Fiscal Year 2021 Revised Budget Proposal
Questions for the Department of Human Services

Departmentwide

1. The *federal* Families First Coronavirus Response Act *temporarily* increased the State's Federal Medical Assistance Percentage by 6.2 percent under the Medicaid program and 4.34 percent under the State's Children's Health Insurance Program. The temporary increases apply to eligible claims starting on January 1, 2020 through the last day of the calendar quarter in which the public health emergency declared by the United States Secretary of Health and Human Services for COVID-19 terminates. Through the first three quarters of calendar year 2020, the State has appropriated almost $700 million in additional federal funds that is anticipated because of the higher federal matching percentage. The Governor's "FY 2021 Revised Budget Proposal," in turn, lists over $220 million in State appropriation offsets in FY 2021 as a result of the enhanced federal matching percentage. This amount assumes the availability of the enhanced federal matching percentage through December 31, 2020.

- **Questions: What is the amount in additional federal resources the State expects to receive from the enhanced Federal Medical Assistance Percentage in calendar year 2020? What amount thereof has been used as a State appropriation offset in FY 2020 or is recommended to be used as a State appropriation offset in FY 2021? Has any amount in additional federal funding been recorded, or is expected to be recorded, as a Schedule 1 State revenue? What amount of the additional federal resources, if any, has not yet been used to provide budgetary relief and could be used for that purpose at a later date?**
- **If the enhanced federal matching percentage were to be available in the first quarter of calendar year 2021, what would be the amount of additional federal resources the State could expect receiving and use for budgetary relief?**
- **Will any part of the additional revenue from the enhanced federal match be used to increase Medicaid reimbursement rates or otherwise provide additional support to health care providers?**

DHS Response: The additional federal resources provided by enhanced FMAP are estimated to be as follows: (1) $400 million which supported the SFY20 budget (Jan - June) and (2) $400 million supporting the SFY21 budget (July – Dec). However, the final value of the enhanced match rate is dependent on actual Medicaid spending during the time period. All additional federal resources have been allocated, including within the proposed budget, a portion of which will be used to provide financial support to providers. In addition, of these amounts, an estimated $63 million will be recognized on Schedule 1 across these two fiscal years as an increase in the Medicaid Uncompensated Care and Graduate Medical Education revenue lines. Should the federal government extend the federal public health emergency and, as a result, the enhanced match rate be extended beyond calendar year 2020, additional revenue of approximately $200 million per quarter would be anticipated.

2. The Governor's "FY 2021 Revised Budget Proposal" indicates that $25 million from the Coronavirus Relief Fund will be used to helping Department of Children and Families and Department of Human Services service providers with pandemic-related costs.

- **Questions: Of the $25 million, what amount will be allocated to the Department of Human Services? How does the department anticipate distributing these funds to service providers? How will these funds be used to protect direct care workers across the department's various divisions?**

DHS Response: The $25 million in funding will be used to help community-based DHS and DCF service providers address their unbudgeted costs resulting from the COVID-19 public health emergency, including PPE to protect community-based direct care workers. More information about the application process and distribution of available funds will be announced by the Departments of Human Services and Children and Families soon. Coronavirus Relief Fund (CRF) allocations are subject to future statutes that modify the federal CARES Act, new federal appropriations, confirmation of actual expenditures incurred, the identification of additional unmet COVID-19 needs, and new guidance from the U.S. Treasury.

3. On January 1, 2021, the State minimum wage will rise to $12 per hour. According to the Office of Management and Budget, the FY 2021 Governor's Budget recommends providing an additional $39.5 million to the Department of Human Services because of the minimum wage rate increase: $20.9 million to the Division of Developmental Disabilities; $12.0 million to the Division of Medical Assistance and Health Services; $6.4 million to Work First New Jersey childcare facilities in the Division of Family Development; and $157,000 to community-based senior programs in the Division of Aging Services.

- **Questions: What programs and service providers in the Division of Developmental Disabilities and the Division of Medical Assistance and Health Services will receive funding for the increased minimum wage rate?**
- **Are the added State appropriations matched by an increase in federal Medicaid matching funds? If so, by how much and are the additional federal funds intended to further support wage increases?**
- **How many State employees does the department anticipate receiving a wage increase?**

DHS Response: Impacted services and providers include community residential services and associated providers in the Division of Developmental Disabilities. In the Division of Medical Assistance and Health Services, both personal care assistant services and transportation services will receive funding increases. These services are matched with federal dollars that will be used in full to support the funding increases. There are currently no State employees anticipated to be impacted by the change in the minimum wage.

4. **Questions: Please identify any Department of Human Services program, service or activity suspended or discontinued upon the issuance of the COVID-19 public health emergency declaration; the status of the program, service or activity; and status for FY 2021. What number of persons, households, business entities or government entities were, are, or will be affected?**

DHS Response: Any changes made by the Department were to protect the health and safety of individuals, including the temporary closure of congregate care services such as day programs for individuals with intellectual and developmental disabilities, which were required to close because large numbers of vulnerable individuals congregate indoors in these programs. There are about 350 day program providers, serving more than 13,000 individuals with I/DD. The Department of Human Services recently issued reopening guidance for day programs for individuals with intellectual and

developmental disabilities and they are expected to begin reopening later this month. However, we expect re-opening to be at reduced capacity and the most vulnerable individuals to continue to receive services at home until return to day programs is safe for them. The Department also supports a variety of programs such as medical day programs, congregate senior dining, and other services where indoor, in-person gathering of vulnerable seniors has been suspended either by the Department of Health or local authorities. We have worked to support these individuals at home with home delivered meals and other services to help meet these needs until facilities are safe to re-open.

5. **Questions: With reference to the spending plan for the Coronavirus Relief Fund, set forth in the "Detailed Table of CRF Allocations" on pages 12-14 of the Governor's FY 2021 Revised Budget Proposal, please describe each program allocated to the Department of Human Services, the process by which funding will be allocated to any intended recipients, the amounts already award and disbursed, respectively, and the timetable for award and disbursement of the balance. Please also indicate the amounts allocated to the department and expended through June 30, 2020; amounts allocated for the period July 1-September 30, 2020; and amounts to be allocated for the period beginning October 1, 2020-June 30, 2021.**

DHS Response: The following amounts are allocated from the CRF for disbursement before the end of December 2020. As noted above, the proposed CRF allocations may not be final.

- Child Care Capacity ($250 million) – Funding will provide support to children and their families as schools work to reopen and families need help affording unbudgeted child care costs during remote school days. It also will support thousands of child care providers as they work to sustain their services in light of new costs related to complying with COVID health and safety requirements.
- Substance Use and Mental Health Support ($50 million) – Funding will support access to mental health and substance use disorder care by helping providers to remain open and accessible by reimbursing their unbudgeted costs related to COVID-19 including PPE, testing. health information technology to support telehealth, and emergency staffing costs. Funding also will support work to combat the opioid epidemic and connecting individuals to treatment and recovery supports.
- Additional Provider Assistance and PPE ($25 million) – In collaboration with the Department of Children and Families, Human Services will provide reimbursement to community-based providers who serve some of our most vulnerable populations with necessary PPE and other support related to COVID response to allow them to continue to meet the social service needs of those we serve.
- Increased Income Assistance Needs ($10 million) – This funding will support the pressing needs of the growing numbers of individuals with very low incomes facing critical financial strain as a result of the COVID crisis by providing cash assistance and other supports. These are very vulnerable individuals with increased risk of acquiring COVID without support.
- County Benefits Administration ($10 million) – County boards of social services are the frontline workforce with respect to in-person enrollment in critical health and social services programs such as Medicaid, SNAP food assistance, and general assistance. As the pandemic has caused enrollment to grow and it is expected to continue to grow should a second surge of the virus occur this fall, counties have faced increased demands on their staff to support timely assistance to New Jerseyans in need. These resources will assist counties in meeting this demand including through technology and staff costs necessary to ensure timely support for New Jerseyans in need.

- Homeless Prevention ($12 million) – During the COVID-19 pandemic, many New Jerseyans have suffered severe financial hardship due to job loss, reduced work hours or the need to quarantine, among other circumstances. Funding will provide a rental assistance to eligible households with low incomes that have suffered a financial hardship due to COVID-19, such as loss of income or working fewer hours, and are behind in rent payments and are at significant risk for homelessness.
- DOH/DHS Emergency Rates ($23 million) – This funding is shared among Departments. A portion of this funding will offset costs of providing an enhanced hourly emergency rate to employees working to prevent the spread of the virus and caring for individuals in the five DHS operated Developmental Centers.

In addition, $1.8 million in CRF funding was allocated to the department for PPE and various other expenditures directly related to COVID that were incurred during fiscal year 2020. This amount represents 25% of the total cost of these purchases, and will be used to cover amount not otherwise reimbursable by FEMA.

6. **Question: Please identify any new Department of Human Services program, service, and activity funded by non-recurring federal coronavirus pandemic assistance.**

DHS Response: Programs outlined in questions #1, #5 and #11 are funded with non-recurring federal resources.

7. **Question: Please identify and quantify all shifts of costs of existing programs, services and activities to non-recurring federal coronavirus pandemic assistance.**

DHS Response: Revenues received from the COVID temporary increase in the federal Medicaid matching rate are being used to offset costs of existing programs.

8. **Question: Please identify each FY 2021 spending reduction from the 12-month FY 2020 level that is non-recurring, i.e., will require an appropriation of State funds in FY 2022 to continue at its FY 2021 annual level.**

DHS Response: The FY 2021 savings items requiring replacement in FY22 are: Managed Care Risk Corridor Savings $157.5 million; Extension of Enhanced Federal Match due to COVID Emergency $185.3 million; and Medicaid Transportation Reduced Utilization $7.3 million.

9. **Questions: What processes does the department utilize to monitor internal fraud and abuse? How often does the department audit its credit card transactions? How many transactions were identified as fraudulent in each of the last five fiscal years? How much money did the transactions equate to? How much money did the department recoup from fraudulent transactions in each of the last five fiscal years?**

DHS Response: As required by the Department of Treasury's Office of Management and Budget (OMB), every year DHS conducts an Internal Control Assessment where the DHS Office of Auditing (OOA) works with each Division to target common areas of fraud, waste and abuse. OOA conducts numerous audits throughout each fiscal year in the key area identified across DHS, with the findings of the audits used to identify issues and inform internal control revisions. Credit card transactions prior to this Administration (between 2015 and 2017) were recently subject to an audit by the Office of the State

Comptroller. No fraudulent purchases were identified. The audit identified opportunities for compliance improvement, which the Department has committed to implementing.

10. **Question: How is the department adjusting its operations, training, and programming to eliminate any racial disparities and biases in its service delivery?**

DHS Response: The Department is committed to equity and is focused on opportunities to improve programming and service delivery to better support equity and address racial disparities. Human Services is a foundational partner in the First Lady's NurtureNJ initiative which aims to address the unacceptable racial disparities in maternal and infant mortality in New Jersey. As part of this effort, the Department is implementing doula services in Medicaid to better support pregnant women of color, working on development of a perinatal episode of care payment model to create new incentives for care coordination, and, as part of this budget, is proposing improvements in reimbursement for nurse midwives, which would further provide better choices and options for women of color. The Department is committed to continuing to identify opportunities to address racial disparities through our work.

11. **Questions: How much federal COVID-19 relief funding has the department received since March 2020? Of those new funds, how much has been expended? Please provide a breakdown of the departmental accounts that have received the federal funding and the amount each account received. When would unexpended COVID-19 relief federal funds revert to the federal government?**

DHS Response: The amounts below are in addition to amounts otherwise outlined in Questions #1 and #5. Expenditures are as of Sept. 8, 2020. Expenditures for the account 7700-257 are anticipated before the end of calendar year 2020.

CFS Account Number	Program Description	Authorized Amt	Expended	Grant End Date
2020-100-054-7530-118	COVID OA TITLE III HDC2	$ 4,240,578	$ 4,240,578	12/31/2021
2020-100-054-7530-119	COVID OA TITLE III CMC2	$ 2,120,289	$ 2,120,289	12/31/2021
2020-100-054-7530-122	COVID-SS TITLE IIIB	$ 5,300,723	$ 5,035,690	12/31/2021
2020-100-054-7530-124	COVID TITLE III E	$ 2,671,147	$ 2,537,589	12/30/2021
2020-100-054-7530-125	COVID TITLE III C	$ 12,721,735	$ 12,085,650	12/30/2021
2020-100-054-7530-126	COVID-19 ADRC	$ 1,105,454	$ 8,929	12/31/2021
2020-100-054-7550-551	COVID-19 CARES ACT STIMULUS	$ 63,058,005	$ 52,878,475	09/30/2022
2020-100-054-7700-257	COVID-19 NEW JERSEY EMERGENCY	$ 2,000,000	$ 62	11/19/2021
2020-100-054-7700-258	DR4488 COVID-19 FEMA-NJ	$ 882,035	$ 336,333	02/25/2021
2021-100-054-7700-TBD	Hope and Healing Crisis Counseling	$ 9,791,555	$ -	06/21/2021
Multiple	CRF/FEMA COVID COST REIMBURSE	$ 7,200,629	$ 7,107,752	12/31/0024

Division of Mental Health and Addiction Services

12. The Governor's "FY 2021 Revised Budget Proposal" indicates that $50 million of federal Coronavirus Relief Fund resources will be allocated to the Department of Human Services for substance use and mental health support. The amount would support behavioral health providers to ensure continuity and accessibility of substance use and mental health services and treatments at a time of heightened COVID-19-related stress levels in the populace.

- **Questions: How does the department anticipate using the $50 million in Coronavirus Relief Fund resources to support behavioral health providers? To what extent will the funds replace State appropriations? Will the department use these funds to increase reimbursement rates?**
- **How have the demands on substance abuse and mental health providers changed in response to the COVID-19 pandemic? Does the department anticipate experiencing any disruptions in services due to increased demands over FY 2021?**

DHS Response: The Department will use federal Coronavirus Relief Fund resources to provide up to $25 million to help mental health and substance use disorder providers remain open and accessible by reimbursing for the added costs they are incurring due to COVID-19. Eligible entities are the providers who participate in Human Services' Division of Mental Health and Addiction Services network that provide prevention, treatment, and recovery supports. To provide services to New Jerseyans with mental health and substance use disorders, providers face new costs associated with complying with social distancing requirements, ensuring technology is available to facilitate access to services through telehealth, as well as additional costs for personal protective equipment (PPE), staffing and COVID testing needs. No State funding is being replaced by these CRF resources. These resources are in addition to existing rates and will not impact reimbursement rates. The remaining funding will be used to further support access to mental health and substance use disorder services including expanding access to naloxone and increasing access to opioid use disorder treatment. Some providers saw a decrease in admissions to substance use services early in the pandemic as individuals sought to stay at home and may have avoided congregate settings, but reports suggest providers are now seeing increases in admissions.

13. The Governor's "FY 2021 Revised Budget Proposal" decreases the FY 2021 appropriation to the Community Care account by $40.3 million relative to 12-month FY 2020 appropriation. The OMB attributes $27.5 million of the total reduction to contract ceilings for diversion bed contracts and psychiatric emergency services contracts. This account funds contracts with community mental health agencies to provide an array of mental health services, with a focus on assisting individuals discharged or diverted from the State's psychiatric hospitals.

- **Questions: How does the department intend to achieve $27.5 million in cost savings due to contract ceilings for diversion bed contracts and psychiatric emergency services contracts? What ceilings are being imposed and why? What will be the effect of the contract ceilings on service recipients? Did the contracts with Hampton Behavioral Health Center, Summit Oaks Hospital, Carrier Clinic, and Northbrook Behavioral Hospital hit a contract ceiling? Who has the psychiatric emergency services contracts? What services are provided under the psychiatric emergency services contracts and in what geographic areas?**
- **Aside from the contract ceilings, what other factors account for the projected reduction in funding in the Community Care account? Does the department anticipate experiencing any disruptions in services due to this reduction?**

DHS Response: The savings in Diversion Beds can be achieved by reducing the contract ceilings to levels more commensurate with the actual billings by providers. These providers bill the Division for occupied bed-days at a fixed rate per day. Due to the availability of Medicaid and other coverage, actual billings to the Division have been significantly below the contract ceilings. Consequently, no reductions to current reimbursements or service levels are anticipated.

The Psychiatric Emergency Services, comprised of hospital and community based providers, serve as the designated county-based agencies responsible for assessing/screening individuals and referring them to appropriate treatment. Due to the availability of Medicaid billing for these providers, the cost-based contracts in the Division of Mental Health and Addiction Services may be reduced while not impacting the gross operating budget or numbers of individuals served. Psychiatric emergency screening services are available in every county. A complete list of the screening centers, by county, may be found at the following link:
https://www.state.nj.us/humanservices/dmhas/home/hotlines/MH_Screening_Centers.pdf
Other reductions to the Community Care account reflect the availability of federal Medicaid match for behavioral health services. The Division does not anticipate disruptions in services.

14. **Question: Please provide monthly statistics on the number of overdose deaths since January 2020 and comment on the reason(s) for any change.**

DHS Response: Data on the CY 2020 New Jersey suspected drug-related deaths is available here: https://www.njcares.gov/pdfs/2020-NJ-Suspected-Overdose-Deaths-07-31-20.pdf. COVID-19 has heightened ongoing concerns about opioid use disorder. While the increase in overdoses compared to last calendar year was greatest at the peak of the pandemic, any level of overdose is very concerning. Preliminary numbers suggest that the numbers have declined relative to last year for the most recent months; however, they remain a significant concern. We believe that early in the outbreak there was concern with engaging in congregate care and otherwise accessing services, but the expanded use of telehealth and our new investments in supporting providers' COVID-related unbudgeted costs are intended to help maintain access to care.

15. **Questions: How has the provision of mental health and substance use disorder treatment services been affected by the COVID-19 pandemic? Has the department observed a decrease in the number of individuals receiving treatment?**

DHS Response: The Department made a number of policy changes to support the delivery of mental health and substance use disorder services, including dramatically expanding access to tele-mental health services and establishing payment equity for these services, temporarily changing the way we pay providers during the Spring and Summer to forward more funding to them earlier to help them stay open during the peak of the pandemic, and changing the rules for opioid treatment programs to make it easier for patients to take more medication home whenever possible. In addition, we recently announced the $25 million CRF investment to help mental health and substance use disorder providers account for their unexpected costs related to COVID including PPE, testing, health information technology, and other costs. While we saw a decline in admissions in residential services early in the pandemic likely due to fear of congregate care and other concerns, admission volume is rebounding in more recent weeks.

16. **Questions: How have telehealth and telemedicine affected access to mental health and substance use disorder care during the COVID-19 pandemic? Are there changes that have been made to the provision or payment of telehealth and telemedicine services that have been particularly effective in increasing access to services that the State should consider adopting permanently?**

DHS Response: The Department took action to quickly expand telehealth and adopted telehealth payment equity to support access to vital services remotely whenever possible. These actions helped our enrollees access services without needing to leave home during the stay-at-home order. Telehealth cannot replace all in-person services, but has been an important service at this challenging time. It also has been reported to us that telehealth has been effective in engaging new individuals into treatment and retaining individuals already in treatment, particularly by reducing the need for transportation to services. The Department has also worked with our colleagues across government to expand access to health care providers throughout the pandemic.

17. **Questions: Please elaborate on the effects on service populations of the deappropriation at the end of the traditional FY 2020 of opioid and substance use disorder programming funds that had originated in the Expanded Addiction Initiatives accounts. Does the department plan to restore these cuts in FY 2021?**

DHS Response: FY2020 deappropriations in the Expanded Addiction Initiatives accounts did not affect services. These reversions were generally available as several initiatives ramped up later than expected in the fiscal year. The proposed FY2021 Governor's Budget reflects the programs that will be continuing operations through June 30, 2021 with State funding.

18. **Questions: The General Fund appropriation to the Expansion of Opioid Recovery Pilot Program is recommended to be decreased by $9.8 million from $13.0 million to $3.3 million. Is this a cut to the program budget or a shift in the program's funding source? What specific program is this budget line funding? In what counties is the program currently operating? What would be the effects of the proposed reduction on services provided under the program?**

DHS Response: This budget proposal reflects the anticipated availability of federal funding to meet similar needs. We expect funding to support recovery specialists and client navigators for treatment and recovery supports. Action will be supported in all 21 counties.

19. **Questions: The General Fund appropriation to the Medication Assisted Treatment Initiative is recommended to be decreased by $1.8 million from $7.2 million to $5.4 million. Is this a cut to the program budget or a shift in the program's funding source? If program resources were to be cut, how would the cut affect access to medication assisted treatment in the State? What programs would no longer be funded? How many fewer people would be served?**

DHS Response: The Medication Assisted Treatment Initiative (MATI) funds both cost-based and fee-for-service contracts for mobile and fixed-site opioid treatment. In recent years there has been considerable federal resources that the Department has invested in MAT as well as reforms to expand access to MAT in Medicaid. As individuals have shifted from fee-for-service programs to receiving services through these alternative programs, the state dollars needed in fee-for-service have decreased and there has been underspending in this program; the proposed reduction reflects this shift to alternative programs funded with other state and federal appropriations. We do not anticipate any reduction in current service levels as a result of this decrease in appropriations.

20. **Questions: Please explain and justify the $40.3 million reduction the Governor's FY 2021 Revised Budget Proposal lists for Community Care, net of the $27.5 million in cost savings due to contract ceilings for diversion bed contracts and psychiatric emergency services**

contracts. To what extent does trend explain the recommended reduction and to what extent do long-term policy initiatives drive the trend?

DHS Response: As noted above, due primarily to the underspending and the availability of alternative sources of funding, such as Medicaid and other coverage, this funding change is primarily a result of trend reduction and alternative funding sources. Human Services does not anticipate significant service reductions from these savings initiatives.

21. **Questions: New language would allocate $3.0 million of the Community Based Substance Use Disorder Treatment and Prevention-State Share appropriation to the New Bridge Medical Center for the provision of addiction services. To what extent will the $3 million expand New Bridget Medical Center's capacity to provide addiction treatment services?**

DHS Response: Additional funds will allow New Bridge to expand its Emergency Department from 19 beds to 49 beds. The additional beds will largely be dedicated to behavioral health and substance use disorder patients. Funds would be used for staff and expanded facility space.

22. **Questions: New language would allocate $250,000 of the Community Care appropriation to the Great Minds Dare to Care Initiative to support a comprehensive and collaborative suicide prevention initiative and promote the reduction of stigma surrounding mental health. Please describe the Great Minds Dare to Care Initiative. What is the scope of the initiative and to what extent would $250,000 expand its capacity?**

DHS Response: Great Minds Dare to Care would be a new initiative at Seton Hall University, led by the University's Counseling and Psychological Services and with the purpose of establishing a comprehensive and collaborative suicide prevention initiative.

23. **Questions: New language would allocate $250,000 of the Community Care appropriation to the Rabbinical College of America/Chabad of New Jersey Mental Health Initiative to provide mental health training and workshops to promote mental health awareness. Please describe the Rabbinical College of America/Chabad of New Jersey Mental Health Initiative. What is the scope of the initiative and to what extent would $250,000 expand its capacity?**

DHS Response: This is a new initiative that would allow Rabbis and Rebbitzins at the 60 Chabad centers across New Jersey to identify, guide, and support individuals struggling with mental health concerns through trainings, workshops, and seminars.

24. **Questions: The Governor recommends deleting language that appropriated revenues received from fees derived from the licensing of all community mental health programs as specified in N.J.A.C.10:190-1.1 et seq. to the Division of Mental Health and Addiction Services to offset the costs of performing the required reviews. Why is this language proposed for deletion? Is the revenue being diverted elsewhere? If so, where? Without the fee revenue, does the division have enough funding to perform the required licensing reviews of community mental health programs in a timely and effective manner?**

DHS Response: This language provision was removed from the Division of Mental Health and Addiction Services section as the Licensing function has been shifted to the Department of Health.

Division of Medical Assistance and Health Services (Medicaid/NJ FamilyCare)

25. As a condition for the receipt of the temporarily enhanced federal matching percentages under Medicaid and the Children's Health Insurance Program, the federal *Families First Coronavirus Response Act* requires the State to continue to provide Medicaid coverage to all individuals enrolled on or after March 18, 2020, until the last day of the month when the health emergency period ends, regardless of any changes in individuals' circumstances that otherwise would result in termination. The State also has to provide Medicaid coverage without cost-sharing for COVID-19 testing and treatment during the emergency period.

- **Questions: What is the projected growth for FY 2021 in NJ FamilyCare enrollment?**

DHS Response: Estimated enrollment in NJ FamilyCare is anticipated to grow to 1.93 million during FY 2021.

- **What have been the effects on NJ FamilyCare enrollment and expenditures of the temporary federal disallowance of coverage terminations? What percentage of any enrollment increase since March 2020 is due to the prohibition on coverage terminations? By what amount are NJ FamilyCare expenditures projected to grow in the first quarter of FY 2021 because of the inability to disenroll beneficiaries? When does the revised FY 2021 budget proposal assume the resumption of eligibility redeterminations and terminations? In a typical month, how many Medicaid enrollees have their coverage terminated and how many of the terminated beneficiaries tend to reenroll in the subsequent months?**

DHS Response: To date enrollment has grown by nearly 140,000 since the time of the public health emergency with an approximate cost of $184 million total in federal and state costs, of which approximately $43 million is state share. At the same time, the state has received enhanced federal matching for many Medicaid expenditures. These figures represent a combination of new enrollees in the program and the federal disallowance of coverage terminations. From October 2020 through December 2020, gross expenditures (federal and state) are projected to increase $283.8 million, with $67.5 million of these expenditures being state share as a result of the federal disallowance of coverage terminations. The budget proposal assumes that redeterminations and terminations will resume in January 2021, the beginning of the first quarter following the end of the federal public health emergency. Prior to COVID, approximately 50,000 beneficiaries dis-enrolled each month. A significant share of those beneficiaries ultimately re-enroll. For instance, of those who were dis-enrolled in January 2019, approximately 44% have re-enrolled in the months since.

- **What has been the State cost to cover COVID-19 testing and treatment in 12-month FY 2020 for NJ FamilyCare recipients?**
- **What is the anticipated cost in FY 2021 and based on what assumption regarding the period during which the COVID-19 benefit enhancement is available?**

DHS Response: In 12-month SFY 2020, NJ FamilyCare paid claims for more than 200,000 COVID tests at a total cost of $10.45 million (federal and state costs). In addition, during SFY 2020 NJ FamilyCare paid $142.9 million (federal and state) for patients where a COVID diagnosis code was included on the claim. Also note that due to normal delays in claim submission and processing, estimates for both

treatment and testing may not capture all services provided in SFY 2020. For SFY21, the State has implemented a risk corridor to protect against any over or underspending associated with existing contract rates.

- **What percentage of the Medicaid population has tested positive for COVID-19?**

DHS Response: To date, approximately 48,500 beneficiaries have a COVID diagnosis indicated in claims data. This represents approximately 3% of total NJ FamilyCare enrollees. Note that it is possible that members who have tested positive for COVID are not included in this number such as those who were tested at free testing sites where no bill was ever submitted, and/or those with asymptomatic and/or mild cases who did not receive any treatment.

26. Some segments of the health care system, like hospitals and nursing facilities, have experienced higher costs in responding to a surge of patients with COVID-19. On the other hand, other parts of the health care system have seen fewer patients seeking care due to patient concerns of infection and limits on elective procedures.

- **Questions: How has the COVID-19 pandemic affected service utilization within the Medicaid program? Has there been a decrease in expenditures for non-COVID-19 medical services? How does the FY 2021 revised budget account for COVID-19 changes in service utilization? Are the $7.3 million in cost savings due to reduced utilization of Medicaid transportation due to COVID-19 related issues?**

DHS Response: While the COVID-19 pandemic has caused considerable need for those with symptomatic COVID, it also resulted in a decrease in utilization of non-COVID-19 medical services. The FY 2021 budget reflects this revised utilization within its fee-for-service trends. Additionally, within managed care rate setting a risk corridor was established whereby the State will recover funds from the managed care organizations in the event that significant underutilization continues as compared to the costs projected when the rates were developed. The $7.3 million in cost savings for Medicaid transportation is due to lower trip volume for non-COVID 19 related services during the height of the pandemic as elective procedures were suspended and other discretionary medical service use declined.

- **What role have telehealth and telemedicine played in maintaining a continuity of care throughout the pandemic, and how has that affected State costs?**

DHS Response: Telehealth has allowed for a continuation of services when programs were no longer allowed to provide face-to-face services onsite. Rule waivers assisted in allowing improved access so that more Medicaid recipients were able to receive a greater variety of telehealth services. Improved access helped individuals maintain stability through continued contact and ensured access to crisis intervention if required. Since the cost of providing a service via telehealth is not allowed to exceed the cost of providing the service face-to-face, there is no direct increase in programming cost. Without telehealth, it would be reasonable to have expected increased indirect costs such as emergency room or crisis center visitation.

27. Under a recent Department of Human Services proposal, new Medicaid funding of $130 million—$62 million in State funding, the remainder in federal matching funds—is to increase nursing home Medicaid rates by 10 percent from October 1, 2020 to June 30, 2021. Of the proposed $130 million, at least $78 million must be used to increase wages for certified nurse aides. On average, the

department estimates that this funding will raise their hourly wages by 20 percent. The remaining $52 million would assist facilities in supporting COVID-19-related infection control and compliance with Department of Health directives.

- **Questions: What mechanisms does the department have in place to enforce compliance with the proposed policy that nursing homes use $78 million in additional Medicaid funding to increase the wages of certified nurse aides?**
- **Does the department have any plans to maintain the wage levels established under this policy beyond FY 2021?**

DHS Response: The Department will require facilities to report wage data to demonstrate that funds have been passed through to workers, similar to the process implemented in recent years to ensure increased rates for personal care assistant services and increased wages for Direct Support Professionals have been appropriately used for wage increases. Future funding levels will be evaluated based on available budget resources at that time.

28. a. The Governor's revised FY 2021 budget proposal for the Department of Human Services includes $157.5 million in non-recurring "Managed Care Risk Corridor Savings."

- **Questions: What is the managed care risk corridor and how does it produce savings? How did the department arrive at the $157.5 million savings estimate for FY 2021? When will the initiative take effect? Were there any savings from the initiative in FY 2020? Does the initiative reduce federal Medicaid matching funds?**

DHS Response: This initiative has already taken effect. As a result of the COVID-19 public health emergency and the corresponding reduction in utilization of services and claims paid by Medicaid Managed Care Organizations (MCOs), the state has imposed a "risk corridor" for Managed Care capitation rates paid to the MCOs for the six-month period January 1, 2020 through June 30, 2020, This risk corridor protects the state in the event of underutilization (as well as the MCOs in the event of overutilization). The risk corridor for January through June 2020 will result in a refund to the state early in CY2021 of approximately $450 million, of which $157 million is state share.

b. On July 1, 2019, the "High-Cost Drugs Risk Corridor Program" was implemented. This program is intended to mitigate the unpredictable catastrophic claim risks associated with a predefined list of high-cost drugs that are prescribed for certain Medicaid beneficiaries: those who are ineligible for enrollment in Medicare while being eligible for Medicaid benefits and who at the same time are not enrolled in the Managed Long-Term Services and Supports program.

- **Questions: How does the "High-Cost Drugs Risk Corridor Program" operate? What are its specific goals? What were the operational results of the program in FY 2020? Did it meet expectations in FY 2020? What were the program's FY 2020 cost savings?**

DHS Response: The High Cost Drugs risk corridor program includes a pre-defined list of high-cost drugs, and only includes those instances where the per recipient expense for these drugs exceeds $150,000 in a given year. Rates include an estimated range, or corridor, for the total of all costs incurred for these high cost drugs. If an MCO spends an amount that falls within this range, no adjustments are made. However, if the MCO spends more on the risk corridor claims than the State

projected range, they receive additional funding. If they underspend, a portion of premiums will be recouped. The structure is intended to help improve management and oversight of these services. The results of the FY 2020 Risk Corridor have not yet been calculated as the program requires six months of claims runout before payments can be reconciled.

- **Does the department anticipate any changes to the predefined list of high cost drugs in FY 2021? How will these changes, if any, affect the cost savings under this program?**

DHS Response: The list of drugs will change slightly each year as new pipeline drugs appear and some drugs will be retired as appropriate. The overall impact of these changes is minimal.

29. In October 2019, the department launched a new family planning benefit program, called Plan First, for women and men with incomes that are higher than traditional Medicaid eligibility. The plan provides coverage of targeted family planning services for individuals up to 205 percent of the federal poverty level, or $25,605. Plan First enrollees do not have co-pays or out-of-pocket expenses for these benefits; however, if the enrollee has health insurance, the health insurance may require co-payments or out-of-pocket expenses.

- **Questions: How many individuals have enrolled in Plan First? How many of these enrollees are NJ FamilyCare eligible women whose 60-day postpartum period expired? What is the anticipated enrollment in FY 2021?**
- **What was the cost of the Plan First benefit in FY 2020, and what is the anticipated cost in FY 2021?**

DHS Response: There are currently 5,194 enrollees in Plan First, of which 27 women are NJ FamilyCare eligible whose 60-day postpartum period has expired. Claims to date have been modest as the program ramps up.

- **What efforts has the department taken to promote the Plan First Program?**

DHS Response: The DHS has taken the following steps to promote the Plan First Program:

- Trained all Eligibility Determining Agencies regarding this new program.
- Implemented eligibility system edits to include automatic evaluation for this program.
- Changed the initial, renewal, and Presumptive Eligibility applications to include a Family Planning interest question.
- Created a new Plan First Fact sheet for the public and for distribution at and by family planning clinics.
- Partnered with the NJ Family Planning League to distribute information.
- Created and distributed a Provider Newsletter on this new program.
- Conducted Web Ex training with providers on this new program.
- Created an internal unit to smooth the transition between NJ FamilyCare and Plan First.
- Updated NJ FamilyCare website with a separate link regarding Family Planning.

30. The Centers for Medicare and Medicaid Services is reviewing New Jersey's request to extend the post-partum period for Medicaid coverage from a 60-day period beginning on the last day of pregnancy to a 180-day period. This extension was added to the FY 2020 Appropriations Act by the Legislature and was estimated to cost $14 million in the 12-month FY 2020.

- **Questions: Does the department anticipate implementing the post-partum Medicaid coverage period extension from 60 to 180 days in FY 2021? If so, what is the anticipated cost to the State? How many Medicaid recipients does the department anticipate qualifying for the extended post-partum period in FY 2021 and what is the anticipated cost for benefits over the extended post-partum period per recipient?**

DHS Response: Yes, if the state's plan is approved by the federal government, the Department will implement the post-partum Medicaid coverage period extension to 180 days. The anticipated cost of expanding this is $9.1 million total ($4.55 million state share) and would cover 6,000 eligible individuals. Cost per eligible individual is anticipated to be $390 per month.

31. The Governor's revised FY 2021 budget proposal appropriates $2 million to a new perinatal episode of care pilot program. In accordance with P.L.2019, c.86, the perinatal episode of care steering committee was to develop the three-year pilot program. The steering committee was to convene no later than July 1, 2019 and the pilot program is to commence no later than January 1, 2021, unless a later date is recommended by the steering committee and approved by the department.

- **Questions: What is the status of the perinatal episode of care pilot program steering committee? What recommendations has the steering committee provided to the department regarding the implementation of the pilot program? Is the program on target for commencement on January 1, 2021?**

DHS Response: The Steering Committee has been meeting regularly over the last year and has given extensive input on episode design. We expect the Steering Committee to vote on full episode design recommendations by the end of CY 2020. The authorizing legislation required the episode to be implemented by January 1, 2021, "unless a later date is recommended by the steering committee and is approved by the division." Given the significant policy development and systems work that must be complete prior to episode implementation and delays due to COVID, the Steering Committee has recommended and the Division has agreed to a later start date. We are currently targeting implementation on July 1, 2021, with pre-implementation reporting beginning over the first half of 2021. This schedule may need to be revisited as implementation moves forward.

- **How would the recommended $2 million appropriation support the implementation of the pilot program in FY 2021? Does the department anticipate receipt of any federal matching funds for these expenditures? What are the anticipated annualized costs of the perinatal episode of care pilot program?**

DHS Response: Key implementation tasks to be supported by the budget request include:

- Development of a process and a provider participation agreement for providers wishing to participate in the episode.

- IT development to support implementation, including systems to support the following tasks:
  - Attribution of beneficiaries to providers for the purposes of episode calculations, including situations where beneficiaries are served by multiple providers (e.g. one provider delivers prenatal care, while another performs labor and delivery).

- Calculation of quality and cost benchmarks for participating providers, which will be informed by past individual provider experience and performance of peer providers.
- Calculation of participant financial performance, including risk adjustment.
- Calculation of participant quality performance.
- Calculation of incentives/penalties providers are subject to under the episode.
- Development, formatting, and production of provider performance reports.
- Development of portal or protocols for providers to receive performance reports or other information related to the episode, and to submit attestations or other required information to the state.

We expect that state funds used on the implementation of the episode will be eligible for federal match. The annualized cost for the episode will depend on episode design decisions that are not yet final, the number of episode participants, and contractor cost estimates.

32. Effective as of November 1, 2018, hospitals providing emergency services to patients enrolled in the Medicaid fee-for-service program are required to accept as final payment an emergency room triage reimbursement fee of $140 for low-acuity emergency room encounters. The department published a list of diagnostic codes considered to be low acuity in November 2018. The triage fee does not apply to emergency room care that would otherwise be deemed low acuity if: a patient is a pregnant woman, child 6 years of age or less, seniors 65 years of age or greater; or a visit occurred with an emergency certification.

- **Questions: In each of FY 2019 and FY 2020, how many emergency room encounters for Medicaid beneficiaries were reimbursed using the triage reimbursement fee? What are the estimated State cost savings due to the fee?**

DHS Response: The SFY21 Capitation Rates assume $27 million in savings associated with the ER Triage fee of which approximately 35 percent, or $9.5 million, is state share savings.

33. **Questions: Please explain the $22.5 million reduction the Governor's FY 2021 Revised Budget Proposal lists as the result of a MLTSS Blended Rate Recalculation. Were rates recalculated to adjust for changes in utilization or enrollment? Please elaborate on any changes in utilization by service type. When were the rates recalculated? How many months of service will the updated rates apply to? Is the State expecting to receive money back from any MLTSS plans that have not met their 90/10 medical loss ratio? Please elaborate on any changes in utilization by service type.**

DHS Response: The reduction reflects the change in case mix of Nursing Facility versus Home and Community Based beneficiaries, as the proportion of Community Based members making up the MLTSS population has increased. The State develops separate Nursing Facility and Community Based rates, with the costs for those living in the community notably lower than those in a nursing facility. These rates are then averaged together, or "blended", into a single rate based on expected enrollment in each of the two distinct groups. Blending these two rates with a higher portion of the lower cost members caused a decrease in the single blended rate. No changes were made to the separate Nursing Home or Community Based Rates, only expected case mix changed. The final blended rates are calculated using projections with actual enrollment through May. The updated rate information is made available in the beginning of July and is for a 12-month period. If there are policy or legislative

changes, the rates may need to be updated. The state does not anticipate receiving any money back from MLTSS plans as a result of not meeting the 90/10 medical loss ratio.

34. **Question: Please describe the role that the State's Medicaid program and the managed care organizations played in ensuring the safety and well-being of Medicaid beneficiaries in long term care facilities since the COVID-19 outbreak began.**

DHS Response: MCO Care Managers supported their members in Nursing Facilities (NFs) during the COVID emergency period by:

- Monitoring highest risk members weekly, including MCO contacts with those members to track member status and plan of care implementation;
- Recognizing member's needs and coordinating with member, family, facility and other caregivers during this time by telephone when face to face communication was not possible;
- Outreaching long term care (LTC) facilities to get updates on MCO members and sharing important information with family members;
- Supporting transitions from nursing facility to community settings – at the request of the family or at the request of the members to further ensure member choice, health and safety;
- Providing support, information, options, and reassurance as they talked with the facility and worked through the logistics of any potential moves and counseled family members to consult with the member's primary care providers on care issues;
- Regularly conferencing with hospital teams to support collective efforts to identify a community discharge when return to a nursing facility was not possible or desired;
- Assisting LTC members who had no available supports who wanted to live independently with finding subsidized housing options and assisted with supports including furniture, personal care assistance, home delivered meals, a personal emergency response system, and coordination of primary care, specialist, and behavioral health needs;
- And engaging with the NJ DOH and other state partners to coordinate information sharing and trouble-shooting about the known status of long term care facilities throughout the PHE.

35. **Questions: Please provide a monthly breakdown of how many contacts were made between MLTSS care managers and long-term care residents enrolled in MLTSS since the declaration of the public health emergency on March 9, 2020, by managed care organization. How many beneficiaries received contact from their care managers and how often? What were the prevailing themes of the contacts? What were the outcomes of the contacts?**

DHS Response: On average for each month of the public health emergency, MCOs successfully contacted more than 30,000 members who are considered high risk. Each month, approximately 9,500 of these contacts were nursing facility residents. Note that for nursing facility residents who cannot speak to their care manager on the phone, the contact was with nursing facility staff and/or member's family. For nursing facility residents, care managers check on the health and well-being of member, share information with families, and act as an advocate by sharing concerns with the facility or State staff as needed. Health plans are responsible for ensuring continuity of care, and providing transition support to a new setting (with family or independently) based on member need.

36. **Questions: How do the department and the managed care organizations oversee the quality of care being provided within long-term care facilities? What quality parameters do the managed care organizations utilize when determining their networks of long-term care facilities?**

DHS Response: Like Medicare, Medicaid depends on the Department of Health licensing survey and inspection process for evaluation of nursing facility compliance with state and federal standards. In Medicaid, members in MLTSS are assigned a care manager who helps to ensure that the members care needs are met by the facility. In addition, in partnership with the Legislature, last year the Department began linking payment incentives to performance on quality metrics. Although the Legislature has been considering alternative approaches in recent legislation, at this time, managed care organizations operate under an any willing provider standard with respect to long term care facilities.

37. **Questions: How many long-term care facilities benefited from performance add-ons in FY 2020? How much money was paid in long-term care facility performance add-ons in FY 2020?**

DHS Response: Of the 365 Medicaid certified facilities, 41 facilities received a quality incentive payment for their performance on all five measures. In total, 345 facilities received incentive payments on at least one quality measure. Payments ranged from $0.60 for one quality measure to $3.00 when all five quality measures were met. These performance payments are estimated to total $19 million.

38. **Question: What is the status of the department's "Any Willing Qualified Provider" initiative?**

DHS Response: When the state transitioned to Managed Long Term Services and Supports, it did so with a provision requiring Medicaid managed care organizations to contract with Any Willing Qualified Provider (AWQP), which essentially meant any nursing facility in good standing with state and federal regulators that agreed to accept Medicaid payment rates. Over time, it was anticipated that the state may shift away from this model to allow Medicaid managed care organizations to define their own network of providers, and/or to terminate contracts with facilities if they did not meet certain standards. The Quality Incentive Payment Program launched by DHS in FY20 was intended to be a first step to evaluate certain performance indicators and incentivize high quality facilities. If a facility fails to meet or improve on quality benchmarks over time, this may be considered as a factor as DHS considers its shift away from the AWQP model.

39. **Questions: As a condition of receipt of any NJ FamilyCare payments, a nursing home must provide to the department information on the facility's finances, as requested by the department, and the department must periodically assess the financial status of the industry. How is the reported information used? How often is the financial status of the industry assessed? What were the findings of the most recent industry assessment?**

DHS Response: Facilities submit self-reported information to the Health Care Facilities Financing Authority (HCFFA), which is analyzed quarterly to identify and track financial trends for NFs and the NF industry. HCFFA shares their findings with the Division of Aging Services for consideration in rate-setting, though NF rate-setting happens exclusively in the state appropriations act. NF financial reports and analysis from HCFFA helped inform the Department's decision to propose raising the payment rates for the lowest paid nursing facilities in FY20. Self-reported information for the first quarter of 2020 on statewide median includes: days cash on hand: 10.1; days in current liabilities: 68.9; operating margin: 1.60%; earnings before depreciation: $123,000 and Occupancy: 90.1%.

40. **Questions: How will the department adjust rates and budget projections to account for changes in long term care service utilization? For example, how will the department adjust for the temporary cessation of adult day services?**

DHS Response: The rates will not change as a result of service utilization during the year, but a risk corridor is in place to account for any significant changes in utilization. The State amended the SFY2020 and SFY2021 Managed Care Contracts to include a two-sided risk corridor to protect against over and underspending. In addition, as noted above, rates have been adjusted as described in the Question #33.

41. **Questions: Will the department require managed care organizations providing MLTSS to break out their MLTSS-specific medical loss ratio so the department can track how much of the funds currently going to the managed care organizations via MLTSS are being expended on medical services vs. administrative services? Would this medical loss ratio be made public by plan?**

DHS Response: Yes, The State financial reporting templates break out medical expenses and administrative expenses. The MLR in the MLTSS program is calculated separately and the minimum MLR requirement is 90 percent.

42. **Question: How will the department adjust rates and budget projections to account for changes in long term care facility census?**

DHS Response: Projections are continuously updated for any change in program enrollment, and rates have been adjusted as described in the Question #33.

43. **Question: Are Medicaid rates being adjusted or funds being redistributed or new funds being made available to support long term care facilities with new, unforeseeable costs, such as additional personal protective equipment, testing costs and equipment, enhanced sanitation, or enhanced staffing costs?**

DHS Response: The Governor's recommended budget includes a 10 percent increase to Nursing Facilities to address this issue as outlined in Question #48.

44. **Questions: What is the average length of stay at New Jersey's nursing homes? What is the average number of people in our nursing homes that have been there for more than three months? More than 12 months?**

DHS Response: Of Medicaid-eligible individuals residing in nursing homes in June 2020, 92 percent had been in the facility for 3 months or more, 73 percent had been in the facility for 12 months or more, and the median length of stay (as indicated by continuous Medicaid claims) is 28 months.

45. **Questions: How many people have transitioned from nursing home care to community based services since the implementation of MLTSS? For MLTSS beneficiaries receiving home and community-based services, what are the services with the highest utilization? How many MLTSS enrollees in the past 12 months only utilized services that they would have been eligible to receive in traditional Medicaid?**

DHS Response: Since the first year of MLTSS, MCOs have reported MLTSS members transitioned from a nursing facility to the community, as outlined below. Note that as the program matures, the intent is to help prevent individuals from entering nursing facilities if they can continue to thrive in their home and community with services and supports from Medicaid; thus decreasing the population of community-ready nursing facility residents we would expect to see transitioning out of facilities

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2015 (Jul 2014 – Jun 2015)	235
2016 (Jul 2015 – Jun 2016)	316
2017 (Jul 2016 – Jun 2017)	379
2018 (Jul 2017 – Jun 2018)	324
2019 (Jul 2018 – Jun 2019)	326
2020 (Jul 2019 – Jun 2020)	457
Grand Total # of transitions since the beginning of MLTSS	**2037**

*One member may be represented in multiple years if they transitioned more than once.

The HCBS services with the highest utilization levels are personal care assistance, medical day, Personal Emergency Response System, and home-delivered meals. In the most recent annual report (SFY19), about 9,465 MLTSS enrollees only utilized services that they would have received if under traditional Medicaid.

46. **Question: What percentage of Medicaid beneficiaries residing in long-term care facilities are in a single room?**

DHS Response: The Department does not track this data.

47. **Questions: Please describe the current workforce status in New Jersey's long-term care facilities. Has the department witnessed any workforce issues or shortages? Does the department receive staffing reports from contracted facilities?**

DHS Response: The Department does not receive staffing reports.

48. **Questions: The Governor proposes new language that would increase the current nursing facility reimbursement rates by 10 percent for the nine-month FY 2021 and place certain conditions on the receipt of the enhanced reimbursement. The language largely aligns with Assembly Bill No. 4547 (1R) and Senate Bill No. 2813 (1R). But why is the bills' clawback language not included in the recommended language provision? How does the department intend to tie funds to the provision of high quality care and ensure that increased reimbursement rates are being utilized in a manner consistent with the department's intent?**

DHS Response: Budget and legislative language dictates that the new funding must be used by facilities for specific purposes associated with staffing costs and compliance with COVID-19 standards. Providers will be required to document their compliance with the requirements outlined in this language provision, and will be subject to a recoupment of the dollars if they fail to do so.

49. **Questions: Has the department or the managed care organizations conducted a thorough review of the State's Medicaid networks since the onset of COVID-19? What effect has the pandemic had on the number of providers offering services in Medicaid? Have early retirements or financial distress caused the networks to shrink?**

DHS Response: DMAHS has continually monitored provider closures and member impact during the COVID emergency. Beginning the week of March 24, DMAHS required Managed Care Organizations to provide their listing of providers that were closed and/or suspending admissions. In addition, the individual MCOs were required to notify members impacted by closures. In addition, weekly clinical operations calls were convened to discuss issues such as closures and their potential impact on members. Due to the closure of all Medical Day programs in March, an alternate service delivery model was approved in order to ensure that members continued to receive services at home while Medical Day is closed. In addition, the MCOs submit quarterly network reports to DMAHS; at this time reports do not suggest that early retirements and /or financial distress have had an impact on MCO Network access.

50. **Questions: What is the current average timeframe for NJ FamilyCare eligibility determinations and enrollment? Is there a backlog of applications? Has the department witnessed any workforce shortage issues at the county welfare agencies?**

DHS Response: The average processing time for Medicaid applications for the majority of residents is 6 days. The average processing for ABD (Aged, Blind and Disabled) Medicaid applications is 42 days due to additional financial documentation requirements. Some counties experienced backlogs with enrollment surges or other issues but are continuing to work through any issues. As noted, some county boards of social services experienced workforce challenges, particularly early in the pandemic as they worked to accommodate work from home processes, but counties have made adjustments for these issues as well.

51. **Questions: Please share NJ FamilyCare utilization trends over the last six months on routine procedures and care, such as pediatric and primary care visits, vaccine administrations, cancer screenings, maternity services, substance use disorder treatment, dental services, emergency department visits, and elective procedures. Have any managed care organization rate adjustments been made to reflect changes in utilization?**

DHS Response: In general, utilization across many categories of services dropped at the height of the pandemic during the Spring of 2020. The magnitude of this decline (and any subsequent rebound) has varied by service type. Utilization trends for several major service categories are shown in the table below. Note that due to data lags, numbers for the most recent months likely understate actual utilization. July and August are not shown for this reason.

Month	ED Claims	Evaluation and Management Physician Claims	Dental Claims	Maternity Claims (Prenatal and Labor & Delivery)	SUD Claims
Sep-19	128,331	607,078	619,383	64,205	138,516
Oct-19	126,677	673,464	699,499	70,258	141,969
Nov-19	119,883	593,572	618,196	57,962	132,432
Dec-19	131,398	587,743	562,626	58,354	138,941
Jan-20	145,454	707,249	682,206	65,124	139,295
Feb-20	128,627	633,589	637,3 29	57,732	135,703
Mar-20	100,955	530,111	348,246	54,044	134,959

Apr-20	46,187	383,334	27,425	46,422	124,949
May-20	57,308	421,724	60,994	50,480	132,980
Jun-20	70,763	502,789	356,488	56,714	141,606

No rate adjustments have been made to reflect changes in utilization as the state has implemented a risk corridor to address any significant changes in utilization.

52. **Questions: Please share NJ FamilyCare pharmacy trends over the last six months. Has there been an increase in the number of new prescriptions (i.e. not refills)? Have there been any noticeable differences in the types of new prescriptions being filled?**

DHS Response: Please see the table below. New prescriptions have fallen since March though prescription refills have been generally steady.

	New Prescriptions Filled	Prescription Refills	Grand Total
Jul-19	1,331,592	972,151	2,303,743
Aug-19	1,302,848	939,436	2,242,284
Sep-19	1,352,411	901,311	2,253,722
Oct-19	1,454,513	943,812	2,398,325
Nov-19	1,327,580	881,994	2,209,574
Dec-19	1,378,567	920,907	2,299,474
Jan-20	1,543,219	904,845	2,448,064
Feb-20	1,386,646	853,307	2,239,953
Mar-20	1,439,244	977,144	2,416,388
Apr-20	1,112,993	907,580	2,020,573
May-20	1,093,277	887,810	1,981,087
Jun-20	1,196,531	879,393	2,075,924
Jul-20	1,250,745	884,580	2,135,325

53. **Questions: What recommendations does the department have to increase savings, or to increase Medicaid federal funds revenue?**

DHS Response: DMAHS cost savings and increased revenue recommendations have been incorporated into the revised FY 2021 budget proposal.

54. **Question: The Governor proposes increasing the amount of FY 2021 Medical Coverage - Title XIX Parents and Children expenditures that is charged to the Health Care Subsidy Fund by $108.3 million from $553.6 million to an amount not to exceed $661.9 million. Why is a larger share of Medical Coverage - Title XIX Parents and Children expenditures proposed to be charged to the Health Care Subsidy Fund? How was the amount determined?**

DHS Response: Health Care Subsidy Fund (HCSF) revenues are anticipated to increase in fiscal year 2021 primarily due to the proposed increase in the HMO Assessment from 3% to 5%. The increase in the HCSF Medicaid support is due to this proposed change.

55. **Questions: The General Fund appropriation to Medical Coverage - Title XIX Parents and Children is recommended to decrease by $55.1 million from $504.8 million to $449.7 million. Absent the additional $108.3 million in Health Care Subsidy Fund resources that would be used**

to offset the General Fund appropriation to this budget line, the General Fund appropriation would actually increase by $53.2 million. Please provide a projection of total FY 2021 Medical Coverage – Title XIX Parents and Children expenditures and delineate the appropriations of State, federal, and all other funds. Please provide the same breakdown for FY 2020 expenditures. Please explain the factors that account for any changes in the projected Medical Coverage – Title XIX Parents and Children expenditures and explain any shifts of expenditures among State, federal, and all other funds. Please provide a breakdown of utilization trends by service type, e.g. inpatient, pharmacy, etc.

56. **Questions: The General Fund appropriation to Medical Coverage – Nursing Home Residents is recommended to decrease by $75.7 million from $491.3 million to $415.6 million. Please provide a projection of total FY 2021 Medical Coverage – Nursing Home Residents expenditures and delineate the appropriations of State, federal, and all other funds. Please provide the same breakdown for FY 2020 expenditures. Please explain the factors that account for any changes in the projected Medical Coverage – Nursing Home Residents expenditures and explain any shifts of expenditures among State, federal, and all other funds. Please provide a breakdown of utilization trends by service type, e.g. inpatient, pharmacy, etc.**

57. **Questions: The General Fund appropriation to Medical Coverage – Aged, Blind and Disabled is recommended to decrease by $112.1 million. Please provide a projection of total FY 2021 Medical Coverage – Aged, Blind and Disabled expenditures and delineate the appropriations of State, federal, and all other funds. Please provide the same breakdown for FY 2020 expenditures. Please explain the factors that account for any changes in the projected Medical Coverage – Aged, Blind and Disabled expenditures and explain any shifts of expenditures among State, federal, and all other funds. Please provide a breakdown of utilization trends by service type, e.g. inpatient, pharmacy, etc.**

DHS Response to Questions 55, 56, and 57: The line item appropriations for each population within DMAHS were constructed similarly to previous budgets as they are a primarily a factor of projected enrollment multiplied by the capitation rates paid to the MCOs during the fiscal year. These base projections are then adjusted to include program changes that impact costs (PCA rate increase, nursing facility rate changes, etc.) Additionally, the state share costs have been decreased by the associated enhanced FMAP through the quarter ending 12/31/2020. Lastly, as a result of reduced utilization during the COVID-19 pandemic, the state has implemented two separate risk corridors on the capitation rates to protect the state from overspending in the event service utilization does not return to pre-pandemic levels during FY 2021.

Division of Developmental Disabilities

58. The Executive recommends increasing the State funds appropriation for Division of Developmental Disabilities Community Programs by a net $28.5 million from an adjusted appropriation of $975.4 million for the 12-month FY 2020 to a hair over $1.0 billion in FY 2021. The Executive also indicates a total of $42.5 million in assorted cost savings to the division in FY 2021. Accordingly, before the application of offsetting cost savings, the FY 2021 State funds appropriation is recommended to increase by $71.0 million.

Moreover, since March, the Division of Developmental Disabilities has implemented several new policies to help providers and beneficiaries during the COVID-19 pandemic, such as: certain daily rate increases; a temporary $3 per hour increase to direct support professional wages effective May 1, 2020 through July 31, 2020; and permitting self-directed employees to work overtime.

- **Questions: What factors account for the projected $71.0 million increase in funding for Division of Developmental Disabilities Community Programs relative to the adjusted appropriation for the 12-month FY 2020, excluding projected savings? Of the increase, how much does the department anticipate allocating for service needs that are COVID-19-related, and for service needs that are independent of COVID-19; for example, program growth?**

DHS Response: Funding includes $65.7 million ($31.4 million in state resources and $34.3 million in federal matching) to support direct support professionals and others who care for individuals with intellectual and developmental disabilities in group homes. Of this amount, $24 million will support an emergency wage increase from October to December of this year for direct support professionals (DSPs). The additional $41.7 million in new funding will help ensure that DSPs are paid above the state's increasing minimum wage and raise the wages of group home managers as the minimum wage increases in January. All other state growth is to fund trend increases for existing clients and services, as well as new clients enrolling for services for the first time.

- **Does the department have any plans to extend temporary COVID-19-related Division of Developmental Disabilities policies, such as the temporary $3 per hour increase to direct support professionals, beyond current expiration dates or to reinstitute policies that have expired? What are the anticipated costs of such policies? Do the initiatives in place adequately support providers and beneficiaries for the remainder of the pandemic?**

DHS Response: The Department plans to extend the $3 per hour increase to direct support professionals wages in the community from October 1 to December 31, 2020 at a total state cost of $12 million, with federal matching funds. Increases beyond this date are dependent on budget conditions at that time.

- **Since the start of the pandemic, has the department been alerted to any direct support professional workforce shortages? How has the department supported community providers in managing such shortages and in providing the necessary equipment to safeguard direct support professionals and beneficiaries from COVID-19?**

DHS Response: The Department took several actions early in the pandemic to support workforce needs and to allow for quick hiring to help prevent staffing shortages. For instance:

- The Department increased payments for group home providers to staff hours when individuals would have previously been at day programs, work, or other activities, as well as providing a temporary rate increase for direct support professionals at the peak of the pandemic;
- The Department's Office of Program Integrity and Accountability approved about 2,450 workers who worked in closed day programs or other settings to be able to work in group homes or individual homes to help meet the new staffing needs presented by the pandemic;
- The Department approved about 1,450 new workers to the DDD system who applied to work with provider agencies during the pandemic;

- The Department approved about 1,100 new workers to support individuals who self-direct their services and hire workers directly rather than through a provider agency;
- And the Department dispersed more than 700,000 pieces of PPE to I/DD community providers during the pandemic.

We believe these actions to support DSP wages, residential providers, and self-directed families have helped to support a more stable workforce during this challenging time.

59. The Governor recommends renewing the $40 million State appropriation, centrally budgeted in Interdepartmental Accounts, to sustain the Direct Support Professional Wage Increase. The Division of Developmental Disabilities received $35.3 million, or 88.3 percent, of the FY 2020 State appropriation to increase a direct support professional wage base of $776 million. The FY 2020 Appropriations Act directed that several rates be increased in order to implement the wage increase, which generated federal matching dollars.

- **Questions: What was the average hourly wage for a Division of Developmental Disabilities-supported direct support professional in FY 2020? What is the anticipated average hourly wage in FY 2021 after incorporating the recommended direct support professional wage increase appropriation and any minimum wage rate–related increases?**

DHS Response: The average hourly wage for DSPs in the community for FY 2020 was $13.60, and anticipate wages to rise to $14.85 after incorporating the recommended FY 2021 DSP wage increase.

- **Have the wage increases implemented in recent years improved retention and growth within the direct support professional workforce? What is the current need for direct support professionals in the State, and what is the size of the current workforce?**

DHS Response: There are many factors related to retention apart from wages, but the Division believes the wage increase has aided retention.

60. **Question: How has the division responded to the needs of the intellectual and developmental disabilities population both within the community and within institutionalized settings during the COVID-19 pandemic?**

DHS Response: The Division has consistently focused on the health and safety of those we serve in both the community and in developmental center settings. For example, the Division worked quickly to close developmental centers to visitors (in June visits re-opened under appropriate criteria); implement staff screening; conduct universal testing on a regular schedule for both residents and staff; implement cohorting strategies consistent with public health guidance; launch a public reporting dashboard for the community and DC settings; issue guidance to community providers on masking, social distancing, cleaning and other protocols; close day programs to limit congregate settings (day program re-opening guidance was recently released); provide new funding to support individuals with intellectual disabilities hiring family members to help them at home; made new resources available to support residential providers caring for individuals who could no longer attend day programs; provided bridge payments to day program providers to help them throughout the closure; and delivered PPE to group homes. These are a few of the many steps the Division has taken and will continue to take support individuals with developmental disabilities.

61. **Question: What additional support has been provided to the developmental centers and to community providers to ensure that the residents and workforce have proper personal protective equipment and sanitation supplies, and are being tested on a regular basis?**

DHS Response: The Division has dispersed PPE to community DDD providers whenever we have been able to do so. The Department dispersed more than 700,000 pieces of PPE to DDD providers.

In Developmental Centers, regular, universal testing of residents and staff has been ongoing since April and PPE supplies have been maintained through a combination of direct purchasing and OEM/NJSP deliveries.

62. **Question: Are reimbursement rates being adjusted or funds being redistributed or new funds being made available to support providers with new, unforeseen costs such as additional personal protective equipment, testing costs and equipment, and enhanced sanitation?**

DHS Response: The Division provided funding to support closed day program providers and compensate residential providers for increased staffing needs and other related expenses. Additionally, the Division has dispersed PPE to community providers and there is funding set aside in the Coronavirus Relief Fund to support unforeseen COVID related costs for these providers.

63. **Question: How has the congregate day care provider industry responded to the State's recent guidance regarding supplemental payments, issued on July 14 by the division? Has any agency communicated that it does not reasonably anticipate its ability to re-open? If so, how many?**

DHS Response: DHS/DDD is in regular communication with our congregate day providers and families who utilize their services. Division funded congregate day programs have been closed since March 17, 2020. DHS utilized flexibility to offer federally matched retainer payments after the closures to financially assist this important industry for as long as this federal funding was available.

Since then, DHS has provided the maximum State Share available to congregate day providers. DHS also allows day program providers to bill for units of service provided virtually or in-person as a one-to-one service. On September 3, the Division also announced that the closed congregate day programs it funds will be permitted to reopen at reduced capacity beginning September 21, 2020 if all requirements are met. DHS is continuing to work with our federal partners to identify any further flexibilities that may be able to be implemented as day programs begin reopening. At this time, no programs have notified the Department that they do not intend to reopen.

64. **Question: In response to the temporarily enhanced, COVID-19 pandemic-related federal matching fund percentage, why were State funds allocations to Division of Developmental Disabilities programs deappropriated instead of using the excess State funds appropriations to better serve the developmentally disabled?**

DHS Response: The Division has provided significant additional financial supports to providers, including enhanced payments to residential providers, temporary wage increases, and bridge

payments to day programs, to address the challenges of the pandemic while also working responsibly to address the associated budget challenge.

65. **Question: In light of the Governor not continuing to recommend a five-percent day program rate increase for uncompensated absences that was originally proposed in February, does the department intend to work with CMS to develop an alternate billing structure for day programming that would provide more flexibility to providers?**

DHS Response: While the Department was pleased to propose this rate increase prior to the pandemic, we have had to make difficult budget choices to respond to current fiscal constraints. DHS always looks for ways to expand and improve services, while managing available state funds and maximizing federal match.

66. **Question: The General Fund appropriation to the Support Program – Individual and Family Support Services is recommended to decrease by $13.0 million from $49.2 million to $36.2 million. What is the rationale behind the recommended decrease? Are program resources intended to be cut or are federal or other funds intended to offset the recommended reduction in the General Fund appropriation? If the recommended reduction in the General Fund appropriation is not intended to be backfilled by federal or other funds appropriations, please specify the services that would be reduced or no longer be purchased.**

DHS Response: Federal resources are intended to offset the recommended reduction. The Supports Program has consistently increased services to individuals in the community while maximizing the federal share, thus reducing the previously only state share cost.

Division of Family Development

67. The Governor intends to use $250 million in funding from the federal Coronavirus Relief Fund to support child care capacity. According to the department, this initiative includes: child care subsidies during the school day for eligible children; a new $150 million program to provide child care subsidies to families not currently eligible who need care due to remote learning schedules; supplemental payments of $75 per subsidy-eligible child, per month to providers; and additional funding for providers to manage added costs due to new COVID-19 health and safety guidelines. The programs are to be in operation until the end of the calendar year, to the extent that funds are available.

- **Questions: What amount will be allocated to each component of the $250 million in funding from the federal Coronavirus Relief Fund to support child care capacity? Will this federal funding replace State appropriations?**
- **How many additional children does the department estimate to serve under each of the child care subsidy components of this initiative? Is $250 million sufficient to meet the needs of these programs?**
- **How will the department determine a provider's eligibility for additional funding related to COVID-19 sanitation expenses? How many providers does the department estimate will receive funding? What percentage of a provider's total COVID-19 related sanitation expenses does the department estimate will be covered by the additional funds?**
- **Does the department plan to fund these programs should the support be necessary beyond the end of the calendar year?**

DHS Response:

- The entire allocation is funded by Coronavirus Relief Fund dollars. The four components of this initiative are new and will end of December 31, 2020.
- The COVID-19 child care initiative includes assistance to families in the form of subsidies and tuition assistance as well as providers through stabilization grants and supplemental payment to help them meet added operational costs due to COVID-19.
    - Full-time subsidies for working families making less than 200 % of the federal poverty level who are subsidy-eligible and require additional child care for remote learning during the school day - *$20 million*.
    - Tuition assistance for families who are not eligible for the subsidy but have an annual household income of up to $75,000 and need supervision for their school-age children during the school day - *$150 million*.
    - Stabilization grant funds for child care providers who will have reopened by October 1, 2020. Family child care providers are eligible for $2,500 and centers are eligible for $8,000-$17,000 grants depending on their licensed capacity - *$50 million*.
    - Child care providers will receive a subsidy grant of $75/per subsidy eligible child per month from Sept. to Dec. - *$30 million*.

- Currently, there are 21,000 school-age children enrolled in our child care assistance program who are eligible for care during the school day. At this time, we are unable to determine how many children we will be able to serve through the tuition assistance program as this benefit will based on each family's need for hours of care according to their child's remote learning schedule.
- Approximately 6,000 licensed child care centers and family child care providers will be eligible to apply for a stabilization grant. Child care providers will fill out a grant application and include the COVID-19 expenses they will use the grant dollars to cover which include cleaning and sanitizing, PPE purchases, added staffing costs, and materials/supplies to adapt the environment to meet COVID-19 health and safety guidelines. We expect sanitation and cleaning costs to vary based on the type and size of the program, when they re-opened, etc.

68. The Executive proposes an appropriation of $116.3 million in State funding for the Work First New Jersey Child Care program from July 1, 2020 through June 30, 2021, a decrease of $24.0 million from the adjusted appropriation for the 12-month FY 2020 appropriation of $140.3 million. The Administration attributes the reduction to a shift to non-State resources.

- **Questions: What increased non-State resources does the department plan to use to replace the recommended reduction in State funds for Work First New Jersey Child Care benefits?**

DHS Response: The department will use federal dollars available to manage this reduction without impacting services.

- **How has the COVID-19 pandemic affected the Work First New Jersey Child Care program? Has the department identified any changes in enrollment or provider participation since the onset of the pandemic? Does the department have any concerns about the ability of providers to meet the needs of the program, as it pertains to the State or regions of the State?**

DHS Response: At the onset of the pandemic, DHS worked as quickly as possible to stand up an emergency child care program to ensure essential workers had child care available during the peak of the pandemic. The Department also has used its child care resources to support centers that serve children in the state child care subsidy program with bridge payments throughout the summer. However, the need for child care is significant as child care will play a critical role with school re-opening plans. It is for that reason that the Governor committed $250 million from the Coronavirus Relief Fund to support child care needs at this critical time.

69. The Executive intends to use $10 million of federal Coronavirus Relief Fund resources to cover the cost of increased enrollment for income assistance benefits through the State's Work First New Jersey program.

- **Questions: How many additional beneficiaries are enrolled in the Work First New Jersey income assistance programs post-COVID? How will the $10 million Coronavirus Relief Fund distribution be allocated among the different income assistance programs? Given that Coronavirus Relief Fund resources have to be expended by December 30, is the enrollment increase included in the recommended appropriation amounts for the period between January 1, 2021 and June 30, 2021?**

DHS Response: WFNJ caseloads have increased by approximately 6,000 individuals since the start of the pandemic. The $10 million Coronavirus Relief Funds will be allocated to the state-funded Work First New Jersey-General Assistance (WFNJ-GA) Cash Benefits program to cover the additional increase in cases as a result of COVID-19. Enrollment and costs for the remainder of the fiscal year will be closely monitored and will depend heavily on the pace of the economic recovery.

70. Since March, the department has suspended several rules regarding the Emergency Assistance benefits of the Work First New Jersey program to help beneficiaries during the COVID-19 pandemic, such as: the six-month penalty on benefit recipients who cause their own homelessness; the limit to 12 cumulative months during the lifetime of a case; and the requirement that a service plan is developed within ten days of the authorization date.

- **Questions: How many Emergency Assistance program beneficiaries are currently eligible solely due to the COVID-19 pandemic-related suspension of rules that otherwise would have resulted in benefit ineligibility? What is the projected cost of the rule suspensions in FY 2021 and what would be the annual cost if the rules remained suspended for the full 12-month FY 2021?**
- **Does the department anticipate maintaining these rule suspensions until the end of FY 2021? If not, when will the suspensions be revoked?**

DHS Response: During the pandemic, DHS has temporarily waived certain program rules and sanctions and extended Emergency Assistance (EA) benefits to households that would otherwise experience homelessness if not for EA benefits. Individuals receiving EA are eligible for EA because they meet program criteria for WFNJ. It is important to note that pre-pandemic legislative changes expanded EA benefits beyond time limits to some of the most vulnerable and at-risk individuals making it easier for individuals to continue to get EA. The department is unable to determine EA costs for individuals receiving EA specifically because of COVID-19 flexibility. The department will continue to assess rule suspensions month to month and extend according to available funding and need.

71. The Governor recommends a new $2 million appropriation to enable counties to operationalize Code Blue programs that help homeless residents obtain shelter during cold weather.

- **Questions: Please describe the scope of the new Code Blue grant program. How much does the department anticipate distributing to each county, and how many individual does the department anticipate serving in FY 2021.**

DHS Response: DHS anticipates using the $2.5 million to support existing code blue county/municipal efforts and will allocate the dollars by county based on need and homeless population size. At this time, the department does not have county or municipal data on number of individuals placed in warming centers or emergency shelters during code blue weather events.

72. The Governor recommends a $300,000 appropriation to fund a new LGBTQ+ Shelter Planning and Training Grant program.

- **Questions: Please detail the plan for the LGBTQ+ Shelter Planning and Training Grant program. Specifically, how many grants does the department plan to distribute, in what amounts, and for what purposes?**

DHS Response: DHS plans to engage experts in service delivery to LGBTQ+ populations to make an assessment of current practices and access to homeless services as well as identify strategies and best practices to improve services for LGBTQ+ individuals experiencing homelessness to include training opportunities and education to homeless service providers.

73. The Governor recommends renewing FY 2020 Appropriations Act language that reinstated the policy that has become known as "heat & eat," whereby the State makes nominal annual energy assistance payments, in this case $21, to Supplemental Nutrition Assistance Program recipient households who are not enrolled in an energy assistance program. This nominal payment then qualifies these households for a heating and cooling standard utility allowance under the Supplemental Nutrition Assistance Program, which has the effect of increasing their monthly Supplemental Nutrition Assistance Program benefit, provided completely by federal funds. While the budget language does not specify the funding source of the $21 energy assistance payment, historically the State has drawn from federal Low Income Home Energy Assistance Program funds to provide those payments.

- ***Questions:*** **What is the status of the "heat & eat" program? How many Supplemental Nutrition Assistance Program recipient households received an annual energy assistance payment in FY 2020? What was the average increase in the monthly Supplemental Nutrition Assistance Program benefit due to these payments? What is the funding source of the energy assistance payment?**

DHS Response: The Department created a Utility Assistance Program with the $2.5 million appropriated in SFY 2020 for this program. At the beginning of 2020, the department provided a $21 utility assistance payment to 90,000 households to help offset their utility expenses. As a result, these households got a utility credit that resulted in a significant number of these households getting a higher SNAP benefit based on their household size and other factors.

74. *Question:* **How many additional households have qualified for Supplemental Nutrition Assistance Program (SNAP) benefits since March 2020?**

DHS Response: Approximately 41,000 additional households have qualified for SNAP between March-July 2020.

75. *Questions:* **How many households received an emergency SNAP benefit increase that made the household reach the maximum benefit for the household size? How long does the department anticipate the emergency benefit increase to last?**

DHS Response: Since March 2020, the Department has issued $259.3 million in supplemental SNAP benefits for the months of March through September for all households that were not receiving the maximum SNAP benefit for their household size. In September 2020, 236,000 NJ SNAP households benefitted from this provision. The Department will continue to seek federal approval on a monthly basis to be able to continue to issue these benefits for as long as the federal government continues to accept applications.

76. *Question:* **By what date does the department plan to resume SNAP recertifications?**

DHS Response: The Department will continue to seek federal approval to extend SNAP recertifications. At this time, the department has received approval to continue this change through September 2020.

77. *Question:* **Will the SNAP work activity requirements be suspended for the duration of the public health emergency?**

DHS Response: The Department will continue to seek federal approval to suspend SNAP work activity requirements. At this time, the department has received approval to continue this change through September 2020.

78. *Question:* **Has the department observed new increases in SNAP application backlogs? If so, did workforce issues or shortages play a role in the rising backlog?**

DHS Response: At the height of the pandemic, the local boards of social services saw a significant spike in SNAP applications with some areas in our state experiencing higher application volumes than others. Although statewide there were no backlog issues, some counties did experience backlogs particularly at the start of the pandemic and have worked on processing applications and getting up to date by establishing overtime schedules. The county offices were transitioning to remote work and some experienced temporary closures related to COVID-19 cleaning/sanitizing. Counties have generally addressed these issues, but like all employers, they do face issues with child care as schools reopen remotely.

79. *Question:* **How many additional households have qualified for income assistance benefits under the Work First New Jersey (WFNJ) program (TANF, GA, and EA) since March 2020?**

DHS Response: Approximately 1400 additional families have qualified for TANF between March-June 2020. Approximately 2400 additional cases have qualified for GA between March-June 2020.

80. *Question:* **By what date does the department plan to resume WFNJ recertifications?**

DHS Response: To best serve the needs of the Work First New Jersey client population, the Department will continue to make decisions about program rules month to month for the duration of the public health emergency and while funding is available.

81. *Question:* **Has the department observed new increases in WFNJ application backlogs? If so, did workforce issues or shortages play a role in the rising backlog?**

DHS Response: The department did not observe major backlogs in WFNJ applications statewide. A few counties experienced higher application volumes and had small backlogs but have gotten up to date in all WFNJ applications.

82. *Question:* **Is the department considering allowing individuals who are otherwise eligible for public assistance and are enrolled in an institution of higher education to qualify for income assistance?**

DHS Response: The eligibility requirements for WFNJ programs have not changed. College students are able to apply and may be eligible for WFNJ-TANF. College students are not eligible to receive WFNJ-GA benefits based on the current statute.

83. *Questions:* **How many licensed child care centers have applied for health and safety grants? How much money has been distributed via these grants? What is the State's funding source for these grants?**

DHS Response: As of September 8, 2020 the Department has issued 2,826 health and safety grants, totaling $9.3 million. These funds have been provided from federal CARES Act child care-specific resources. In addition, as part of the Governor's Child Care Initiative, the Department will make stabilization grants available to providers to help them with re-opening and costs associated with meeting new COVID-19 health and safety guidelines.

84. *Question:* **Since March 2020, how many additional households have qualified for and are new participants in the Child Care Subsidy Program?**

DHS Response: Enrollment has increased by 4,000 children since March.

85. *Question:* **Is the department considering adjusting the provider rates in the Child Care Subsidy Program to account for increased expenses, namely the increased State minimum wage, decreases in center capacity due to enhanced regulatory health and safety guidance, and increased purchasing needs for supplies and cleaning equipment?**

DHS Response: The Governor's proposed budget includes $6.4 million to support rate increases for child care providers in January as the minimum wage is set to increase. In addition, throughout the summer, the State continued to support child care subsidy providers by paying them based on pre-pandemic enrollment rather than current attendance in their programs. Through the CARES and CRF

investments, nearly $100 million is supporting providers through health and safety, stabilization and supplemental grants related to COVID-19.

86. *Question:* **How long does the Department intend to compensate providers that remain open even if children are absent due to COVID-19? Does the department intend to permanently adopt the policy of reimbursing providers based on enrollment rather than attendance?**

DHS Response: The Department paid providers based on pre-pandemic enrollment since March 2020. As more centers open and more children are in need of child care, the department will resume attendance based payment as of November 1, 2020. The department's current policy allows for 1 absence a week or up to 5 days due to illness with a doctor's note and up to 22 days a year due to closures without impacting payment.

87. *Question:* **How long does the department intend to waive child care subsidy co-payments for parents and caregivers who request the waiving of the co-payments due to impacts from the COVID-19 pandemic?**

DHS Response: To best serve the needs of families receiving child care assistance, the Department will continue to make decisions about program rules month to month for the duration of the public health emergency.

88. **Question: How long does the department intend to allow parents or caregivers to continue their child care subsidy if their hours are reduced or if they are laid off due to the COVID-19 pandemic?**

DHS Response: Parents are eligible for an additional 12 months of child care due to a change in circumstance.

89. **Question: Has there been an increase in the number of individuals contacting the Child Care Resources and Referral Agencies to help locate licensed child care centers with open spots?**

DHS Response: The CCRR's have continued to serve parents since the start of the pandemic. They assisted the Department in implementing the Emergency Child Care Program in May and as a result have assisted additional families that are traditionally not eligible for the state's child care subsidy program.

90. **Question: Please elaborate on the effects on service populations of the deappropriation at the end of the traditional FY 2020 of State appropriations for WFNJ child care, notably the $7 million in WFNJ Child Care - Maintenance of Effort Funds and the $7 million in WorkFirst NJ Child Care. Does the department plan to restore these cuts in FY 2021?**

DHS Response: The reductions reflected in the child care line items reflect the utilization of federal resources available for the child care program and do not suggest a reduction in services.

Numerous factors such as utilization and availability of federal resources will determine the need for State resources in future budget years.

91. **Question: The General Fund appropriation to Social Services for the Homeless is recommended to decrease by $3.6 million from $14.2 million to $10.7 million. What is the rationale behind the recommended decrease? Are program resources intended to be cut or are federal or other funds intended to offset the recommended reduction in the General Fund appropriation? If the recommended reduction in the General Fund appropriation is not intended to be backfilled by federal or other funds appropriations, please specify the services that would be cut. How many fewer people would be served? How are program resources currently being spent?**

DHS Response: SSH is a short-term safety net program offering four core services: Food, Emergency Shelter, Homeless Prevention (such as back rent/utility payment), and Case Management. The department does not anticipate cutting services and is working with the county SSH providers to ensure they are providing adequate case management, screening and directing/referring families to other state/federal relief programs available specifically for people impacted by COVID-19 to maximize these limited state funded resources.

92. **Question: The General Fund appropriation to Work First New Jersey - Client Benefits is recommended to decrease by $16.9 million from $30.9 million to $14.1 million. What is the rationale behind the recommended decrease? Are program resources intended to be cut or are federal or other funds intended to offset the recommended reduction in the General Fund appropriation? If the recommended reduction in the General Fund appropriation is not intended to be backfilled by federal or other funds appropriations, please specify the benefits that would be cut. How many fewer people would receive benefits and how many beneficiaries would receive reduced benefits?**

DHS Response: This reduction has been offset by an equivalent TANF federal appropriation increase and does not reflect a decrease in benefits.

93. **Question: The General Fund appropriation to Work First New Jersey – Emergency Assistance is recommended to decrease by $2.5 million from $8.8 million to $6.3 million. What is the rationale behind the recommended decrease? Are program resources intended to be cut or are federal or other funds intended to offset the recommended reduction in the General Fund appropriation? If the recommended reduction in the General Fund appropriation is not intended to be backfilled by federal or other funds appropriations, please specify how cash assistance benefits would be cut. Would eligibility be tightened or benefit amounts be reduced? Please describe Work First New Jersey – Emergency Assistance enrollment trends, including how the program's expansion in 2018 and 2019 has affected enrollment.**

DHS Response: This reduction has been offset by an equivalent TANF federal appropriation increase and does not reflect a decrease in benefits.

Division of Aging Services

94. The Governor's revised FY 2021 budget proposal lowers the FY 2021 appropriation to the Pharmaceutical Assistance to the Aged and Disabled (PAAD) Program by $9.0 million from the

adjusted appropriation of $44.1 million for the 12-month FY 2020 to $35.1 million in FY 2021. The document attributes the cut to general program trend and eligibility.

- **Questions: What factors account for the $9 million decrease in the recommended appropriation to the Pharmaceutical Assistance to the Aged and Disabled Program? How are eligibility criteria changing and what is the effect of the changes on program enrollment? Would anyone cease to be eligible for benefits? Please elaborate on the nature of any trend to which savings are being attributed.**

DHS Response: The proposed reduction assumes that eligibility limits for the PAAD program will remain at current levels through FY21. Under these assumptions, it is estimated that current enrollment levels will remain relatively constant as normal patterns of new enrollment and disenrollments offset one another. The reduction simply recognizes that enrollment at current levels has produced expenditures below appropriated levels in recent years.

95. **Question: The proposed budget eliminates funding for the NJ Elder Index. How has the State utilized and applied the Elder Economic Security Standard Index in the past?**

DHS Response: Data from the Elder Index is used in the State's "Strategic Plan on Aging," and to support various grant submissions and inform program development. Updates to the Index do not generally occur every year, and this reduction is not expected to have any impact on operations or grant activities.

Division of Management and Budget

96. The Governor's revised FY 2021 budget proposal appropriates $200,000 for a novel Office of New Americans. An interagency effort between the Department of Human Services and the Department of Labor and Workforce Development, the office would focus on immigrant and refugee integration and ensuring access to social services, employment, and inclusion in the State's economy.

- **Questions: What are the goals for the Office of New Americans in FY 2021 and how would the State appropriation support these goals? How many staff does the department anticipate supporting the office?**

DHS Response: The Office of New Americans (ONA) was established by EO tasking DHS and DOL to design the office through stakeholder engagement to build trust and improve access to services for immigrants and refugees in New Jersey. For FY21, DHS plans to start building capacity of the ONA to accomplish the goals outlined in the Governor's Executive Order to improve access and awareness of state services through language access and community education and to help develop and implement programs in ways that are responsive to New Jersey's uniquely diverse immigrant communities. This funding will allow DHS to hire a small team between 2- 3 staff who have expertise and knowledge working with or delivering services to New Americans in our state and understand the challenges they face. The staff will help advance the goals of the ONA, expand reach as well as help oversee the legal services for immigrants initiative, and continue to support the state's COVID-19 response to ensure it is responsive to the specific needs of immigrants and refugees in New Jersey.

97. The Governor recommends appropriating $750,000 for a new Office of Health Care Affordability and Transparency. The office would guide the Executive's work on health care

affordability and price transparency; and develop a strategic plan for improved consumer affordability, health care quality, cost transparency, and taxpayer savings.

- **Questions: What are the goals for the Office of Health Care Affordability and Transparency in FY 2021, and how would the State appropriation support these goals? What is the department's role in the Statewide efforts associated with the Office of Health Care Affordability and Transparency?**
- **What portion of the appropriation will be allocated for salary and benefits? How many Department of Human Services staff are anticipated supporting the office? Has the department incurred any expenses in the FY 2020 to support the office?**

DHS Response: The Murphy Administration has taken a number of critical steps to improve health care affordability and accessibility in New Jersey over the last two and a half years. The Governor launched The Office of Health Care Affordability and Transparency in February, shortly before the State's first coronavirus case.

The pandemic, now more than ever, has illustrated that accessibility, affordability, and transparency in health care are critical to ensuring that our residents have access to life saving treatment and services. The Office seeks to identify short, mid, and longer-term policy reforms to the health care system that will improve accessibility, affordability and transparency that help promote better health outcomes for all. The Office will work closely with departments across the administration to identify and implement policy reforms that support these goals. The Office will also work to build critical and comprehensive data and analytics infrastructure to support its initiatives. The Office's proposed funding will go toward planning, project implementation, and data infrastructure.

Funds are not reserved for salary and benefits, and no expenses have been incurred yet.