

Commissioner Carole Johnson
New Jersey Department of Human Services
Assembly Budget Committee
April 29, 2019

Good morning, Chairwoman Pintor Marin, Vice Chairman Burzichelli, and Members of the Committee.

Thank you for the opportunity to testify today to discuss Governor Murphy's proposed budget for the Department of Human Services and to review how the budget addresses many of our shared priorities. These priorities include combatting the opioid epidemic, eliminating disparities in infant and maternal mortality, supporting mental health services, investing in supports for individuals with developmental disabilities, and strengthening the safety net for individuals with low incomes.

Joining me at the table today are Deputy Commissioners Sarah Adelman and Elisa Neira and our Chief Financial Officer Brian Franz, and in the room are the leaders of our multiple divisions. I am honored to work alongside dedicated leaders and staff throughout our Department who are committed to supporting the health and well-being of all New Jerseyans.

Overview

The Department of Human Services proposed state budget totals \$6.66 billion, basically level funded with the prior fiscal year. With federal matching and other federal funds, our annual budget totals nearly \$19 billion.

As part of the budget development process, the Governor tasked the Cabinet with identifying savings opportunities to help produce a responsible budget. Our Department identified more than \$250 million in savings and additional opportunities for increased federal matching that will – without impacting the services we provide, the beneficiaries we serve or the providers we pay – help us sustain our continued investment in the health and well-being of the individuals we serve.

The savings identified this year are unique in that we were able to apply fresh eyes to our operations and identify missed opportunities – this will not be a reoccurring situation and moving forward, we will need to continue to look for program efficiencies that allow us to do more within existing resource limits.

Governor Murphy's proposed budget recognizes the vital supports our families need to get on the strongest possible financial footing and sets the foundation for a stronger and fairer economy for all New Jerseyans. It builds on critical steps the Legislature and the Governor have taken together over the past year and a half to create a better economic future for our residents, including raising the minimum wage, expanding the state Earned Income Tax Credit (EITC), lowering health care premiums through reinsurance and restoring the individual mandate, creating a child care tax credit, expanding paid family leave, and establishing paid sick leave.

These steps not only give families stronger economic opportunity, they also give families better health opportunities. As the Centers for Disease Control and Prevention (CDC) frequently notes, multiple studies have found that a state EITC is related to a reduction in the low birthweight rate of infants. Low birthweight puts infants at increased risk for death and poor childhood health. Similarly, a recent *Health Affairs* review also found that increases in the minimum wage can have important health benefits, including increasing birthweights among some infants. We look forward to continuing to work with the Legislature on opportunities to address these and other important social determinants of health as we advance economic opportunity in New Jersey.

Modernizing Medicaid

Reducing Infant and Maternal Mortality Disparities: Going forward, our budget proposes additional targeted action to reduce infant and maternal mortality disparities, which remain far too great in our state. As one step to address this challenge, we are proposing to cover doula services through our Medicaid program. Doulas support healthy pregnancies by providing culturally appropriate social and emotional support to pregnant women. Our budget includes \$1 million in state funding, which would be federally matched, to design and implement doula coverage in Medicaid. We thank Chairwoman Pintor Marin for her policy leadership on this issue.

First Lady Tammy Murphy has been leading a statewide campaign called *Nurture NJ* focused on reducing the unacceptable disparities in infant and maternal mortality in our state. Our budget includes a \$250,000 investment to support the development of a statewide strategic plan to engage community leaders, clinical experts, African-American women, advocates, legislators and other partners on the plan's development and dissemination.

Removing Barriers to Care: Our proposal to add doula coverage to Medicaid builds on work we have done throughout the past year to expand Medicaid program benefits in ways that target critical public health issues. For example, we are implementing the National Diabetes Prevention Program to bring community-based prevention to our Medicaid program and help tackle a top-ten leading cause of death and a major driver of morbidity.

We've made hepatitis C curative drug treatment available based on diagnosis instead of demonstration of liver damage, ending the cycle of appeals where Medicaid enrollees were getting needlessly caught. With the support of the Legislature, we are expanding family planning benefits to 200 percent of the federal poverty level to improve access to services including long-acting reversible contraception in all settings including post-partum. And, we made it easier to access tobacco cessation services to better combat one of the nation's leading killers. We also are implementing a new Medicaid coverage policy to reimburse for a range of services to treat autism, a critical step as evidenced by the newest CDC data on autism rates in New Jersey.

In addition, we launched a new Medicaid Innovation Office to focus on how we can continue to ensure that we are getting the best value and health outcomes for our Medicaid enrollees and for all New Jerseyans from our health care dollars.

Long-term Care: We are working hard as a state to make sure older residents and individuals with disabilities have the supports and services they need to thrive in their communities and are not compelled to move to institutional care unless and until they need to. With these efforts, we can help individuals age-in-place for as long as they are able, but nursing home care will always be an important part of our long-term care services.

Our budget recognizes the critical role of nursing homes in our long-term care system and takes several steps to support quality nursing home services, including: 1) maintaining the increase included in last year's budget of \$10.5 million for nursing homes; 2) establishing a new payment floor that increases payments to some nursing homes by as much as \$30 per day per Medicaid patient, which will result in a yearly increase of, on average, about \$100,000 for impacted facilities; and, 3) creating a new quality payment incentive program that rewards performance on a set of quality indicators, which on average will be worth nearly \$60,000 more in reimbursement per year for eligible facilities that meet the metrics.

We also are continuing our investments in the payment rates for community-based long term care services by raising the personal care assistance (PCA) rate. The recommended budget includes funding for a PCA hourly rate of \$17 for services provided through a managed care organization, which will provide an additional \$35.6 million in state and federal funds for these services.

We are working to improve the timeliness of Medicaid clinical eligibility determinations for long-term care by hiring more nurses to do these assessments and streamlining the process so that they can see more people more quickly.

Combating the Opioid Epidemic

The Governor's proposed budget continues his \$100 million initiative launched this year to combat the opioid epidemic. The Governor's strategy is a whole-of-government approach where, under the leadership of the Governor's Office, we are working with Health, Children and Families, Corrections, Labor, Treasury and the Attorney General to ensure that all-hands are on deck for this important fight. With our portion of the Governor's initiative funding and in collaboration with our partners across the Cabinet, we are making several critical policy changes and investments with a strong emphasis on expanding access to medication-assisted treatment (MAT) for opioid use disorder. Recent studies have documented the underutilization of MAT despite it being the clinical standard of care and its ability to save lives. Our recent policy steps to advance MAT in Medicaid include:

- Eliminating the requirement to receive prior authorization from Medicaid health plans before beneficiaries can access medication-assisted treatment;
- Investing in training more primary care physicians, nurse practitioners and physician assistants to provide MAT for opioid addiction;
- Creating new Medicaid payment incentives to encourage primary care providers to offer MAT;
- Funding two Medicaid Centers of Excellence for opioid treatment – one at Rutgers New Jersey Medical School in Newark and one at Cooper Medical School of Rowan

University – to provide community providers access to addiction experts and supports;
and

- Requiring residential treatment facilities that receive Medicaid payment to provide access to MAT.

We are also investing in treatment and social services to support pregnant women and new mothers with opioid use disorder, providing peer support services to individuals who have had an overdose reversed to encourage them to seek treatment, working with prisons and jails to support treatment and recovery services on reentry, and supporting recovery housing services to help people sustain their path to recovery. We are committed to using all available avenues to expand access to treatment, support individuals in recovery, and turn the tide of this epidemic.

Investing in Mental Health

Our proposed budget sustains the investment we announced in April of \$8.5 million, on an annualized basis and including federal match, to increase what we pay for psychiatric diagnostic evaluation services and other mental health intake assessments in Medicaid and through community-based mental health providers. These specific rates have been identified by New Jersey mental health care providers and the Department’s research as warranting increased investment to address access to these critical mental health services.

Our budget also proposes a \$500,000 Gun Violence and Suicide Prevention initiative to include Counseling on Access to Lethal Means (CALM), a training program that is designed to help health care providers address individuals at-risk of suicide who have access to lethal means, including firearms. About 60 percent of gun deaths are suicides.

Supporting Individuals with Developmental Disabilities

Our budget includes \$22.5 million in proposed new state investments to support individuals with developmental disabilities. Including federal match, \$9.5 million in new state and federal funding would be invested in improving our supports for individuals diagnosed with both developmental disabilities and co-occurring mental health conditions.

An additional \$15.5 million in state funding would continue New Jersey’s emphasis on home and community-based services. Our budget also maintains the \$18 million in new funding included in last year’s budget to increase direct support professionals wages. We acted quickly to reset and reprogram payment rates based on this increase and were able to generate federal match on these funds, resulting in \$32 million in total being applied to the wage increase to support the essential workforce that helps make it possible for so many individuals to live successfully in the community.

All of these proposals build on work we have undertaken over the past year to strengthen our services and outreach in our developmental disabilities programs, including creating a new position of family liaison to support families and guardians, implementing the Komminos’ Law to ensure the health and safety of individuals in the community, and launching NJ ABLE to help

individuals with disabilities save tax-free for certain expenses without impacting their Medicaid eligibility.

Funding Child Care Services

The Budget invests \$15 million to support child care subsidy program payment rates. Subsidies assist families with lower incomes in need of child care services. Over the past year, we significantly increased child care center subsidy rates with a particular focus on increasing infant care rates and on investing in quality improvements in child care. Our Administration is committed to helping families get on the best possible financial footing, and affordable, quality child care is an essential piece of that equation. That is also why the Governor's budget continues the Child and Dependent Care Tax Credit that the Governor and Legislature worked together to create last year, which benefits more than 74,000 New Jersey families.

We also recently announced a new policy to use our administrative flexibility to provide families experiencing homelessness up to six months of child care assistance while they compile the standard documentation needed to establish eligibility. Documentation is generally needed before services are initiated, but we believe this change will better serve the needs of families experiencing a housing crisis by getting them the child care assistance they need in order to find housing and employment.

Preventing Homelessness and Food Insecurity

We have made a number of policy changes to better support individuals and families facing homelessness. We have recently issued guidance to ensure that individuals in need of immediate shelter or of assistance to prevent losing their home or apartment get help quickly while their application for our Emergency Assistance services is reviewed. The policy provides for up to 30 days of temporary services for individuals and families in immediate need of shelter, food, or clothing. We also will soon issue rulemaking to repeal regulations that allow individuals to be denied Emergency Assistance services when they are deemed to have "caused their own homelessness." The lack of clarity around this regulatory standard has resulted in varied interpretations and inconsistency in implementation. Our intent is to have clear guidelines so that individuals in need of help get the help they need. We also look forward to working with the Lieutenant Governor and the Department of Community Affairs on the implementation of the Office of Homelessness Prevention that the Governor called for in his Budget Address.

Further, in response to what has been called a hidden crisis on college campuses – with national surveys finding that as high as 40 percent of community college students report food insecurity – we took action and announced new policy changes making it easier for students in community college career and technical education programs to receive Supplemental Nutrition Assistance Program (SNAP) food assistance. No one seeking a higher education should struggle in their studies because of hunger. We will continue to work with our partners in higher education to ensure students get the social services supports they need.

Improving Eligibility and Outreach Strategies

Finally, we are continuously working on both the tools we use to enroll individuals in our programs and our outreach to the community to ensure that people know how to access our services. We are particularly excited about our Division of Aging Services' new one-stop online enrollment tool called NJSave that screens and enrolls older residents in a number of programs that can help them afford Medicare premiums, drug costs, utility costs and a host of other services. Previously, these were all separate, often paper, applications.

Our Commission for the Blind and Visually Impaired hosts eye screenings in communities across the state, and we have been delighted to partner with legislators on these events. We also are partnering with Bergen County leadership on our free refurbished hearing aid program for eligible older residents and continue to look for ways to bring our services directly to residents. We are funding five community organizations across the state that are helping New Jerseyans enroll in Medicaid and the Affordable Care Act Marketplace, because we know how important one-on-one assistance can be. They are everywhere from community festivals to job fairs to town parades getting the word out about affordable health care coverage.

We look forward to continuing to work with the Legislature on the vital programs that New Jersey Human Services provides to our residents and the proposals contained in this year's budget. Thank you for your partnership and your leadership, and we welcome your questions.