

Discussion Points

DEPARTMENT OF CHILDREN AND FAMILIES (GENERAL)

The first three questions were previously provided to all State agencies by the Legislative Budget and Finance Officer and are reproduced in their entirety below.

1. The Governor's budget incorporates an estimated \$5.183 billion over two fiscal years in federal stimulus funding provided by the American Recovery and Reinvestment Act (ARRA) of 2009. According to a table on page 42 of the Governor's abbreviated budget, the State will use \$3.074 billion (\$854 million in FY09 and \$2.220 billion in FY10) from ARRA for budget relief. In addition to these funds which will offset revenue shortfalls, \$2.109 billion will be used for new or expanded programs or initiatives. The ARRA allocates funds to states both by formula and by competitive awards. Most executive departments anticipate stimulus funding in either FY 2009, FY 2010 or both.

- **Question:** Please itemize the federal stimulus funding, if any, other than portions of the \$3.074 billion allocated for budget relief, included in the department's budget, by fiscal year and federal program, setting forth program goals and eligible uses together with the amount for state administrative expenses and the amount for allocation to local public and private recipients, respectively. Please identify intended and actual recipients and the process by which the department determines recipients and funding awards. Are there ARRA funds that flow through your department for which the State has no discretion? Please also set forth the timetable for obtaining federal approval of funding, obligation and allocation of funding to recipients, and use by recipients. Could any of this funding be used to offset other State appropriations, and if so, what programs and in what amount? What additional positions, if any, have been and will be hired with these funds? If this money is being used for new or expanded activities, will the new or expanded activities be continued in FY 2011? If so, how will they be funded?

All federal stimulus funds available to DCF are accounted for in the Governor's 2010 recommended budget. The funds are determined by a formula based on the enhanced Federal Medical Assistance Percentage (FMAP) rate.

Title IV-E for Foster Care and Adoption Assistance: Under the ARRA, the FMAP rate increases the federal reimbursement percentage to 56.2% for Title IV-E for Foster Care and Adoption Assistance. This is a 6.2% increase above our current FMAP rate of 50%. These funds are used for Foster Care and Adoption Assistance payments to families; they may not be used for another purpose. These funds will help us meet our continued client growth and anticipated increase in the need for the services provided to the children in our care.

DCF has a federally approved methodology and pre-existing process for claiming these funds. We will be reimbursed at the new rate permitted by the ARRA. No new procedures are anticipated. Actual revenue received will be based on actual expenditures reported and claimed by DCF. These amounts could vary from the

Discussion Points (Cont'd)

estimates as projected. Currently, DCF estimates the increase for each fiscal year as follows: SFY09 \$4.044m; SFY10 \$5.392m.

Medicaid for Child Behavioral Health Services: The current New Jersey rate for Medicaid reimbursement is 50 percent. The economic recovery package increases the FMAP percentages for the period of October 1, 2008, through December 31, 2010. The amount of funding received will be determined by actual medical expenditures as well as New Jersey's Unemployment Rate. These funds must be used to provide services to children with behavioral health needs. The funds may not be used for another purpose.

DCF has a federally approved methodology and pre-existing process for claiming these funds through NJ Medicaid. We will be reimbursed at the new rate permitted by the ARRA. No new procedures are anticipated. Actual revenue received will be based on actual expenditures reported and claimed by DCF. These amounts could vary from the estimates as projected. Currently, DCF estimates the increase for each fiscal year as follows: SFY09 \$13.5m; SFY10 \$24m.

No additional staff will be hired with these funds. No new or expanded activities will occur as a result of these funds.

- **Question:** In addition to funding incorporated in the FY 2010 budget, what specific competitive grant opportunities has the department identified that it is eligible to pursue, has applied for, and has been awarded, respectively?

The Department continues to seek out competitive grant opportunities that fit our mission. This is a priority for our newly formed grants management unit.

2. Over the past several years, the overall staffing level in the executive branch has been reduced through restrictions on hiring and an early retirement program. The FY 2010 budget proposal envisions continuation of the hiring restrictions coupled with possible furloughs or further reductions in positions.

- **Question:** How has the reduction in staffing affected your department? What strategies has the department employed to deal with staff reductions? What projects, work products or functions has the department discontinued or deferred because of staffing levels? Will the department be able to accommodate furloughs in FY 2010 without increasing spending for overtime?

As you are aware, DCF was exempt from the early retirement incentive and not subject to a hiring freeze as those staff reductions would have substantially impacted our ability to provide essential services to New Jersey's most vulnerable children and families.

However, an executive management review process was implemented to ensure that vacancies occurring in titles that would not impact services, caseload carrying mandates, and other requirements of the Modified Settlement Agreement (MSA)

Discussion Points (Cont'd)

would not be filled unless extensive justification was provided that showed the position to be critical to DCF operations.

While DCF has not had employee reductions, staff have been realigned and reassigned, where appropriate, to ensure adequate coverage for essential DCF functions. DYFS implemented a massive statewide realignment of staff serving in the Family Services Specialist (FSS) title series. This action allowed DCF to right size our DYFS local office case-carrying staff so that each of the offices could meet its mandated staffing ratios without creating new positions.

The department has not discontinued or deferred any projects, work products or functions as a result of staffing levels. In fact, we have taken on more responsibility as a result of elimination of technical assistance contracts.

3. The FY 2009 appropriations act anticipated that \$25 million in procurement savings would be achieved by executive departments. A chart on page 75 of the Budget in Brief categorizes those savings and indicates they will continue into FY 2010. The FY 2010 budget includes another \$25 million from procurement savings (Budget in Brief, Appendix I, page 8).

- **Question:** Please indicate the FY 2009 amount of procurement savings achieved by your department, by the categories set forth in the referenced table, and the sources of those savings by department program. What is the annual amount of these savings as continued into FY 2010? How have these reductions affected the department? What projects, work products or functions has the department discontinued or deferred in order to achieve these savings?

The Department of Treasury will provide information regarding procurement savings.

4. The two Legislative budget committees have expressed concern over the years regarding the compensation of Executive Directors at non-profit agencies under contract to the department. Most, if not all, of the monies received by non-profit agencies are public funds such as State and federal grants, or Medicaid or Medicare reimbursements.

As described in a Background Paper there is a wide disparity in salaries paid to Executive Directors of non-profit agencies within the same budget range or within the same geographic area. While as private organizations the board of directors of the individual non-profit agency sets compensation levels, the State can disallow and deny reimbursement for compensation deemed excessive.

- **Question:** Has the department ever disallowed compensation deemed excessive?

The department recently advised all contract agencies of new guidelines to minimize costs that are not directly related to service provision. This includes the elimination of staff bonuses and out of state travel for contracted agency staff. As part of our continuing review of DCF business operations, we will review and

Discussion Points (Cont'd)

strengthen policies and procedures concerning our partnership with social service providers.

As part of our review of this issue, DCF will need to consider a number of factors including payment structure and provider’s multiple funding sources.

5. The FY 2010 recommended budget assumes \$2.9 million in “contract efficiencies.”
 - **Question:** What specific “contract efficiencies” will be implemented to save \$2.9 million?

In this budget, DCF prioritized the preservation of direct services to children and families. In this context, DCF contract efficiencies included technical assistance, monitoring, planning and professional service contracts. In some cases, DCF staff has assumed responsibility for this work or DCF determined that the level of service which had been provided could be reduced.

6. Personnel data for the department indicate that the total number of funded positions will increase as follows:

	<u>FY 2009</u>	<u>FY 2010</u>
State	4,995	5,036
Federal	1,475	1,580
All Other	488	453
TOTAL	6,918	7,069

Despite the phase-out of regional day school operations of Education Services, the number of funded positions within the department is expected to increase by about 150, to nearly 7,070 positions, and the number of funded positions within Education Services is expected to increase from 525 to 531.

- **Questions:** For each division or program, e.g., Child Protective and Permanency Services, Child Behavioral Health Services, etc., provide a personnel breakdown of State, Federal and All Other positions for the FY 2008 – FY2010 period.

As noted in a footnote on page D-38 of the FY 2010 Governor’s Recommended Budget, the revised FY 2009 positions represents the number of check cuts in January 2009 (point in time data) and does not account for employees in no pay status, on leave of absence or funded vacancies. This is the FY 2009 data snapshot used for all departments. The estimated number of positions for FY 2010 is based on the total FTEs, not yet adjusted downward to reflect the phase out of the schools.

Discussion Points (Cont'd)

The following chart lists the DCF positions by division/program class.

Department of Children and Families Positions by Program			2008	2009	2010
Description	PC	Fund	Actual	Revised	Rcmnd
1600-DCF					
	99	State	35	38	39
		Federal	7	6	7
OOE	4	State	65	63	65
		Federal	42	42	41
		Other	430	420	425
Training Acad	5	State	37	34	38
		Federal	7	7	5
		Subtotal	623	610	620
1610-DYFS	99	State	306	327	297
		Federal	83	73	110
	1	State	4,646	4,476	4,539
		Federal	1,239	1,336	1,407
		Other	27	28	28
		Subtotal	6,301	6,240	6,381
1620-DCBHS	99	State	35	15	16
		Federal	13	9	9
	2	State	0	16	16
		Federal	0	2	1
		Subtotal	48	42	42
1630-DPCP	99	State	15	15	14
	3	State	4	11	12
		Federal	3	0	0
		Subtotal	22	26	26
Grand Total			6,994	6,918	7,069

Summary of DYFS Direct Care Positions			
	2008	2009	2010
State	4,646	4,476	4,539
Federal	1,239	1,336	1,407
Other	27	28	28
Total	5,912	5,840	5,974

Summary of All DCF Positions			
	2008	2009	2010
State	5,143	4,995	5,036
Federal	1,394	1,475	1,580
Other	457	448	453
Grand Total	6,994	6,918	7,069

Discussion Points (Cont'd)

7. The department leases the 4th, 5th and 7th floors in Capitol Center in Trenton. A fair amount of the leased space is vacant.

- **Questions:** What is being done to either have other units of the department occupy the space as existing leases expire or to make the space available to other State agencies in an effort to reduce lease/rental costs?

As you can see from the chart below, DCF has 60 empty cubicles and 3 empty offices in the space occupied at 50 East State Street. This constitutes 8% of the overall space, and these offices and cubicles are throughout the building. DCF works closely with the Department of Treasury's Division of Property Management and Construction to effectively manage space in all DCF offices throughout New Jersey and to consolidate space whenever possible. Some consolidation has already occurred.

Floor	Number of Staff	Unoccupied Offices	Unoccupied Cubicles
7th	174	1	35
5th	208	2	19
4th	170	0	6
2nd	137	0	0
Totals	689	3	60

8. The FY 2009 Adjusted Appropriation reflects supplemental appropriations of \$17.6 million, as follows: Foster Care - \$1.7 million; Subsidized Adoptions - \$2.3 million; and Treatment Homes and Emergency Behavioral Health Services - \$13.6 million.

- **Question:** What does each particular supplemental appropriation represent?

In the FY 2010 Governor's Recommended Budget on page D-40, these amounts are listed as federal supplemental appropriations for FY 2009. This is the presentation of

Discussion Points (Cont'd)

the FY 2009 ARRA (stimulus funding) FMAP rate increase for Title IV-E Foster Care and Adoption (\$4.044m) and Medicaid (\$13.585m).

9.a. NJ Spirit produces various financial and statistical reports on caseloads, demographics, expenditures, etc. Such reports provide aggregate data and do not contain client specific confidential information.

- **Question:** Please provide copies of all financial and statistical reports currently produced by NJ Spirit.

DCF will provide a list of all reports available in the NJSPIRIT library.

9.b. FY 2009 budget language requires the submission of a report on the State Automated Child Welfare Information System to be submitted on September 15, 2008 and March 15, 2009. Available information is that the March 15, 2009 report has not been submitted.

- **Question:** What is the status of the March 15, 2009 report?

This report has been submitted to the Office of Legislative Services, Office of Management and Budget and Capital Budget and Planning Commission. A copy of this report is attached for your convenience.

Discussion Points (Cont'd)

CHILD PROTECTIVE AND PERMANENCY SERVICES

10. The total number of funded positions in the Child Protective and Permanency Services program (DYFS) is expected to increase by over 130, to nearly 5,975, in FY 2010.

Available caseload data indicate that the number of children and families under DYFS supervision continues to decline: Children – 52,000 est. (Jan. 2008) to 47,160 (Dec. 2008); and Families – 26,400 est. (Jan. 2008) to 23,485 (Dec. 2008). This caseload reduction suggests a need for less DYFS staff, rather than an increase in staff.

- **Question:** In view of the reduction in the number of children and families under DYFS supervision, can the number of funded positions in FY 2010 be reduced?

We closely monitor fluctuations in filled positions for caseload carrying and local office supervisory staff. In order to manage the responsibilities of safety, permanency and well-being for the 47,163 children under DYFS supervision (in home and out of home) and the new reports of child abuse and neglect received daily, the number of DYFS funded positions cannot be reduced. This staffing level is also needed to allow the department to successfully achieve other reform requirements.

In fact, The Modified Settlement Agreement (MSA) in *Charlie and Nadine H. v. Corzine*, New Jersey's child welfare reform litigation, provides for more stringent standards, as it continues to increase the compliance rates for us to meet caseload standards both in terms of percentages and in terms of average number of children/families served by each office. For instance, in June 2008, the intake standard was 74% of the offices and 12 families/8 new referrals. By June 2009, 95% of the offices and 95% of individual workers must meet a caseload standard of 12 families/8 new referrals. Therefore, caseworker staffing cannot be reduced, particularly given the State's continued commitments around caseloads in the MSA, which are standards we also believe are consistent with national best practice to help ensure the ultimate safety and well being of children served.

Since the beginning of this calendar year, the number of reports received by the State Central Registry has increased when compared to last year. By comparison, in March of 2008, DYFS received 5,118 reports of child abuse or neglect; in March of 2009, DYFS received 6,463 reports, a 26% increase over last year. DYFS must maintain sufficient staffing to be able to respond to this additional workload.

Discussion Points (Cont'd)

11. The FY 2009 appropriations act provided about \$7.0 million for overtime costs. As the overall number of children and families under DYFS supervision has decreased, one might expect a corresponding reduction in overtime expenditures.

- **Questions:** What is the current estimate of FY 2009 overtime expenditures? What amount is included in the FY 2010 recommended appropriation for overtime?

For FY 2009, the Department of Children and Families (DCF) overtime expenditures are projected to total \$5.6 million. This represents an 11 percent decrease from FY 2008 when actual overtime expenditures totaled \$6.2 million. For FY 2010, it is estimated that the overtime will be \$6.2 million. This increase is attributable to the FY 2009 COLA and increments for state employees.

In 2008, DCF took a number of steps to help control overtime. This included creating a web-based Overtime Monitoring System that is available to all Area Directors, Local Office Managers and the Chief Operating Officers of the three DYFS-operated Residential Treatment Centers.

With this web-based management tool, actual overtime expenditures and hours are downloaded onto the system each pay period in order to provide the most accurate and up-to-date data by office and individual worker. Various statistical reports are also generated in this system to allow managers to analyze and monitor overtime utilization in their offices. In conjunction with the creation of this web-based monitoring system, DCF also updated overtime policies and procedures which included a revision to the Overtime Authorization Request Form that is also available to employees on the web based system.

12.a. As part of the original Child Welfare Reform Plan in 2004, monies were requested to provide additional staff to the child care licensing unit to address an increase in the number of child care centers that required licensing.

Available information is that there are fewer than 30 staff to inspect over 4,200 child care centers and to respond to complaints.

- **Questions:** How many child care licensing staff were employed in FY 2004/FY 2005, when funding for Child Welfare Reform was first implemented, compared to the number of licensing staff currently employed?

The number of staff assigned to child care licensing in FY 2004-2005 was twenty-six. There has been no change to this staffing level. The Child Welfare Reform funding was intended for resource family licensing and youth residential licensing categories.

Discussion Points (Cont'd)

12.b. The three-year license fee for child care centers has not been increased in many years. The fee currently is \$110 to \$250, depending on a center's capacity. Further, the current licensing fee is not proportionate to center size in that a child care center with a licensed capacity of between 6 – 15 children pays \$110, while a center with a licensed capacity of over 180 children pays only \$250.

- **Question:** Should the child care licensing fee be increased to more accurately reflect the cost of licensing activities, and graduated based on the capacity of the center?

The Child Care Center licensure fee could be reviewed and reconsidered. However, it is important to note that due to recent statutory and regulatory requirements imposed on child care centers regarding environmental evaluations, testing and remediation, the child care center community has been recently saddled with many additional operational costs related to the state's requirements.

Thus, additional costs placed on the centers through a child care center licensure fee would be met with grave concern from the community. In addition, fee increases may discourage the establishment of new centers and negatively impact existing centers. Therefore, we believe that given the additional obligations on the centers, an increase in fee at this time would not be advisable. A thorough discussion with the regulated community regarding any such proposal would be recommended.

We believe that the current fee schedule, which bases a fee according to the centers capacity, is equitable, in that it relates directly to the work related to licensing the facility, as a larger facility would require more resources and time to regulate and monitor. Otherwise, many smaller centers might be overwhelmed by a large fee, as they do not gain the benefit of more tuition.

13. The table below indicates DYFS Family Support Services expenditures in FY 2009 and FY 2010:

Service	FY 2009 Revised	FY 2010 Estimate	% Change
Emergency Services	\$2.9 million	\$3.4 million	17.6%
Case Management Services	\$9.5 million	\$11.2 million	17.9%
Assessment Services	\$45.8 million	\$54.5 million	19.0%
Parent Services	\$29.8 million	\$34.5 million	15.8%
TOTAL	\$88.1 million	\$103.7 million	17.8%

No information is provided to explain expenditures increases of 15.8% to 19.0%, particularly as the number of children and families who receive services has declined.

Discussion Points (Cont'd)

- Question:** For the FYs 2008, 2009 and 2010 (est.) period, how many children and or families received Emergency Services, Case Management Services, Assessment Services and Parent Services? Please provide documentation that would explain increases of between 15.8% to 19.0% in program costs.

The chart below displays actual and estimated numbers of unduplicated children and families that received Family Support Services as well as the actual and estimated units of services provided within the various Family Support Services categories. These services entail a wide range of direct services such as homemaker, respite and psychological/therapeutic services that are essential to the implementation of individually tailored case plans aimed at ensuring the safety of children and/or stabilizing families to prevent an out-of-home placement. An increase in the provision of these services is in tandem with manageable caseloads and the new Case Practice Model and has resulted in a decrease in the number of children being placed in Foster Care.

DYFS Family Support Services (Fee for Service Clients Only)

Unduplicated Count	Actual FY 2008	Estimated FY 2009	Estimated FY 2010
No. of Unduplicated Clients Receiving Services	25,971	27,550	29,203
No. of Unduplicated Families Receiving Services	15,460	16,402	17,386

Unit of Services Provided to Clients (Fee for Service and Cost Reimbursement Contracts)

Service Type	Actual FY 2008	Estimated FY 2009	Estimated FY 2010
Emergency Services	13,836	14,649	15,528
Case Management	66,173	66,903	70,918
Assessment	482,140	504,368	534,630
Parent Service	1,276,119	1,344,135	1,424,784

Discussion Points (Cont'd)

14.a. Substance Abuse Services funding is reduced from \$15.0 million to \$14.0 million. No information is provided regarding this reduction.

- **Question:** What accounts for the funding reduction?

In order to better address client needs, DCF committed to a major expansion of substance abuse treatment services. DCF/DYFS and DHS/DAS partnered to issue RFPs and award contracts for these services. The cost for the expanded services is \$14m. One million dollars from this account was reallocated to the DYFS Family Support Services account to allow for the purchase of substance abuse services for individual DYFS clients as determined by substance abuse assessments as part of the new case practice model and individualized service plans.

14.b. A significant portion of the Substance Abuse Services funding is transferred to the Division of Addiction Services, through which services are actually provided.

- **Question:** What monitoring and oversight is being provided to assure that the contractual goals are being met as to the number of clients receiving substance abuse services and that client outcomes are being met?

The DHS Division of Addiction Services closely monitors the services provided in their contracts. DCF/DYFS and DHS/DAS share contract information and data provided by the social service providers. An interdepartmental workgroup meets regularly to review this information. As part of this process DAS/DYFS have implemented changes to strengthen the contract process.

15. The FY 2010 budget recommends \$8.0 million for the County Human Services Advisory Board – Formula Funding. The department has informed counties that funding will either be reduced or terminated effective July 2009.

- **Question:** How much will funding be reduced, effective July 2009?

Discussion Points (Cont'd)

This account supports social service contracts provided to county human service agencies. Funding for these services will not be reduced in FY 2010.

16.a. Recommended funding for Child Health Units increases from \$19.0 million to \$37.0 million (gross) and assumes \$18.5 million in federal Medicaid reimbursements. The 50% Medicaid reimbursement is based on a Cost Allocation Plan that assumes a Medicaid administrative reimbursement rate of 50%.

A 50% Medicaid administrative rate would indicate that 100% of the children who receive Child Health Units are Medicaid eligible. This is not likely as citizenship/residency issues and financial circumstances would disqualify some children from the Medicaid eligibility.

- **Questions:** Has the Cost Allocation Plan been reviewed and approved by the federal government? Please provide documentation that would support a 50% Medicaid administrative reimbursement rate for this service?

Although all of the children served by the Child Health Units are Medicaid eligible (by virtue of being in an out of home placement), the claim for Title XIX reimbursement is not tied to individual child eligibility, but rather is based on the functions of the Child Health Unit staff. The actual Title XIX claim is submitted for these care coordination services through the DCF cost allocation plan under Title XIX Health and Adolescent Services – Health Unit Administration (50%).

The DCF cost allocation plan has been approved by the US Department of Health and Human Services, Division of Cost Allocation.

16.b. Recommended funding for Child Health Units increases from \$19.0 million (gross) to \$37.0 million (gross). No data are provided to support such an increase.

- **Question:** For FY 2009 and FY 2010 (est.), please provide data on: the number of children receiving services; the number and types of service units being provided; and the cost per unit of service. Further, please provide a copy of the contract with the agency that provides Child Health Units services, the number of full-time equivalent staff the agency provides and contract performance objectives.

As mentioned above, the cost is not fee for service. The Units are staffed at a ratio of 1 Nurse Health Care Case Manager per 50 children in placement and 1 Staff Assistant per 100 children in placement. As of March 31, 2009, 3,572 children were being case managed.

A copy of the Memorandum of Understanding between DCF and UMDNJ will be provided through the chair.

Discussion Points (Cont'd)

16.c. Of the over 47,000 children on the DYFS caseload, a fair number are enrolled in a managed care program through either Medicaid/NJ FamilyCare. The provision of Child Health Units services may duplicate health care services already available to such children through Medicaid/NJ FamilyCare managed care.

- **Question:** What is being done to minimize duplication of Child Health Units services and other medical services a child may be able to obtain from Medicaid/NJ FamilyCare?

The Child Health Units, comprised of nurses and health assistants, are co-located within each of DYFS' 47 local offices and collaborate with children's DYFS caseworkers in order to ensure that plans for addressing children's health needs are integrated into broader DYFS case plans. Within that collaborative role, nurses participate in case conferences, family team meetings, and visit children in their homes. The Unit's primary responsibility is ensuring that children in out of home placement receive timely, coordinated preventive and follow-up health care.

At a minimum, as set forth in the Modified Settlement Agreement, the Child Health Units ensure that children entering out of home placement receive a pre-placement assessment; a comprehensive medical examination within 30 days of entering placement; ongoing well-child visits in accordance with Medicaid's EPSDT guidelines; dental examinations for children 3 years and older; assessments for children with suspected mental health issues; and timely and appropriate follow-up care.

The Units are responsible for obtaining and reviewing medical records; retrieving and reviewing children's medical/health reports on an ongoing basis while in out of home placement; working with children's caregivers to identify a medical home; providing follow-up care/support to the child's medical home; documenting children's health information in NJ Spirit; and forwarding a child's caregiver an updated Health Passport.

17. Recommended appropriations for Court Appointed Special Advocates will be reduced from \$1,150,000 to \$861,000. No information is provided regarding the proposed reduction, and available information is that the entire FY 2009 appropriation has been expended or obligated.

- **Question:** What accounts for the funding reduction in FY 2010?

Volunteers in CASA provide services only to children in foster care. The proposed reduction to this appropriation is proportionate to a 25% reduction in the number of children in foster care from 2006 to present.

Discussion Points (Cont'd)

Children in Foster Care - FY 2006 (December)	11,814
Children in Foster Care - FY 2009 (December)	8,846
Percentage Decline	25%
FY2009 CASA Funding	\$1,150,000.00
Maintain FY2009 Level of Service	(\$288,911.46)
FY2010 CASA Funding Level	\$861,088.54

CHILD BEHAVIORAL HEALTH SERVICES

18. Many Medicaid-related services provided by the department are classified as CSOCI (Children's System of Care Initiative) and expenditures are reported in the A6850R10 report.

Through February 2009, reported CSOCI Medicaid expenditures have increased 12.6%, from \$144.3 million to \$162.4 million. As data on the number of recipients who receive services are not readily available, it is not known whether the increase in Medicaid expenditures is due to an increase in service utilization, rate increases or both.

- **Question:** What accounts for the 12.6% increase in Medicaid CSOCI expenditures?

As of April 2009, our analysis of both FY 2008 and 2009 does not indicate any significant year of year increase in Child Behavioral Health Services expenditures.

The increase in Medicaid billings as reflected on the above noted report is principally driven by 'catch up' CMO billings in FY 2009 immediately following the extension of the moratorium on federal Centers for Medicare and Medicaid Services (CMS) targeted case management rules.

19.a. A Request for Proposal was issued during October 2008 for a Contracted System Administrator for the Children's System of Care. At present Value Options holds the contract.

- **Question:** Please identify the names of the firms that submitted bids. When is a contract expected to be awarded?

Discussion Points (Cont'd)

The firms that submitted bids for the CSA RFP are Value Options, ACS, PerformCare, and Dynamic Therapeutic Solutions.

The Department of Treasury, Division of Purchase and Property has jurisdiction over a procurement in process and it is currently not appropriate for us to discuss the timing of a pending procurement.

19.b. Several years ago the State Medicaid program rebid its NJ FamilyCare eligibility and managed care assistance contract. When the incumbent vendor was not awarded a new contract, it curtailed its work activities and limited its cooperation with the new vendor. As a result, the new vendor confronted significant start-up problems that took up to a year resolve. The State had limited recourse to penalize the former vendor.

- **Questions:** In the event that Value Options is not awarded a new contract, are provisions of the current contract adequate to assure that Value Options meets contract objectives and assists in the transition to a new vendor?

The Department of Treasury and DCF negotiated a series of transition provisions in the most recent contract extension and feel confident these are adequate to ensure performance during any potential transition period.

20. Total funding for partial care/partial hospitalization is unchanged at approximately \$7.1 million (gross). The Medicaid program intends to save \$6.0 million (gross) by requiring prior authorization for such services provided to adults and children.

- **Questions:** Does the partial care/partial hospitalization recommendation take into account savings the Medicaid program intends to achieve through the implementation of prior authorization?

The DCBHS appropriation represents only the state portion of funding that is used to supplement Medicaid reimbursement for non-reimbursable costs for children who are not covered by Medicaid/FamilyCare.

Discussion Points (Cont'd)

- 21.a. Funding is provided to the 15 Care Management Organizations (CMOs) for flexible services. These monies are known as "flex funds." The services provided may include services that do not qualify for Medicaid reimbursement, such as "community resource development" or "clothing," or medical services to clients who are not Medicaid/NJFamilyCare eligible.

While the total amount of "flex funds" expended during FY 2008 is known - - approximately \$6.3 million - - a breakdown as to the number of clients served and the number of units of service provided is not available. Therefore, the cost for providing similar services among the various providers may vary significantly.

- **Questions:** Are data available as to the number of clients served and the number of units of service provided in order to determine the reasonableness of the costs for similar services being provided by the various CMOs?

DCBHS has data on flex funds utilization. Further, flex funds are regulated by DCF/DCBHS policy and overseen internally by CMO management. All expenditures must be justified by an individual service plan demonstrating the child's need for the service purchased. Additionally, DCBHS utilizes various quality assurance, financial and contracting controls and reviews to ensure compliance.

- 21.b. During FY 2008 and FY 2009, case management services provided by the CMOs and Youth Case Managers programs in several counties were consolidated. Savings were achieved in the area of administration and facility related costs. Additional consolidations may occur during FY 2010.

- **Questions:** With respect to the consolidation of programs in Mercer and Monmouth counties during FY 2009, how much was saved by eliminating duplicative administrative functions and excess facility costs, etc. from each consolidation? Will additional CMOs and Youth Case Managers programs be consolidated during FY 2010?

There were no savings anticipated or achieved from the unification of case management services. At this time, Mercer County has been operational for four

Discussion Points (Cont'd)

months, and Monmouth County one month. Any savings realized in administrative costs have been used for the additional cost of direct service delivery required to implement more flexible services and the caseload standard established for the programs. Facility costs have not been reduced as overall staffing levels and space requirements are not reduced.

22. FY 2010 recommended appropriations are reduced for the following programs/activities, as follows: Family Support Organizations - \$335,000 reduction, to approximately \$7.0 million (gross), and Youth Incentive Program - \$143,000 reduction, to \$7.9 million. Information is not available regarding these reductions.

- **Question:** Please provide information as to why funding was reduced and the impact these reductions will have on the two programs.

Reduction is equal to less than 5% of appropriation for FSO. The YIP reduction reflects one training contract that the department will not renew during FY 2010. DCF does not expect these reductions to significantly impact program operations.

23. Funding for the Treatment Homes and Emergency Behavioral Health Services is reduced \$20.0 million, to \$239.7 million (gross), due to a reduction in Out-of-Home Treatment Services. No data are available as to what accounts for this reduction.

- **Question:** Please provide information as to what accounts for the \$20.0 million reduction in program costs.

The \$20 million difference consists of \$13.5 million state funds which are being substituted with ARRA Medicaid stimulus funding, and \$7 million reallocated in DCF for mandated service growth.

PREVENTION AND COMMUNITY PARTNERSHIP SERVICES

24.a. Recommended appropriations the New Jersey Safe Haven Infant Protection Act is reduced by \$250,000, while appropriations for Family Support Services and Domestic Violence Prevention Services are each reduced by \$400,000.

Discussion Points (Cont'd)

- **Questions:** Why is funding for these programs reduced? What specific activities will be curtailed or eliminated as a result of the funding reductions?

The Safe Haven reduction represents the efficiencies to be gained by centralizing the media and public awareness efforts. Previously these efforts were dispersed throughout each of the twenty-one counties. Activities in this area will not be curtailed or eliminated. In fact, through the services provided by our Family Success Centers, Differential Response and School Based Programs, the department believes that information about Safe Haven will be widely disseminated

The Family Support Services reduction reflects a reduction in a technical assistance contract that supported Differential Response and Family Success Center programs. Given that these programs are more established, the level of technical assistance can be reduced. This reduction will not result in any loss of service provided by these programs.

The Domestic Violence reduction represents the elimination of an effort to create Domestic Violence liaisons via third party contract agencies in each of the 21 counties to assist the 47 DYFS Local Offices with domestic violence issues. Only 7 of the initial 8 Domestic Violence liaisons were established with the available funds. Despite the elimination of this initiative, the services and activities that were to be provided by this effort will still be available through closer coordination of services with the existing Domestic Violence provider agencies. This enhanced coordination will be clearly delineated in a soon to be released protocol between DCF, the Administrative Office of the Courts and the Coalition of Battered Women.

24.b. Community Based Child Abuse Prevention Programs funding is increased by \$1,250,000 in Federal Funds, to \$2.0 million.

- **Questions:** As the Safe Haven program, Family Support Services and Domestic Violence Prevention Services are part of the overall effort to reduce child abuse, to what extent can the additional federal funds be used to offset funding reductions in these programs?

With the increase in these federal grant funds, the Division of Prevention and Community Partnerships is currently engaged in a planning process to expand local child abuse and neglect prevention programs. The expansion of these grass roots programs is essential to the implementation of the Division's primary prevention strategy. Redirecting a portion of these funds to other program areas would curtail that effort.

Discussion Points (Cont'd)

25. The department had indicated that it was in discussions with the Medicaid program regarding Medicaid reimbursement for Home Visitation programs as the services provided are similar to those authorized by N.J.A.C.10:77-5.1 et seq. (Intensive In-Community Mental Health Rehabilitations Services). Currently 15 programs are funded at a cost of \$4.7 million and no Medicaid reimbursement is obtained for these programs.

- **Questions:** What is the current status of the discussions with the Medicaid program concerning Medicaid reimbursement? Will Medicaid reimbursement be available during FY 2010?

Joint efforts between the Department of Children and Families and the Division of Medical Assistance and Health Services to secure Medicaid reimbursement for the Nurse Family Partnership and Home Visitation Programs are continuing. Efforts in this area have been curtailed by the moratorium imposed by the federal government on Targeted Case Management. Until this issue is clarified at the federal level it will be difficult to establish the potential for Medicaid reimbursement for this service. Despite this moratorium, DCF has been successful in securing a \$500,000 federal grant to enhance the nationally recognized Home Visitation Model in New Jersey. In addition to the grant award, DCF has also secured match funds from private foundations.

26. Approximately \$0.6 million is provided to five health centers. Federally qualified health centers operate in all 21 counties.

- **Questions:** Which agencies are the recipients of these monies? Can funding be reduced or eliminated as federally qualified health centers already provide such services?

The Health Centers are an extension of the School Based Youth Services Program designed to play a role in diminishing the racial and economic disparities in the provision of comprehensive healthcare. The aim is to provide a model that combines teaching and learning with the delivery of an array of social, health, child and youth development services, while emphasizing community and parental involvement. Currently situated in five schools dispersed throughout the City of Newark, these centers afford students, family members and the surrounding communities with a one-stop continuum of primary and preventative medical and behavioral care and oral healthcare. Funds are provided because in Newark, youth and substandard health conditions are very much intertwined, a byproduct of poor economics and poor access. Newark's children continue to lag behind their

Discussion Points (Cont'd)

suburban counterparts in all primary health indicators, i.e. the immunization rate of children. The rate of acute and chronic illness in Newark public school students is 2-3 times greater than the state rate, including poor oral health, asthma, obesity and vision problems.

The Jewish Renaissance Medical Center is the recipient of this funding. School based health centers increase access to services, reduce the need for transportation to appointments, (thereby increasing the rate of kept appointments), minimize missed class time for appointments, and avoid the need for parents to take time off work to accompany children to appointments. Providing medical and behavioral health care services in a school based context maximizes accessibility, continuity of care, integration of services, and collaboration with parents and teachers.

EDUCATION SERVICES

27. The FY 2010 recommended budget phases-out the 18 regional day schools operated by the department's Office of Education beginning in late FY 2009.

The department anticipates that all of the children and young adults will receive educational services from their local school districts. However, a fair number of clients are non-ambulatory and have medical conditions that require specialized staff and equipment. To the extent that the cost to a school district exceeds what the school district currently reimburses the State, local property taxes may increase to pay the added cost.

- *Questions:* Of the number of children/young adults who receive education services, how many are: ambulatory and non-ambulatory? How many have medical conditions that require specialized equipment, such as a feeding tube? Have local school districts reviewed the medical conditions of the children to determine whether they can provide such children/young adults with comparable educational services at a cost that is equal to or less than the cost they pay to the State?

The Office of Education serves 560 children in its schools. Of these, 248 are non-ambulatory. The department is committed to ensuring a smooth transition for every child into an appropriate educational setting. OOE will coordinate with a case by case assessment and plan with local and county educational providers.

We have initiated meetings with local school districts, county special services school districts and county educational services commissions concerning the specific needs of the children, including medical needs and IEP issues. It should be noted that some children may be able to remain in their current educational settings, as local district or county educational service providers may assume the operation of the school program.

Discussion Points (Cont'd)

Tuition dollars will follow each child to his/her next placement. The department understands that additional funding may be available as there is a mechanism in the school aid formula for extra aid for extraordinary circumstances. Currently there are 220 children who require specialized medical equipment. The department is also exploring transitioning equipment to the new educational setting to support the needs of individual children.

28. Personnel data indicate that the number of Education Services positions will increase from 525 to 531 in FY 2010 even though regional day school operations are being phased-out.

- **Questions:** What accounts for the increase in the number of funded positions? To what extent will Education Services employees be permitted to transfer to comparable vacant positions within the department, within other departments, within the various county special services schools or local school districts?

On page D-38 of the FY 2010 Governor's Recommended Budget, the revised FY 2009 positions for the Office of Education represents the number of check cuts in January 2009 (point in time data) and does not account for employees in no pay status, on leave of absence or funded vacancies. The estimated number of positions for FY 2010 is based on the total FTEs, not yet adjusted downward to reflect the phase out of the schools.

The transitioning or closing of the regional schools will take place in phases. Until the educational plans for the students are in place for each school, we cannot determine exactly how many positions will be eliminated at any particular time.

Employees may be moved into other department positions to the extent that they have seniority and/or title rights to displace or "bump" other employees. To the extent that there are any approved-to-fill funded vacancies, displaced OOE staff will be offered the positions if qualified, on a seniority basis. Reassignment and transfer opportunities may be available through regular job postings/circulars and the traditional application selection process. Vacancies at other departments will be explored through the Civil Service Commission for possible reassignments or transfers.

Discussion Points (Cont'd)

Discussions concerning employment opportunities with county special services schools, county educational services commissions and local school districts are on going.

29. The FY 2010 recommended budget reflects an increase in Grants-in-Aid expenditures supported by Other Funds from \$27.5 million to \$28.3 million.

- **Questions:** As regional day school operations are being phased-out beginning in late FY 2009, what accounts for the increase in such expenditures?

These are SFEA funds that support the DYFS and CBHS children that are not in the regional schools and who will continue to receive services. Overall, the "All Other" funds (SFEA) are decreasing by approximately \$4m in FY 2010.

ADMINISTRATION AND SUPPORT SERVICES

30. Pursuant to proposed budget language (D-42), the amount transferred to the Department of Law and Public Safety for legal services increases by nearly 25%, from \$8.7 million to \$10.8 million. No information is provided in support of a 25% increase in costs.

- **Questions:** For FYs 2007, 2008 and 2009 (est.), how many hours of legal services did the Department of Law and Public Safety provide? What was the average hourly rate for such legal services?

The \$2.157 million increase in the Safety and Permanency in the Courts account does not represent an increase in appropriation for this purpose. Rather the increase represents the shifting of appropriations from other accounts that fund the services of Deputy Attorneys General (DAG). Specifically, the Foster Care and Permanency Initiative account included \$757,000 for DAG services while a special purpose account (Child Protection and Permanency Services) included \$1.4 million for this purpose. These funds have been moved to the Safety and Permanency in the Courts as part of the department's efforts to streamline accounts and provide transparency for budgeted services.

The Department of Law and Public Safety provided information regarding the number of hours of legal services and average hourly rate (see chart below).

L&PS Legal Services provided to DCF

FY	DOL Hours	Avg cost/hour
2007	285,172	\$79.85

Discussion Points (Cont'd)

2008	283,029	\$88.54
FY 2009 as of 12/08	144,922	\$85.18