

Funding hopes: Behavioral health organizations back legislation that would increase state fees for services

Focus On ...

By **Brett Johnson** (New Jersey) - June 14, 2023



Matt Binder, an advocacy manager at Easterseals New Jersey. - Easterseals New Jersey

Like most in the behavioral services sector, Matt Binder, an advocacy manager at [Easterseals New Jersey](#), was thrilled with the funding boost New Jersey's budget delivered this year.

But, also like most in the sector, he hasn't stopped hearing of programs hanging on by a thread, or recently canceled because his and other organizations aren't able to maintain them with the rates they're paid.

He is joined in highlighting still-existing problems faced by organizations paid by the state on a fee-for-service model by nearly a dozen other groups in New Jersey. These groups in February combined into a coalition for the first time to advocate for more consistent funding.

The Human Services Equity Coalition, as the new unit is called, is pushing for lawmakers to maintain the momentum its members believe is behind bill A508/S2668, which would start every year's budget process with a set inflationary adjustment to state fee-for-service, Medicaid rates and contracts. Bolstering the state's Developmental Disabilities and Mental Health and Addiction Services divisions would allow providers to absorb increasing costs — attributed to paying competitive wages, gas for vehicle fleets, registration fees — from one year to the next, according to the group.

Binder said it's important to recognize that, for organizations that facilitate this care, about 80% of funding comes from a government source. That funding remaining static for a decade-plus span prior to recent budgetary hikes made it difficult to live up to a value proposition that Binder expects appeals to even the state's business community. In short: They help keep people out of places such as psychiatric institutions or prisons, which drive state expenditures, and put them on a path to reenter the workforce after a mental health or addiction crisis.

"But, rates for (our industry's services) have not kept pace with inflation," he said. "At the same time, where we've left COVID-19 is not where we entered it — in terms of inflation as well as no longer having the money that the federal government was sending to states. What was really an already-overburdened system has become quite stressed."



Mary Abrams. (New Jersey Association of Mental Health and Addiction Agencies)

Mary Abrams, senior health policy analyst at the [New Jersey Association of Mental Health and Addiction Agencies](#), one of the coalition's partners, said another factor at play during the pandemic is the reported leaps in demand.

"For kids and adults alike, the number of those who are in need of services has gone up," she said. "The acuity of illnesses and disorders they're having is higher than ever."

The behavioral health workforce shortage that existed for years was equally exacerbated by the pandemic, Abrams said. On average, organizations in this space reported about 25% vacancies in needed roles in a survey the trade group conducted earlier this year.

Abrams said health professionals are being lost to other fields, colleges and other public-sector work as a result of strained reimbursement levels.

"And, we've had programs closed because of it," she said. "Over the past several years, we've seen closures at everything from group homes to community support services. Right now, you also have a lot of programs where they have more beds and capacity, but they can't take anyone else because they don't have the staff for it. So, it's really a critical juncture right now."

Abrams said Mercer County in particular has seen a handful of group homes shut down within the past year or two. Upwards of two-thirds of intellectual and developmental disability providers are discontinuing programs and services, according to recent reports.



To counter that trend, there was a \$27 million state funding increase to rates and contracts afforded to the sector in the state's budget for fiscal year 2024. That is being matched by \$10.5 million in federal funding, as well as other one-time investments.

"Thankfully, we're getting a decent boost in rates and contracts for the first time since 2008," Abrams said. "But that one investment is ultimately not going to bring reimbursement up to cover the cost of care."

More set-in-stone increases have been pushed without success by behavioral health organizations for a number of years.

Abrams and Binder both find the sign-on from the Assembly and Senate side of this legislative push encouraging this time around. They're optimistic.

"We've been happy with the governor's approach this year; we just want to make sure we're carrying that forward," Binder said. "It's about a culture shift, and recognizing that, in order to continue providing these services to our most vulnerable, the state's investment needs to continuously meet the need. And I think our state's leaders are receptive to that."

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