New Jersey System of Care
Financing Overview

CHIPRA Quality Demonstration Grant TA Webinar Series
June 23, 2010

Brian Hancock, Esq.
Deputy Director
NJ Division of Child Behavioral Health Services
Overview

- System funding sources
- Federal reimbursement sources
- Non-eligible populations
- Rate-setting methodology
NJ System of Care Funding Streams

- State appropriations:
  - Mental Health
  - Child Welfare
  - Medicaid

- Federal revenue sources
  - Medicaid/SCHIP
Federal Funding Mechanics

- Rehab Option: In-home Services, EBPs, Mobile Response, Group Homes/Therapeutic Foster Care
- TCM: Care Management, Youth Case Management
- Cost Allocation Plan: Family Support, Administrative Services Contract, State Services
Non-Eligible Children

- Medicaid “look-alike” program
  - All providers reimbursed at same rates as Medicaid program
  - Providers submit claims through same process
  - Provides single payment structure for all children receiving services
CME Financing

- Use a deficit-funded contract with revenue targets
- Provide contract funding for costs not eligible for Medicaid reimbursement (e.g., Flex Funds)
- Monthly Inclusive Rate is set using cost-based methodology including all allowable costs
- Rate strongly determined by ratio of care managers to children
Rate-Setting Methodology

- Market-based methodology using transparent inputs to arrive at rate
- Requires collaboration with providers around true cost of care
- Requires clear modeling of staffing and service-level requirements
Financing Benefits

- Reduced use of acute inpatient services saved more than $30 million in last three years alone

- Residential treatment budget reduced by 15% over last three years

- Total federal revenue increased 5x since 2000, while state costs grew 2x
Figure 7.
Comparison of Original Estimated Spending per Capita and Need Index

- Total Children's Initiative Costs per Child in Poverty
- Need Level

Children = Ages 0 through 17

Graph showing the estimated spending per capita and need level for various counties, with data points for each county represented.
Figure 8.
Comparison of 2005 Consolidated Children’s Mental Health Spending per Capita and Need Index

- Total Consolidated Costs per Child in Poverty
- Need Level

Costs Per Capita

- Cape May: $1,108
- Cumberland: $1,080
- Camden: $1,034
- Mercer: $979
- Salem: $1,472
- Atlantic: $1,086
- Essex: $1,086
- Passaic: $798
- Warren: $607
- Hudson: $1,051
- Union: $966
- Gloucester: $885
- Monmouth: $739
- Sussex: $739
- Ocean: $739
- Burlington: $357
- Bergen: $177
- Middlesex: $781
- Somerset: $665
- Morris: $587

Need Level Scores

Children = Ages 0 through 17
Comparison of FY ‘08 Consolidated Per Capita Spending to Needs Index by County
Questions?