



**Alliance for the Betterment of
Citizens with Disabilities**

Empowering People: Providers Shaping Policies

S3752 finds blame and institutes controls which will threaten NJ's main partner in delivering services to individuals with IDD in the community by diminishing the capacity of licensed and certified agencies to perform vital services and provide desired results.

- Regarding agency governance and oversight, the bill requires independent volunteers who have no loyalty to the agency and may have a conflict of interest to exercise power and control over the agency in such a way that has no personal consequence for them.
- Despite the National Center for Non-Profits recommendation that between 25 -35% of revenue be earmarked for indirect costs, alone, this bill would limit the total earmark to 15% to include not only indirect costs but overhead and retained earnings.
- Unlike contract based where risk was shared between the state and agency, under FFS the risk is borne by agencies which are currently required to save for emergencies, pay capital costs (repairs, maintenance, and purchase), supplement programs and services for which the Medicaid rate is below cost, and ensure expendable assets cover about 5 months of expenses. Efficiencies which lead to growth and development, improve access and services, and enhance fiduciary responsibilities will no longer be encouraged but, instead, become a condition for possible receivership.
- Though many of our executives began as DSPs and case managers (making below market value for most of their careers) they have developed skills that are not easily replaceable and are valued across industries. To retain talent, salaries are based on published salary guides which help to ensure agency compensation is internally equitable and externally competitive and not on random rates that the Christie Administration came up with 14 years ago with a COLA add on.
- Unlike the shortsighted policy attempted by the Christie Administration, the bill's salary caps do not include all human services, but single out DD. If enacted, our executives will not have to leave their homes as they will be tapped to run local for- and not-for-profit agencies and companies while current for-profit owners will choose to take their investment dollars elsewhere. Our executives devoted most of their careers to this industry, it may be unadvisable to assume that they will make continued sacrifices to run multimillion dollar organizations.
- Creating in statute what already exists under state and federal laws and regulations governing the corporate form for the conduct of lawful nonprofit and for-profit activities, executive compensation, conflict of interest and nepotism, illegal and unethical incidences for which a board can be held liable, insurance coverage from Workmen's Compensation to general liability is not going to make the bad guys do the right thing.

- If the mere existence of current law isn't working to prevent possible incidences like Bellewether, why would adding an erosive and redundant policy to the mix be the solution? Rather, the solution is for DHS to take steps to ensure CCP/SP¹ provider agencies follow all state and federal laws including requirements to run a company in New Jersey, comply with the terms and conditions outlined by DDD in the Division's policy and procedure manuals,² and on a yearly basis in addition to reviewing the annual audited financial statements required of all CCP/SP provider agencies, include an audit to review documentation and service quality.

The transition to FFS changed the roles and responsibilities of all entities on the service continuum including that of DHS/DDD. Over the last few years, it has become clear the need for increased systemic oversight, investigation, and enforcement.

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¹ Community Care Program and Support Program.

² We understand that for meaningful enforcement to occur, the division must be partnered with Medicaid.