009 (December 2008) period decreased by 7.5%, from about 3,100 to about 2,850 clients:

	FY 2005	FY 2009 (as of 12/08)
Green Brook	100	90
Hunterdon	590	560
New Lisbon	520	440
North Jersey	390	400
Vineland	480	450
Woodbine	510	490
Woodbridge	490	410

[9] Excludes the Brisbane facility which closed during FY 2005.

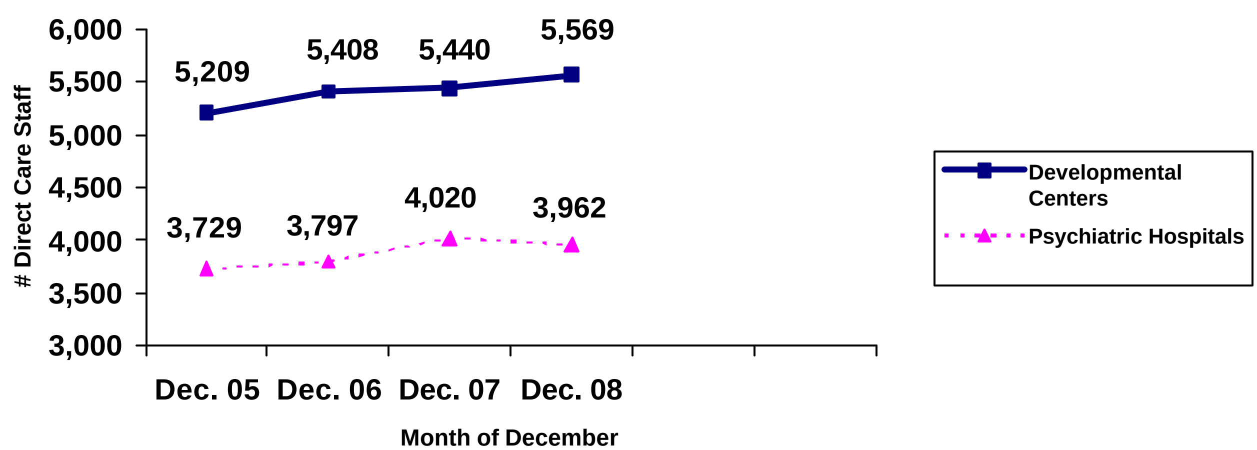
Background Paper: Overtime at State Institutions, FY 2005 – FY 2009 (Cont'd)

Much of the census reduction has occurred since July 2007: New Lisbon – 50, and Woodbridge - about 30 clients. These reductions are the result of the settlement agreements with the federal government.

Over the next few years additional census reductions should occur at other developmental centers to comply with the Olmstead decision. A decision as to whether to close or consolidate a developmental center may then have to be made..

Figure 4 provides information on direct care staff for the December 2004 – December 2008 period:

Figure 4: Direct Care Staff at Developmental Centers/Psychiatric Hospitals, Dec. 2005 – Dec. 2008



- Psychiatric Hospitals. Overall staffing increased by 6.1%, from over 3,700 to nearly 4,000 during the December 2005 – December 2008 period as follows:

	Dec. 2005	Dec. 2008
Ancora	1,170	1,295
Forensic	419	419
Greystone	901	908
Hagedorn	442	480
Trenton	866	860

Virtually all of the staffing increase were at Ancora and Hagedorn.

Background Paper: Overtime at State Institutions, FY 2005 – FY 2009 (Cont'd)

- Developmental Centers. Direct care staff increased by nearly 6.9%, from about 5,209 to 5,569 workers[10] as follows:

	Dec. 2005	Dec. 2008
Green Brook	161	170
Hunterdon	853	900
New Lisbon	914	920
North Jersey	679	720
Vineland	899	890
Woodbine	808	830
Woodbridge	895	940

Staffing increases were greatest at Hunterdon, North Jersey and Woodbridge. The increased staffing at Woodbridge is related to the consent agreement with the federal government which required the State to improve patient programs, while staffing increases at Hunterdon and North Jersey were needed to address the large number of patients that require one-to-one staffing and related overtime costs.

In general, staffing increases at both the developmental centers and psychiatric hospitals, when coupled with reallocation of staff due to a reduction in the number of patients, has enabled the department to better control overtime expenditures and overtime hours during FY 2009.

[10] Both the total number of employees and the number of employees at Vineland Excludes over 200 Resident Living Specialists who work at community groups homes, not in a developmental center.

Background Paper: Psychiatric Admissions at Bergen Regional Medical Center

Budget Page.... D-187

Funding ($000)	Expended FY 2008	Revised FY 2009	Estimate FY 2010
Support of Patients in County Psychiatric Hospitals	$122,039[11]	$123,816	$138,895

SUMMARY

The number of admissions to county psychiatric hospitals has increased by about 1,740 between FY 2005 and FY 2009 (projected). Most of the increase occurred at Bergen Regional Medical Center (BRMC) where the number of admissions increased by 1,610.

As the State pays much of the cost associated with patient care at county psychiatric hospitals, the Division of Mental Health Services should review the admission policies of both BRMC and the mental health agency which screens patients who are admitted to BRMC to assess the reasons for the increase in admissions.

BACKGROUND AND ANALYSIS

Six counties operate psychiatric hospitals: Bergen, Burlington, Camden, Essex, Hudson and Union. As proposed in the FY 2010 recommended budget, the State will reimburse counties for 85% of facilities costs.[12] During FY 2008, Bergen Regional received approximately $31.5 million in reimbursement from the State.

Table I provides information on the number of admissions to the six county hospitals for the FY 2005 – FY 2009 period.

Table I. Admissions to County Psychiatric Hospitals, FY 2005 – FY 2009.

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009[13]
Bergen	3,410	3,720	4,130	4,530	5,020
Burlington	250	270	270	300	290
Camden	800	720	660	750	740
Essex	110	210	330	350	300
Hudson	200	190	200	200	180
Union	420	380	420	420	410
TOTALS	5,190	4,500	6,020	6,550	6,930

The data indicate that admissions to the six county hospitals increased 47.2%. Most of the increase is attributable to BRMC. (On a percentage basis, Essex County Hospital admissions nearly tripled, from 110 to a projected 300. However, the increase is related to

[11] Expenditure charged to the Property Tax Relief Fund.
[12] Though State law mandates that the State reimburse counties for 90% of their costs, the annual appropriations act has overridden this 90% requirement and provided for a lower reimbursement rate.
[13] Based of July 2008- January 2009 admissions annualized.

Background Paper: Psychiatric Admissions at Bergen Regional Medical Center (Cont'd)

specific events at the Essex County Hospital. In FY 2005, the hospital's accreditation was in jeopardy and admissions were reduced to correct these problems. Once the accreditation issues were corrected, the hospital resumed admitting patients. Also, the opening of a new facility and the county admitting patients from other counties at the division's request contributed to an increase in admissions.)

The Office of Legislative Services was advised that the following may account for some of the increase in adm issions to BRMC:

- The mental health agency that screens Bergen County patients who may require admission to either a State hospital, a county hospital or to a Short Term Care Facility was asked to discontinue screening of voluntary admissions to BRMC.
- Several Bergen County hospitals have reduced the number of inpatient psychiatric beds they maintain, which may result in patients seeking admission to other facilities, including BRMC.

The increase in the number of admissions to BRMC merits further examination by the Division of Mental Health Services, particularly as the State reimburses the county for most of the cost associated with providing treatment to such patients.

Background Paper: Increasing Rebates Received From Drug Manufacturers

Budget Page.... D-189, D-191, D-163.

Funding and Program Data ($000)	Expended FY 2008	Revised FY 2009	Estimate FY 2010
Health Services Administration and Management	$29,184	$23,489	$26,511
TOTAL MANUFACTURERS' REBATES	$212,159	$195,660	$207,232
Pharmaceutical Assistance to the Aged and Disabled	$12,301	$32,000	$32,000
Senior Gold	1,236	1,000	1,000
Medicaid	186,148	150,186	161,758
General Assistance	12,474	12,474 est.	12,474 est.

SUMMARY

Funding the rebate unit within the Division of Medical Assistance and Health Services off-budget, by using a portion of drug manufacturers' rebates, would reduce General Fund expenditures by $300,000[14].

Shifting costs off-budget would lessen the unit's dependence on the General Fund and provide a dedicated revenue source to enable vacant positions to be filled. The ability to fill vacant positions should result in an increase the amount of drug manufactures' rebates collected.

BACKGROUND

Pursuant to federal law, states obtain rebates from drug manufacturers for Medicaid prescription drug expenditures. New Jersey also requires drug manufacturers to provide rebates for drugs paid by the General Assistance Medical Program (GA), Pharmaceutical Assistance to the Aged and Disabled (PAAD) program and the Senior Gold (SG) program. The chart below indicates the amount of rebates the State has or expects to receive for the FY 2006 – FY 2010 period:

Program ($000)	FY 2006	FY 2007[15]	FY 2008	FY 2009 (Rev.)	FY 2010 (Est.)
GA	$0	$3,000	$12,474	$12,474 est.	$12,474 est.
Medicaid	$195,755	$120,000	$186,148	$150,186	$161,758
PAAD	$165,557	$9,497	$12,301	$32,000	$32,000
SG	$6,100	$528	$1,236	$1,000	$1,000

[14] Additional General Funds would be saved if health benefits and pension related costs were also shifted off-budget.

[15] The reduction in rebate collections between FY 2006 and FY 2007 is due to implementation of the federal Medicare Part D program on January 2006. As the State is no longer the primary payer of drugs for many of the elderly and disabled, rebates are primarily provided to the various health insurance programs that administer the federal Medicare Part D program, rather than the State.

Background Paper: Increasing Rebates Received from Drug Manufacturers Program (Cont'd)

A drug rebate unit within the Division of Medical Assistance and Health Services is responsible for working with drug manufacturers to obtain rebates for the affected programs. Ten staff are assigned to the unit at an approximate cost of $600,000 (gross).

As the unit is supported by the General Fund, the unit has difficulty in hiring staff to fill vacant positions. Fewer staff means less follow-up with drug manufacturers to resolve rebate related questions. For example, a drug manufacturer may question the number of prescriptions reported by a state for Drug X 2.5 mg. or Drug X 25 mg. A drug manufacturer may question the number of prescriptions written for a 10 day, 30 day, or 90 day supply of Drug XYZ 5 mg. Drug rebates will not be provided until such matters are resolved.

Nothing in federal law precludes states from funding the administrative costs of the rebate unit by setting aside a portion of the state share of the Medicaid rebates collected. (Utilizing rebates collected on behalf of the PAAD, SG and GA drug programs do not involve any federal issues.) Thus, the State could allocate a portion of the FY 2010 estimated $207.2 million in rebates to support the administrative costs of the drug rebate unit.

ANALYSIS

Shifting State costs associated with the administration of the drug rebate program off budget would save the General Fund at least $300,000.

By funding these administrative costs with a dedicated revenue source such as a portion of the State share of drug rebates collected by the State[16], the program may be able to hire staff as positions become available and fill vacant positions. This will likely increase drug rebates collected on behalf of the various drug programs supported by the State with a corresponding reduction in State appropriations.

[16] Budget language would be required.

Background Paper: Medicaid Receivables

Budget Page.... D-191 to D-192

SUMMARY

Medicaid recoveries could be increased if the Outstanding Receivables Report were manually reviewed periodically, and providers were contacted by either phone or mail regarding their liability. Also, the State may be able to recoup recoveries credited to the federal government for receivables of a bankrupt provider or a provider that no longer exists.

At present, a recovery is initiated when a claim is submitted with a particular provider number. As a provider may: change provider numbers, have multiple provider numbers or be an out-of-State provider, recoveries may not be collected for many years.

BACKGROUND

New Jersey Medicaid is owed upwards of $188 million by various providers[17]. Approximately $55.1 million is attributable to overpayments at UMDNJ University Hospital, and another $17.5 million is related to Mt. Carmel Guild's[18] Medicaid fraud.

Much of the remaining $115 million is uncollectible as many providers are no longer in business. For example, the following hospitals owe Medicaid monies:

- Passaic General Hospital - $150,000
- Irvington General - $206,000
- South Amboy - $501,000
- United Hospital - $5,497,000
- Barnert Memorial - $179,000
- Hospital Center at Orange - $8,632,000

Columbus and St. James hospitals have about $2.0 million in receivables, though these liabilities may have been assumed by St. Michael's Medical Center.

A recovery is initiated when a provider submits a claim and the provider number matches the provider number of a provider that owes money to Medicaid.

Reliance on the provider number may result in recoveries not being realized because some providers are located out-of-State and do not submit Medicaid claims very often; some providers have multiple provider numbers and may not submit claims under a particular provider number; some providers may have relocated and received a new provider number; and some providers are government entities and submit claims infrequently.

[17] There are many reasons why providers may have to reimburse Medicaid: A client may not have been eligible on the date of service; or a provider may not have obtained prior authorization for a service. Review of cost reports and audits may result in recoveries.

[18] Though the State is recovering monies from Mt. Carmel Guild, the amount being recovered is small in relation to what is owed. There is concern that Mt. Carmel Guild might become bankrupt if it were required to pay back its debt more quickly.

Background Paper: Medicaid Receivables (Cont'd)

Manually reviewing the list of providers with outstanding Medicaid receivables, and then calling or sending a letter to the provider might facilitate a recovery.

Out-of-State Providers. Some providers with outstanding receivables are located out-of-State. For example, Johns Hopkins Hospital and Hahnemann Hospital have receivables of about $344,000 and $74,000, respectively.

As neither facility submits many claims to the Medicaid program, recoveries may not be realized or may be obtained over many years. Hahnemann's receivable dates back to 1999.

Hospital Based Providers have multiple Medicaid provider numbers depending on the service. So long as a hospital does not submit a claim with a particular provider number, no recovery will be initiated. At the same time, Medicaid may reimburse the same hospital under other provider numbers the hospital may use.

Some of the hospitals with liabilities are: Kennedy Memorial Hospital - $35,000; Raritan Bay Medical Center -$10,000; Kessler Institute - $58,000; Monmouth Medical Center - $65,800 and Hoboken University Medical Center - $3.5 million. St. Barnabas Hospital owes about $1,100 for dental services provided in 1992.

Certain Pharmacy Providers. Various Pathmark and Shop Rite pharmacies, and chain pharmacies such as Rite Aid and CVS have outstanding receivables[19].

If a pharmacy relocates and obtains a new Medicaid provider number, Medicaid is unlikely to recover any monies if the old provider number is not used. Also, some pharmacy providers such as Eckerd and Grand Union were bought out by Rite Aid and Stop and Shop, respectively, and their assets and liabilities may have been assumed by the new owners. While the receivable amounts owed by Eckerd and Grand Union to Medicaid are not significant, so long as the receivable is listed under Eckerd or Grand Union names and not Rite Aid or Stop and Shop, Medicaid will not recover any funds.

A partial listing of Government Entities with Medicaid receivables include: Winslow Township Board of Education - $139,800; Linden Public Schools - $120,000; Paulsboro Board of Education - $40,400; Newton Public Schools - $40,100; Salem County Special Services - $15,500; and Hackensack Board of Education - $3,600.

So long as the school districts do not submit a claim to the Medicaid program, Medicaid would not be able to initiate a recovery.

Bankrupt Providers. Once a receivable is identified, the federal government is generally credited for the federal share of the receivable, particularly.

If the State can document that the receivable is uncollectable as a result of the provider's bankruptcy or not being a viable entity, the State may be able to recoup some of the monies credited the federal government. For example, the federal government has been credited with approximately $2.5 million of the $5 million United Hospital receivable and

[19] It is assumed that the pharmacies are owned by the entities in question and are not independent pharmacies that are licensed to use the Shop Rite or CVS name.

Background Paper: Medicaid Receivables (Cont'd)

$4.3 million of the $8.6 million Hospital Center at Orange receivable. As both hospitals are bankrupt, the $13.6 million in receivables is not likely to be collected.

The State may be able to recoup the $6.8 million credited to the federal government by documenting to the federal government the bankrupt status of the two hospitals. This also applies to other receivables that bankrupt entities owe the State.

ANALYSIS

The Medicaid program would be able to recover more funds if the Outstanding Receivables Report were manually reviewed to identify providers who may be slipping through the system for various reasons:

- Out-of-State Providers. Letters should be sent to out-of-State providers that they owe X dollars to Medicaid for the following reasons.

- Hospital-Based Providers. As hospitals have multiple provider numbers, all provider numbers used by a particular hospital should trigger a recovery. In addition, Medicaid should examine whether the receivables of certain hospitals which closed were assumed by the new hospital entity.

- Pharmacies. A number of pharmacies owned by major drug and supermarket chains have outstanding receivables. This may be the result of pharmacy relocations and the receipt of new Medicaid provider numbers. Contacting the drug chains and supermarkets directly could resolve the matter.

- Government Entities may not even be aware that they have a Medicaid liability. Contacting the government entities directly could resolve the matter.

  Similarly, the federal share of a receivable credited to the federal government on behalf of providers who are bankrupt or no longer a viable entity may be recouped if the State can document to the federal government that the provider is in fact bankrupt. Providing the federal government with the appropriated documentation may enable the State to recoup part of the monies credited to the federal government.

Background Paper: Personal Assistance Services Program

Budget Page.... D-D-200.

Funding ($000)	Expended FY 2008	Revised FY 2009	Estimate FY 2010
Personal Assistance Services Program TOTAL:	$11,011	$11,117	$11,117
General Fund	$7,277	$7,383	$7,383
Casino Revenue Fund	$3,734	$3,734	$3,734

SUMMARY

The FY 2008 appropriations act provided an additional $3.5 million to the Personal Assistance Services Program (PASP) to eliminate a 150 person waiting list. The waiting list has been eliminated.

BACKGROUND

PASP provides individuals with a personal assistant to provide assistance with activities of daily living to enable the individual to be independent and self-sufficient. To be eligible for the program, the individual must be permanently physically disabled, be between 18 and 65 years old, live in the community and be capable of directing and supervising his own services. If financially eligible, an individual may receive up to 40 hours of service per week[20] as determined by county personnel.

The Governor's FY 2008 recommended budget and the FY 2008 appropriations act provided PASP with an additional $3.5 million to eliminate the waiting list that had been estimated at about 150 persons[21].

Table 1 on the next page provides a snapshot of PASP expenditures and the number of clients served in the program in both FY 2007 and FY 2008. The data indicate that the number of persons served by the program increased by 125 between June 2007 and June 2008 and related expenditures increased by about $3.6 million, from $6.9 million in FY 2007 to $10.6 million in FY 2008 as a result of the additional monies provided in the FY 2008 appropriations act.

[20] Assembly Bill No. 2889 and Senate Bill No. 1986, which are pending before the Senate would restructure PASP. At present, once determined financially eligible, county personnel determined both the services and the amount of services to be provided with little client input. Difficulties in recruiting service providers resulted in the establishment of pilot projects in Essex and Hunterdon to cash out expenditures and allow clients to determine the type and amount of services they would receive up to a predetermined budget amount.

The proposed legislation would: amend the definition of disability, increase the eligible age from 65 to 70 years of age, no longer count the income of a spouse in determining income eligibility, and impose cost sharing only on persons with incomes in excess of 350% of the federal poverty level. Clients would also be allowed to contract directly with a provider.

[21] Available information indicates that counties did not review the waiting list. As such, the 150 person waiting list may have been overstated as it included persons who no longer required services, were ineligible or had died.

Background Paper: Personal Assistance Services Program (Cont'd)

Table 1. PASP Expenditures and Caseloads, by County, FY 2007 and FY 2008.

	FY 2007		FY 2008	
COUNTY	EXPENDITURES	CASELOADS (June 2007)	EXPENDITURES	CASELOADS (June 2008)
Atlantic	$290,600	12	$319,900	15
Bergen	623,800	49	881,100	52
Burlington	373,800	31	502,600	40
Camden	553,700	35	627,500	39
Cape May	103,700	3	101,300	3
Cumberland	220,800	16	297,000	18
Essex	641,800	38	1,325,300	50
Gloucester	206,700	13	399,300	26
Hudson	419,400	20	615,400	21
Hunterdon	90,100	11	208,000	20
Mercer	330,600	26	531,100	32
Middlesex	576,900	44	692,400	50
Monmouth	447,400	29	740,100	38
Morris	317,700	27	475,200	33
Ocean	292,600	27	621,600	40
Passaic	330,000	22	375,600	27
Salem	111,900	7	133,100	7
Somerset	182,755	19	418,800	28
Sussex	113,400	20	119,000	22
Union	615,500	32	835,600	39
Warren	105,600	9	345,400	15
TOTALS[22]	$6,948,900	490	$10,565,200	615

[22] FY 2007 and FY 2008 expenditure totals may not add due to rounding.

Background Paper: General Assistance Compliance Review Efficiencies

Budget Page.... D-215.

Funding ($000)	Expended FY 2008	Revised FY 2009	Estimate FY 2010
General Assistance Emergency Assistance Program	$68,458	$69,443	$83,529
Payments for the Cost of General Assistance	$66,881	$72,658	$89,343
GENERAL ASSISTANCE TOTALS	$135,339	$142,101	$172,872

SUMMARY

The FY 2010 recommended appropriations for the two General Assistance (GA) programs assumes $3.6 million in savings from performing "compliance reviews".

As there is significant variation among counties/municipalities in the administration of General Assistance, compliance reviews are likely to reduce overall expenditures.

BACKGROUND AND ANALYSIS

GA recipients are classified as either "employable" or "unemployable."[23] Persons considered "employable" are entitled to $140 in monthly assistance, and "unemployable" persons receive $210 in monthly assistance. Other forms of financial and non-financial assistance, such as Supplemental Nutrition Assistance (Food Stamps) and limited medical assistance, are also provided.

Until the late 1990s, municipalities administered the GA program and were responsible for the program's administrative costs. As part of the Work First New Jersey program, the State provided a financial incentive to municipalities to transfer program administration to the county welfare boards.[24] Most municipalities, including the municipalities with the largest caseloads (Atlantic City, Camden, East Orange, Jersey City, Newark and Paterson), transferred administration to their counties: Of the nearly 46,000 persons (December 2008) receiving benefits, only 1,700 were administered by municipal welfare agencies.

In December 2008, about 40% of the 46,000 GA recipients were classified "unemployable." Breaking the data down further, the following is noted:

[23] To be considered "unemployable," a recipient must be one of the following: over 60 years of age; a patient in a hospital, or long term care facility or a resident of a licensed residential drug treatment facility; an applicant for or waiting to receive disability benefits from either the federal SSI, SSDI or Railroad Retirement programs; legally blind per the Commission for the Blind and Visually Impaired; meets certain conditions related to pregnancy; a caretaker relative of a disabled person; or incapacitated pursuant to Form WFNJ/Med-1.

[24] If municipalities transferred the program to the county, municipalities would incur no administrative costs. The State reimburses the counties for the reasonable cost of administering GA. As GA recipients are also eligible for the federal Supplemental Nutrition Assistance Program (Food Stamps), some GA administrative costs are indirectly supported by the federal government as the information obtained as part of the Food Stamp process is used to determine GA eligibility.

Background Paper: General Assistance Compliance Review Efficiencies (Cont'd)

County Welfare Agencies. Approximately 39% of GA recipients are classified as "unemployable" by county welfare agencies. Of counties with 1,000 or more GA recipients, the following counties had "unemployable" rates at least 4% above/below the Statewide average: Bergen – 46% Burlington – 44%; Camden – 44%; Essex – 23%; Gloucester – 46%; Hudson – 53%; Middlesex – 57%; Monmouth -48%; Ocean 53%; Passaic – 34%; and Union – 34%.

Municipal Welfare Agencies. Over 62% of GA recipients are classified as "unemployable" by municipal welfare agencies. Municipalities in Bergen, Monmouth and Passaic classify over 70% of their GA caseload as "unemployable."

While there are regulations as to who is to be classified as "unemployable," to date the division has not independently verified the classification of recipients. The "compliance reviews" are a first step in that direction.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services provides nonpartisan assistance to the State Legislature in the areas of legal, fiscal, research, bill drafting, committee staffing and administrative services. It operates under the jurisdiction of the Legislative Services Commission, a bipartisan body consisting of eight members of each House. The Executive Director supervises and directs the Office of Legislative Services.

The Legislative Budget and Finance Officer is the chief fiscal officer for the Legislature. The Legislative Budget and Finance Officer collects and presents fiscal information for the Legislature; serves as Secretary to the Joint Budget Oversight Committee; attends upon the Appropriations Committees during review of the Governor's Budget recommendations; reports on such matters as the committees or Legislature may direct; administers the fiscal note process and has statutory responsibilities for the review of appropriations transfers and other State fiscal transactions.

The Office of Legislative Services Central Staff provides a variety of legal, fiscal, research and administrative services to individual legislators, legislative officers, legislative committees and commissions, and partisan staff. The central staff is organized under the Central Staff Management Unit into ten subject area sections. Each section, under a section chief, includes legal, fiscal, and research staff for the standing reference committees of the Legislature and, upon request, to special commissions created by the Legislature. The central staff assists the Legislative Budget and Finance Officer in providing services to the Appropriations Committees during the budget review process.

Individuals wishing information and committee schedules on the FY 2010 budget are encouraged to contact:

Legislative Budget and Finance Office
State House Annex
Room 140 PO Box 068
Trenton, NJ 08625
(609) 292-8030 • Fax (609) 777-2442