



Contract and Fee for Service (FFS) Increases for State Fiscal Year 2023

FEQUENTLY ASKED QUESTIONS

- **What was the methodology to arrive at the increase per individual agency?**
In terms of cost-based contracts, the increases are specific to the Personnel line in each provider's Budget line as the objective was to support an increase in salaries to support staff recruitment and retention.
In terms of fee-for-service contracts, similarly, the Division of Mental Health and Addiction Services (DMHAS) focused on increases to salary costs enabling providers to increase the salaries of their workforce. The staffing compliment in these contracts was based on the staffing compliment prescribed by regulations (where applicable) and contract requirements for programs where regulations do not exist.
- **The New Jersey Mental Health Application for Payment Processing (NJMHAPP) Funding Award Summary indicates this is a two-year contract. If we have a surplus (haven't used the entire award) after the first year, will we be allowed to credit that surplus to the second year?**
No – unexpended NJMHAPP funds at the end of State Fiscal Year 2023 will not be able to be carried forward to State Fiscal Year 2024.
- **The award correspondence also lists the 12 month annual limits by program. Are we still allowed to utilize funding from one program, if underspent, in another eligible program if NJMHAPP claims are over that programs individual limit?**
Yes – providers will continue to be able to utilize unexpended FFS limits in one NJMHAPP program in another program where additional funding may be needed.

- **Are Medicaid rate increases forthcoming for FY23?**

Yes – Increases to Medicaid Behavioral Health rates were effective as of July 1, 2022. Please refer to the NJ MMIS table for the updated rates.

- **Is this Direct Care Rate Increase limited to certain programs? i.e, Contract Based Programs, Community Support Services (CSS) Programs, any FFS programs such as group homes and apartment programs**

DMHAS has effected contract ceiling increases for most cost-based contracted services (including CSS). These increases will be reflected in higher amounts for the Personnel line item in providers' budgets. In addition, rates for essentially all FFS-based services, including Residential services, have been increased. (Note that there is no expected change to Room and Board rates.) The schedule of NJMHAPP rate increases was distributed with the recent contract renewal memo.

- **Are providers able to use any portion of the contract increase on staff bonuses?**

Although the preferred approach will be to increase ongoing direct care staff salaries, bonuses to direct care staff (i.e., staff included in the Personnel line item) are allowed.

- **My agency has a cost-based contract and allocates General and Administrative (G&A) costs as a percentage of direct care salaries. If the Personnel line item increases, this will ordinarily result in an increase to the G&A allocation charged to the contract. How should this be handled?**

The intent of the contract increase is to enhance providers' ability to attract and retain employees. Other line items in the budget should **not** be increased, even if the agency Indirect cost/G&A methodology would ordinarily indicate a resulting increase in the allocation of those costs

In other words, barring any separate contract increase approved by DMHAS, an agency's G&A allocation should remain constant as a result of this contract increase. This can be effected by the agency, when completing its budget, changing the G&A allocation method. Alternatively, if an agency continues to allocate G&A costs as a percentage of direct care salaries, and an increase in the latter results in an increase in G&A, the agency can make a manual G&A "revenue adjustment" to reduce the calculated costs. With this approach, the agency budget will not exceed the DMHAS ceiling.

Please speak with your Contract Administrator for specific guidance as you complete your contract budgets.

- **Are salary increases allowed for clerical/office non-executive staff?**

All staff whose salaries are included in the Personnel line of providers' cost-based contracts are eligible. As noted, G&A costs should not be increased due to this contract adjustment.

- **We have temporary/contracted workers that are paid through an agency; can we apply this contract increase to those staff?**

The increase is primarily intended for staff directly employed by provider agencies. However, , if there are urgent and immediate needs for **direct care/medical staffing** that can only be filled by contracted/temporary employees given the time required to hire full-time employees, and the agencies need additional funding to procure such services given prevailing wage rates, agencies may request DMHAS approval to reallocate a portion of their budget increase for this purpose. Agencies should provide documentation and a narrative justification to support the requests. All such requests should be time-limited to the length of the contracts with the outside temporary employment agencies. DMHAS will review the requests and inform agencies if they are approved. Agencies who are under a FFS arrangement with DMHAS may deploy the increased funding it receives via the new rates to fund higher costs for temporary/contracted workers if the need arises as long as all required terms related to service delivery are met.