

POSITION PAPER

220th NJ Legislature
(2022-23)

ISSUE:

Increases Medicaid reimbursement rates for certain treatment services related to mental health and substance use disorders.

BILL NUMBERS:

A3792 (Benson D15, Verrelli D15)

S1895 (Singer D30, Gopal D11)

A3794 (Benson D15, Verrelli D15)

S1896 (Singer D30, Gopal D11)

NCAAR POSITION:

The National Center for Advocacy and Recovery, Inc. (NCAAR) strongly supports this issue because New Jersey is facing an historic prevalence in mental health and substance use disorders amongst its citizenry. Increasing Medicaid reimbursement rates for providers who treat these disorders will expand capacity, decrease waiting times for treatment, improve patient outcomes, and save lives.

In New Jersey, there was an astounding 60.8% statewide total unmet demand for substance use disorder (“SUD”) treatment in 2020.¹ Several counties exceeded an 80% unmet need.² This critical lack in capacity comes at a time when New Jersey is losing an unprecedented number of lives to fatal drug overdoses. According to NJ Cares,

through May 31, 2022, there have been 1,242 suspected drug related deaths. 3 1,242 human beings. 1,242 lives needlessly lost. New Jersey is on the same pace thus far this year with respect to deaths from overdoses as last year. In addition, to the staggering number of fatal overdoses, there have been 5,717 Naloxone administrations reported in New Jersey. Stated otherwise, there have been at least, 5,717 non-fatal overdoses.

Sadly, in addition to the drug/opioid overdose epidemic, New Jersey is also facing a concomitant mental health crisis and the two are having a synergistic effect. Recently, the state Senate Education Committee convened the special panel to address the coronavirus pandemic’s impact on children and teens, who were already reporting alarming rates of depression and anxiety even prior to the arrival of the COVID-19 pandemic.⁴ Just as capacity is an issue for SUD treatment, it is for mental health treatment as well. “[T]he needs still outstrip the available outpatient services,” according to Dr. Stephen M. Scheinthal, the chair for the Department of Psychiatry at Rowan University’s School of Osteopathic Medicine and the president of the New Jersey Association of Osteopathic Physicians and Surgeons.⁵

This drug/opioid overdose epidemic and mental health crisis is devastating families, communities, and the systems in New Jersey. Policymakers must take immediate action to increase treatment capacity in New Jersey, or more people will die, and more families will suffer preventable tragedies. The need for New Jersey to increase treatment capacity has never been clearer. State Medicaid programs have numerous policy levers available to them to shape the systems that deliver SUD treatment and recovery services, as well as mental health treatment. One proven policy lever to expand

capacity is increasing Medicaid reimbursement rates for SUD and mental health treatment providers.⁶ As explored in further detail below, this policy response has been previously proven effective in New Jersey. “In New Jersey, state officials said that the number of SUD providers applying to participate in Medicaid rose following rate increases.”⁷

More recently, the overdose epidemic has plagued already minoritized and at-risk populations in New Jersey. According to Centers for Disease Control and Prevention for the District of Columbia and more than two dozen states, including New Jersey, fatal overdoses rose 30% between 2019 and 2020.

Among Black people, the rise was double that of white residents, 44% to 22%.⁸ “It’s a huge marker of disparity in access,” said Dr. Kaitlan Baston, Medical Director at the Urban Health Institute at Cooper University Health Care.⁹ Increasing Medicaid rates for SUD treatment will decrease deaths as well as New Jersey’s health inequity.¹⁰

Medicaid is the largest source of federal funding for services that treat SUDs.¹¹ Medicaid beneficiaries experience a higher rate of SUDs compared to those with other forms of health care coverage.¹² Nationally, Medicaid covers nearly 40% of all individuals with an opioid use disorder (OUD) and a greater share in states that expanded Medicaid under the Affordable Care Act.¹³ Medicaid plays an even larger role for high-risk populations with SUDs, including pregnant women and justice-involved persons who are disproportionately insured by Medicaid. ¹⁴ Out of the 393 facilities in New Jersey that participated in the National Survey of Substance Abuse Treatment Services, a mere 239, or 62.4%, accepted Medicaid.¹⁵

However, Medicaid beneficiaries may face challenges accessing SUD care, in part, because a

low percentages of SUD providers choose to participate in the program in some states.¹⁶ A recent study by United States Government Accountability Office (“GAO”) found that increasing Medicaid payment rates is one option that will improve provider participation.¹⁷ Notably, New Jersey was one of the six states examined in the GAO study. According to the study, one of the primary reasons New Jersey leaders decided to increase Medicaid reimbursement rates was provider feedback.¹⁸ Many providers in this state support the current legislation increasing Medicaid reimbursement rates.

It is respectfully submitted that policy makers and our elected leaders should again listen to the SUD providers and address the massive unmet need for treatment during an historical surge in both fatal and non-fatal overdoses. Not only will increasing Medicaid reimbursement rates expand capacity, it concomitantly will also prevent a decrease in capacity. Due to unprecedented inflation and other economic factors, without rate increases, some providers will simply not be able to continue to provide SUD treatment and support services without rate increases. This is especially true for providers, which for various reasons do not qualify or are unable to obtain grant funds.

Increases in rates have also been found to be commensurate to *pro rata* increase in services. According to the GAO study, selected states with larger Medicaid FFS payment rate changes reported greater effects on SUD service availability for program beneficiaries, compared to those in states with smaller changes.¹⁹ It is also important to note that with respect to certain treatments, such as intensive outpatient service increases, providers often lose about 20 percent of Medicaid payments for these services due to a state requirement for

delivering the services. Therefore, the 35% increase suggested in the proposed legislation is necessary to ensure continued access to such services.²⁰

It is well-settled that Medicaid payment rates may be too low to incentivize more providers to participate.²¹ A recent study confirmed that the low Medicaid fees for OUD treatment services across most states persist and the persistently low rates have important implications, as they may limit access to life-saving treatment during the current opioid overdose crisis.²² In advocating for the Office Based Addictions Treatment (OBAT) as a Medicaid reimbursable service, which was ultimately approved by Governor Murphy in 2019, low Medicaid reimbursement rates were again cited as a barrier to evidence based SUD treatment.²³

In conclusion, New Jersey is at a pivotal point in history and its citizens need policy makers and leaders to make crisis driven increases to Medicaid reimbursement rates to ensure that lives are not needlessly lost in the future. Economic insecurity and social isolation unintentionally resulting from COVID mitigation strategies have increased the prevalence of SUDs as well as mental health conditions.²⁴ The burden of fulfilling these behavioral health needs will fall disproportionately on state Medicaid programs, which have the unprecedented opportunity and responsibility to meet this life and death challenge while making significant improvements to SUD treatment and recovery.²⁵ The cost of inaction will be irreparable.

¹New Jersey Drug and Alcohol Abuse, Treatment Substance Abuse Overview Report Statewide (August 2020) Department of Human Services Division of Mental Health and Addiction Services Office of Planning, Research, Evaluation, Prevention and Olmstead Trenton, New Jersey. <https://www.state.nj.us/humanservices/dmhas/publications/statistical/Substance%20Abuse%20Overview/2020/Statewide.pdf>

²Id. Mercer County had an 83% unmet need, Monmouth County had an 81.7% unmet need, and Burlington County had a 79.6% unmet need.

³<https://www.njoag.gov/programs/nj-cares/nj-cares-suspected-overdose-deaths/>

⁴Clark, Adam. 'We can't wait.' N.J. must tackle surging mental health crisis now, experts warn. NJ.com. (March 14, 2022). <https://www.nj.com/education/2022/03/we-cant-wait-nj-must-tackle-surging-mental-health-crisis-now-experts-warn.html>

⁵Brier, Bobby. 'COVID-19's invisible toll:' Needs of youth mental health crisis far outweigh available outpatient services. *NJ Spotlight News* (July 25, 2022). <https://www.njspotlightnews.org/2022/07/toll-covid-19-youth-mental-health-crisis-anxiety-depression-inpatient-outpatient-services-emergency-room-hospitalizations/>

⁶Donohue, Julie, Raslevich, Amy C., & Cole, Evan. Medicaid's Role in Improving Substance Use Disorder Treatment. Academy Health's Medicaid Outcomes Distributed Research Network (MODRN) (2020).

⁷GAO. Medicaid: States' Changes to Payment Rates for Substance Use Disorder Services. U S Government Accountability Office (GAO) [Internet]. <https://www.gao.gov/assets/gao-20-260.pdf>

⁸Pandemic overdose deaths took heaviest toll on Black, Hispanic communities Lilo H. Stainton, Genesis Obando | JULY 21, 2022 <https://www.njspotlightnews.org/2022/07/centers-for-disease-control-and-prevention-cdc-pandemic-covid-19-lockdown-fatal-overdoses-deaths-white-community-black-residents-hispanic-residents-skews-black-residents-skews-hispanic-residents-fear/>

⁹BY: STEPHEN STIRLING -- MAY 2, 2022 7:37 AM <https://newjerseymonitor.com/2022/05/02/fentanyl-an-increasing-barrier-to-new-jersey-battling-its-opioid-crisis/>

¹⁰ The importance of addressing racial equity in SUD treatment has also been identified by President Biden as part of the federal government drug policy priorities. ONDCP. The Biden-Harris Administration's Statement of Drug Policy Priorities for Year One [Internet]. 2021 [cited 2021 Apr 9]. Available from: <https://www.whitehouse.gov/wp-content/uploads/2021/03/BidenHarris-Statement-of-Drug-Policy-Priorities-April-1.pdf>.

¹¹GAO. Medicaid: States' Changes to Payment Rates for Substance Use Disorder Services. U S Government Accountability Office (GAO) [Internet]. <https://www.gao.gov/assets/gao-20-260.pdf>

¹²Id.
¹³Donohue, Julie, Raslevich, Amy C., & Cole, Evan. Medicaid's Role in Improving Substance Use Disorder Treatment. Academy Health's Medicaid Outcomes Distributed Research Network (MODRN) (2020).

¹⁴Id.
¹⁵National Survey of Substance Abuse Treatment Services (N-SSATS): 2020. https://www.samhsa.gov/data/sites/default/files/reports/rpt35313/2020_NSSATS_FINAL.pdf

¹⁶GAO. Medicaid: States' Changes to Payment Rates for Substance Use Disorder Services. U S Government Accountability Office (GAO) [Internet]. <https://www.gao.gov/assets/gao-20-260.pdf>

¹⁷Id.
¹⁸"New Jersey officials said the state increased rates for 13 outpatient, residential, and MAT SUD services in 2016 in response to provider feedback that rates for these services were not sufficient, and that the state needed to better account for the direct cost to providers in order to, among other things, attract and retain SUD providers participating in Medicaid. To determine the size of the rate increases, officials said they constructed the costs for the services, based on wage data and the costs of benefits and overhead, among other factors." Id.

¹⁹Id.
²⁰Id.
²¹Id. Citing, Also, prior research suggests that SUD provider acceptance of Medicaid may be lower than in other specialties. For example, MACPAC found that from 2014-2015, the percentage of physicians accepting new

Medicaid patients was 71 percent overall, but 36 percent for psychiatrists. See Medicaid and CHIP Payment and Access Commission, Physician Acceptance of New Medicaid Patients, (Washington, DC: January 2019).

²² Clemans-Cope, L., Lynch, V., Payton, M. et al. Medicaid professional fees for treatment of opioid use disorder varied widely across states and were substantially below fees paid by Medicare in 2021. Substance Abuse Treatment Prevention Policy 17, 49 (2022). <https://doi.org/10.1186/s13011-022-00478-y>

²³ NJ MATrx Model, Steven Tunney RN MSN. NJ Department of Human Services Division of Medical Assistance and Health Services, January 16, 2019.

https://www.state.nj.us/humanservices/dmhas/information/provider/Provider_Meetings/2019/MAAC%20OBAT.pdf

²⁴ Donohue, Julie, Raslevich, Amy C., & Cole, Evan. Medicaid's Role in Improving Substance Use Disorder Treatment. Academy Health's Medicaid Outcomes Distributed Research Network (MODRN) (2020).

²⁵ Id.

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