Solving the Financial Burden of Chronic Absenteeism in New Jersey’s Day Programs:

Three Solutions

August 26, 2021

Chronic Absenteeism is jeopardizing critical programming for the most at risk segment of individuals served under the auspices of the New Jersey Department of Human Services and its Division of Developmental Disabilities. Chronic Absenteeism related to the complex needs of our most vulnerable individuals has cost New Jersey’s Day Habilitation providers millions of dollars since the advent of the fee-for-service system. Herein we provide the results of a survey conducted by the ABCD Day Program Committee to address the impact such loses may have on the operation of these programs and the placements for the individuals they serve. We offer three possible solutions which we urge our colleagues and state-wide representatives to review with the hopes that we can take a proactive approach to ensuring the stability of Day Program Services in the State of New Jersey.

Addressing Chronic Absenteeism in New Jersey Day Programs:

In 2016 community-based services provided through New Jersey’s Division of Developmental Disabilities (DDD) began a slow transition from a contract-based payment system to the current Fee-for-service rate-based billing system. This change, associated with the approval of two waivers, has provided people with intellectual and developmental disabilities a great deal of flexibility as it pertains to the use of budgets to attain the necessary services, they would require to lead fulfilling lives as active members of their communities. However, this change also created a long list of challenges for the state’s existing service providers.

Specifically, the myriad of services which were separated by this new model previously known as “Day Program Services” were immediately faced with the challenge of providing an equal quality of care to each of its existing service recipients with significantly lower overall rates. Initial projections prior to 2016 as calculated by many of ABCD’s Day Habilitation providers saw loses of 10-20% of revenue as compared with the contracts which had been in place for so many years. These projections were at the time based on estimated Tier ratings and mandated changes in how and when services could be provided.

We as providers to this day, continue to work to address these financial shortfalls (created by the Fee for Service system), however it has become increasingly clear that the largest issue of budgetary concern is absenteeism. While absenteeism on a whole creates a challenge for both agencies and the service recipients themselves; Chronic Absenteeism has played a larger role in
the fiscally based challenges Day Habilitation providers must tackle than anybody had previously conceived.

Gathering the Data:

For the purposes of this communication we -with the assistance of the ABCD Day Program Committee- have canvased our members who provide Day Habilitation to assess the level of impact Chronic Absenteeism has on their ability to provide services.

Based on the data collected by our team we are defining **Chronic Absenteeism as a loss of 15% or more of a person’s assigned units for a program year due to absences which are uniquely associated with the person’s disability, mental health diagnosis, and/or need for critical medical care.**

Examples of such absences include:
- Hospitalization
- Illness (chronic, long term, acute with critical medical significance)
- Medical Appointments (not general, specific to enhanced needs)
- Behavioral/Mental Health needs

The agencies represented by ABCD are historically known for providing care to individuals with the highest level of need and as such it stands to reason are likely most impacted by Chronic Absenteeism. Every agency which replied to our survey noted some level of impact to their daily operations based on this criterion. In the most extreme cases agencies have noted as many as 96 individuals from their roster and 74% of their roster had not used 15% or more of their assigned units for the calendar year based on absences directly influenced by the person’s diagnosis and/or the need for critical medical care.

The Cost:

The results of this Day Habilitation Chronic Absenteeism survey showed that these needs may exist episodically or chronically over the span of all currently assigned Tier ratings and regardless of acuity factors. Additionally, the results of this attributed chronic absenteeism to no fewer than 100 different diagnoses. The table below illustrates potential losses in revenue based on a 15% reduction per person equal to 864 units. This table works with the presumption of a standard 240 day/5760 units program year:

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<th>Potential Loss</th>
<th>Rating</th>
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<td>Tier E</td>
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*Calculations based on current rates*
As previously stated, the Day Habilitation providers associated with ABCD are renowned for working with the most critically challenged individuals both in terms of medical and mental health needs. As such many respondents noted their highest level of Chronic Absenteeism in Tiers C, Ca, D, Da, E and Ea. Tier D represents the greatest area of concern with 122 total individuals served filming the criteria for Chronic Absence (28.5% of all individuals which fell into the scope of this survey.)

Based on the results of Day Habilitation Chronic Absenteeism Survey the agencies represented would be faced with a combined annual loss of $4,897,488.40 moving forward based on the most updated rates.

The People We Serve:

The privilege that has been afforded to agencies who share the responsibilities of supporting people with intellectual and developmental disabilities in their communities is not taken for granted. It should be noted that all people run the risk of having their lives significantly disrupted by an unfortunate, acute medical diagnosis. Additionally, recent studies have noted as many as 1 in 5 adults in the United States experience symptoms of a mental health condition while 1 in 4 (according to the CDC) live with some type of diagnosed disability. We know however that the people we serve face challenges over and above those who are considered part of the “general population.” It was noted in the responses to our Survey on Chronic Absenteeism that an overwhelming number of people who fit the criteria established and are dually diagnosed with a development disability and a mental health condition have at some point in their lives prior to their current admission been institutionalized, placed in out-of-state long-term care and/or at one time been committed to a State Psychiatric facility. In looking further into causes of long-term medical hospitalizations it becomes clear that for many of our service recipients the reality of living with a developmental disability also means accepting the likelihood that hospitalizations will likely increase as a person ages rather than decrease.

An unintended but unfortunate conundrum has surfaced putting provider agencies in a place where they must choose between maintaining an unused placement for a service recipient or discharging the person due to the immense financial burden created by their absence. Furthermore, the inability for people to return to a community Day Habilitation program following such events has at times jeopardized a person’s residential placements as well as their family dynamics. There have been noted circumstances where a person’s stay in a State-run facility must be extended while waiting for appropriate placements and in rare circumstances re-institutionalization has been considered for those who cannot maintain their Day or Residential placements. Results such as these are thankfully not typical but are unfortunately also not an impossibility.

For Every Challenge there is a Solution:

It is important to note that while the numbers represented above have a major impact on the ability of providers to conduct services in the most effective, safe, and proactive ways; the funding implications need not be burdensome on the State of NJ, it’s taxpayers or the Department of Human Services. The monies lost by means of Chronic Absenteeism are already
approved within each persons’ Day Habilitation Budget. As such we appeal to DHS and DDD to consider a simple and appropriate solution.

1. Day Habilitation Supplemental Retainer Billing Code or Supplemental Retainer Budget Line:
   Adding a Day Habilitation Supplemental Retainer billing code or a specific Supplemental Retainer budget line (only to be accessed for approved circumstances) would allow for Day Service providers to access the funds necessary to maintain Day Habilitation placement for individuals at the highest risk for hospitalization (Medical/Behavioral/Psychiatric), chronic illness and for those in need of care for acute conditions of medical significance. This solution does not add funding directly to each person’s budget but instead merely provides access to monies which have already been assigned for use.
   
   This approach is not unique. In New York State providers of Licensed Supervised residential settings are given a number of retainer days to bill for such circumstances annually. The number of days assigned are an aggregate based on the provider’s total potential attendance. In addition to giving assurances to the individuals and families being served; the approach has been integral is ensuring provider solvency.

2. Provider Loss Adjustment System:
   The second solution could be a Provider Loss Adjustment system. In this scenario Day Habilitation providers would have the opportunity submit for reimbursement following the conclusion of a specified period of time (annual, semi-annual) for losses incurred due to chronic absenteeism.

3. Adopt Disproportionate Share Model:
   Adopting a Disproportionate Share Model could also be a viable solution. A Disproportionate Share model would acknowledge specific thresholds under which providers can demonstrate a potential loss of revenue related to serving individuals known to be at a greater risk for being chronically absent. Then in turn qualified providers would be given a mechanism to bill at a higher rate or with an additional rate. Hospitals already take advantage of this model through the DSH (Disproportionate Share Hospital) payment system. Federal law establishes an annual DSH allotment for each state that addresses the cost of providing inpatient hospital and outpatient hospital services to Medicaid patients and the uninsured, through this system.

The level of commitment displayed by administrators at New Jersey’s Department of Human Services and its Divisions to citizens with Intellectual and Developmental Disabilities cannot be questioned. At ABCD we believe that taking action now to ensure the stability of its Day Habilitation providers can only be seen as an additional act of dedication to the most at risk members of New Jersey’s ID/DD community. The providers represented by ABCD continue to offer their voice of support in our shared goal of enhancing the lives of people with Intellectual and Developmental Disabilities during this time ripe for positive change.
Information provided by the National Alliance on Mental Illness (NAMI): Mental Health by the Numbers 2019.

Information provided by the Center for Disease Control and Prevention’s (CDC) Infographic on Disability and Health Promotion (with additional references noted) 2020.