

**Senate Budget Committee**  
**Department of Human Services**  
**May 1, 2013**  
**11:00 AM**  
**Testimony by Commissioner Jennifer Velez**

Good morning, Chairman Sarlo and members of the Senate Budget Committee. I'm here today to discuss the fiscal year 2014 proposed budget.

I have with me members of my executive management team – and I will introduce them more formally when I ask for their assistance to respond to some of your questions today.

I will be as brief as possible in my opening remarks, but we are a large department and I think it's important to capture for you the highlights...

As you know from the Governor's Budget Address, New Jersey has opted to expand Medicaid as offered under the federal Patient Protection and Affordable Care Act. This decision ensures that childless adults earning less than 133% of the federal poverty level – who did not previously qualify for Medicaid because they were not categorically eligible – will have an opportunity to apply for subsidized health insurance.

We estimate there to be approximately 100,000 new enrollees to the program, and another 200,000 or so who are eligible today, but for one reason or another have not yet applied. Our estimates rely upon the good work done by the Rutgers Center for State Health Policy.

Federal funding will cover 100% of the cost for newly eligible enrollees through 2017; that phases down to a 90% match in 2023. As a result of our many discussions with CMS, this will also include 145,000 parents with incomes up to 133% of the federal poverty level and 44,000 General Assistance clients – both categories of individuals who are now enrolled in our program at a reduced federal match. New Jersey will continue to pay 50% of the cost of individuals currently enrolled in Medicaid, and any who enroll in the existing program – not part of the expansion population.

As you can imagine, there is a lot of planning underway to meet the necessary deadlines. This involves an overhaul of the information technology that supports the Medicaid eligibility system, including the work that is performed at the state and county levels. At the same time, Medicaid's eligibility rules themselves will change considerably – and while we have met each of CMS's deadlines to date, the final business rules are iterative, and many are still being

finalized by the federal government with regard to the Modified Adjusted Gross Income (MAGI) rules.

Medicaid expansion will build upon the reforms we've implemented over the course of the last two budget cycles: the carve in of remaining fee for service categories to managed care in FY'12, which resulted in about 90% of 1.3 million enrollees receiving more coordinated care; and our Comprehensive Medicaid Waiver, which advances innovative health care delivery systems, promotes community based programs and services, and maximizes federal funding opportunities for programs previously funded with state-only dollars.

Regarding the Comprehensive Waiver, system changes and parallel planning efforts have been well underway. The Department continues to work with stakeholder groups to advance a managed behavioral health organization, which will serve individuals with moderate to serious mental illness by coordinating physical, behavioral and addiction services, as appropriate to support members' recovery.

We're also moving forward with Managed Long Term Services and Supports (MLTSS) – beginning with individuals in home and community based services in January 2014 and phasing in individuals living in nursing homes beginning in July 2014. As a result, nursing home rates remain unchanged from FY'13 and county nursing homes will continue to receive what is known as "Peer Group" funding. We have had active communication with all of the counties, so that they can best prepare for this transition to MLTSS.

One related budget item for seniors, which is very positive, is that the FY'14 budget increases funding to Adult Protective Services (APS) by 20%. This line item hadn't been changed since the year 2000, but it's essential that APS is provided additional resources to ensure that New Jersey's growing population of seniors, who remain at home, are safe.

Home and community based care remains our focus for people with disabilities, as well. This is evidenced most recently by the settlement of the longstanding Olmstead and Waiting List lawsuits with Disability Rights NJ, in which the state is recognized for its progress in serving individuals with intellectual and developmental disabilities in the community. In fact, since FY'11, over \$180 million in gross funding has been committed to provide community-based supports to individuals with developmental disabilities and their families.

The FY'14 proposed budget provides \$41.8 million in new (state and federal) funding to develop community placements and services for about 800 people. An additional \$21.3 million (state and federal) has been allocated to pay for placements that occurred in FY'13; Olmstead is funded at nearly \$20 million (state and federal) for about 140 new placements and adults with developmental disabilities who are living independently or with family, who will soon be eligible

for substantially increased in-home support services for which the state will receive a federal match.

For mental health and addiction services, we continue to reinvest a portion of Hagedorn closure funds to support community-based services (with \$4.4 million), which includes over 130 new units of supportive housing. In addition, the proposed budget provides \$8.4 million in Olmstead funding for over 300 new placements and annualized placements made in FY'13.

Another topic that I've discussed already with some of you involves some rule changes by our Division of Developmental Disabilities – two in particular.

The first requires that individuals receiving services from the Division be enrolled in Medicaid. In some cases, DDD may waive this requirement if the individual is working to obtain Medicaid eligibility but is experiencing delays. These are regulatory changes that are integral to the state's Comprehensive Medicaid Waiver. Since many DDD services were previously provided with state-only funds, these changes are required in order for the state to receive a federal match.

The second initiative involves implementation of the Supports Program, which will permit individuals to access a wide array of supports and services, including competitive employment-related skills and opportunities. This shift to maximize employment opportunities for people with disabilities is consistent with the Governor's announcement declaring New Jersey an Employment First State, which essentially means that competitive employment is the first and preferred outcome for people with disabilities. We are working through the many details of this change, and we have convened a number of meetings with providers, families and legislators to review and discuss the details and pace of this change.

There is very good news to report regarding child care. Last year, there was significant concern about the subsidized child care waiting list, the challenges this presented to qualifying families, and the transition to e-child care. While the waiting list for child care services always represents a point in time, I am pleased to report that the reforms and efficiencies we have put in place have reduced that list by over 90% to fewer than 200 statewide, with much greater accountability with the dollars funding those slots. We continue to work with the Child Care Resource and Referral agencies to quickly identify available openings and minimize wait times for eligible families. I think it's notable that with the reforms we've put into place over the past few years, we pay today just over \$40 million less in child care funding, compared to four years ago, to serve just about the same number of children.

Last year, Aging Services was moved from the Department of Health to DHS. With the continuity in leadership of its Director, Kathy Mason, it was a seamless transfer. Kathy is retiring in June – and we're grateful to her and her staff for their efforts during the restructuring, and

for all of the hard work that Kathy has accomplished over the course of her 34+ year career – particularly on behalf of New Jersey’s seniors. Kathy was instrumental during the time when the federal government introduced all of us to Medicare Part D – and has committed her career to ensure that seniors in our state are well served. Her expertise and leadership during the transition to managed long term services and supports will be sorely missed.

On a similar note, I will share with you that Vito DeSantis also is retiring after a long and dedicated career in state service. Many of you came to know Vito during the course of these hearings when services to blind or visually impaired children were discussed – and you know how tirelessly he has worked to advance technology, life skills and employment opportunities on behalf of individuals served by the Commission for the Blind and Visually Impaired (CBVI) and this Department. He too will be sorely missed.

Before I close my remarks, I want to brief you on the work this Department did during Superstorm Sandy, and our involvement in the recovery process.

During a disaster, DHS must implement Emergency Support Function (ESF) #6, which is organized into four primary functions: Mass Care, Emergency Assistance, Housing, and Human Services. In consultation and coordination with volunteer partners, we supported the sheltering of over 7,000 residents in 127 state and local emergency locations – during and immediately following the storm. In addition, also in partnership with local groups, we coordinated the distribution of over 1 million pounds of food and 5 million meals and snacks.

Once the emergency shelters were closed, Individual Assistance applications were accepted, and many individuals were approved for transitional shelter assistance (TSA), which ends today. The Department worked collaboratively with FEMA, the Department of Community Affairs, the American Red Cross, Catholic Charities, the counties, and many other partners to find more permanent or long term housing options for residents who were unable to return home.

There have been a number of notable supports provided to NJ residents since the storm:

This past November, the Department coordinated the federally funded Disaster Supplemental Nutrition Assistance Program – DSNAP. An estimated 9,000 households in the impacted and designated counties were determined eligible to receive at least \$200 in electronic benefits.

In December, we sponsored a briefing with representatives from FEMA and New Jersey’s Office of Emergency Management for our private, non-profit contracted providers. The session offered information regarding federal aid for agencies that experienced material losses during Superstorm Sandy.

Since January, our Division of Aging Services received disaster assistance funding from the Administration on Community Living to help reimburse the Area Agencies on Aging for the cost of emergency meals distributed to seniors during Sandy.

Our Division of Disability Services (DDS) received a small grant from the Kessler Institute for the replacement of ramps for people who lost theirs in Superstorm Sandy.

Disaster Crisis Counselors continue to provide support to residents. Through its Hope and Healing program, our Division of Mental Health and Addiction Services' Disaster and Terrorism Branch expanded the NJ Helpline hours to accommodate an increase in calls seeking any type of behavioral health support as well as storm-related concerns. To date, these counselors have outreached over 130,000 residents.

We also collaborated with University Behavioral Health Care (UBHC) to provide mobile and telephonic clinical services to people unable to access the regular systems of care.

Finally, last month, we awarded \$8.7 million to Catholic Charities, Diocese of Trenton for Disaster Case Management (DCM) services. Disaster Case managers are a critical social service support for New Jersey residents impacted by Superstorm Sandy. As individuals and families work towards storm recovery, they will have access to professionals that can guide them to programs and services that address a variety of needs they may have. That contract is effective through October 30, 2014.

Thank you. I hope this provides a comprehensive overview to you of the Department's proposed FY14 budget, as well as our efforts to support recovery since the storm. I am happy to answer any questions you may have.