



State of New Jersey

DEPARTMENT OF HUMAN SERVICES
DIVISION OF MENTAL HEALTH AND ADDICTION SERVICES
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Governor

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VALERIE L. MIELKE, MSW
Assistant Commissioner

A M E N D E D

May 13, 2016

I wish to provide clarification on yesterday's correspondence regarding the option to delay the transition to fee-for-service (FFS). Specifically, the option to transition to FFS in January 2017 or July 2017 is applicable only to those providers who provide mental health services that were scheduled to transition to FFS in January 2017. These options do not apply to CSS providers, please see my previous correspondence dated April 26, 2016

http://www.nj.gov/humanservices/dmhas/initiatives/managed/April262016_CSS_Communication.pdf

May 12, 2016

Dear Provider:

I want to take this opportunity to thank so many of you for your partnership and cooperation during this long-planned change to NJ's behavioral health system. Since 2012, we've worked closely to coordinate the strategy and to minimize any fiscal uncertainties for you and to prevent any disruption in service to your consumers.

Concurrently, the department launched the rate-study and after several months of fine-tuning, the Governor announced in his State of the State and Budget Addresses an unprecedented \$127 million investment to raise reimbursement rates in the new Fee for Service model.

The billing system for state-only dollars is scheduled to launch January 1, 2017. However, after many meetings and the input of certain very helpful agencies that provided detailed, budget lay-outs, the Department, through the Division, is offering providers two options to transition.

Providers can:

1. Remain in the current cost reimbursement contract for all for SFY 2017 and convert to fee-for-service effective July 1, 2017. With this option, the provider remains subject to existing rules on outside revenue, underspending and cost containment. Accordingly mental health service providers who choose to convert on July 1, 2017 will have a predictable revenue stream, but they will not be able to increase costs or retain revenue exceeding their negotiated contracts or retain underspending of their contract.

2. Transition from cost reimbursement contracts to fee-for-service in January 2017, benefitting from the increased rates, realizing flexibility in managing agency revenue, and avoiding contract cost containment requirements.

Additional details regarding these options will be available from the Division through your contract administrator.

Regardless of conversion date, a limited amount of bridge funding will be made available for cash flow purposes, with the requirement that these dollars be repaid to the Department. Throughout the process, the Division will continue to meet with and assist providers.

Sincerely,



Valerie L. Mielke, Assistant Commissioner