Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

NEW JERSEY COMPLIED WITH FEDERAL REGULATIONS WHEN IMPLEMENTING PROGRAMS UNDER SAMHSA'S OPIOID RESPONSE GRANTS, BUT DID NOT MEET ITS PROGRAM SERVICES GOALS

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Office of Inspector General

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Report in Brief
Date: March 2024
Report No. A-02-22-02002

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL

New Jersey Complied With Federal Regulations When Implementing Programs Under SAMHSA's Opioid Response Grants, But Did Not Meet Its Program Services Goals

Why OIG Did This Audit

The HHS, Substance Abuse and Mental Health Services Administration (SAMHSA) awarded a series of grants to States and Tribes to combat opioid use disorder. These grants included the State Targeted Response (STR) and the State Opioid Response (SOR) grants. The purposes of these grants were to increase access to treatment, reduce unmet treatment needs, and reduce opioid overdose-related deaths.

Our objectives were to determine whether New Jersey and its subrecipients responsible for implementing SAMHSA's STR and SOR grants complied with Federal regulations and met program goals.

How OIG Did This Audit

Our audit period covered May 1, 2017, through April 30, 2020, for the STR grant and September 30, 2020, through September 29, 2021, for the SOR grant. To accomplish our audit objectives, we reviewed STR and SOR grant documentation and interviewed New Jersey officials to determine how programs were implemented and whether New Jersey complied with Federal regulations and met grant program goal requirements.

What OIG Found

New Jersey and its subrecipients complied with Federal regulations by implementing programs under its STR and SOR grants. Specifically, New Jersey funded a new fee-for-service network and expanded opioid treatment services within an existing network of contracted providers. Additionally, New Jersey implemented effective internal controls over its financial administration of grant funds. However, New Jersey did not meet its STR and SOR grant program service goals. According to New Jersey officials, STR and SOR service goals were based on what it expected from providers awarded new contracts and did not consider the length of time it would take to create a new STR provider network or to subcontract SOR services with subrecipients. In addition, for the SOR grant, subrecipients faced challenges with hiring qualified staff and grant activities were impacted by the COVID-19 pandemic.

What OIG Recommends and New Jersey Comments

We recommend that New Jersey identify factors that could delay grant-funded activities when estimating goals for future STR and SOR grant applications.

In written comments on our draft report, New Jersey concurred with our first finding and recommendation and provided information on corrective actions it has taken and planned to take, but did not concur with our second finding. Specifically, New Jersey stated that it reviewed its data and reports and determined that it did, in fact, satisfy projections for the total amount of individuals served by the STR and SOR grants. New Jersey stated that we overlooked certain STR grant data provided by New Jersey during the audit and, for both the STR and SOR grants, New Jersey did not provide certain data to OIG prior to the issuance of the draft report.

After reviewing New Jersey's comments, we maintain that our findings and recommendation are valid. We acknowledge that New Jersey did not provide us with several subsets of data during the audit – despite multiple opportunities to do so – but included those data with its comments on the draft report. We also note that the data provided by New Jersey are summary figures that lack detailed support and have not been reported to SAMHSA. We will review and validate the additional data provided during the audit resolution process.

The full report can be found on the OIG website.

TABLE OF CONTENTS

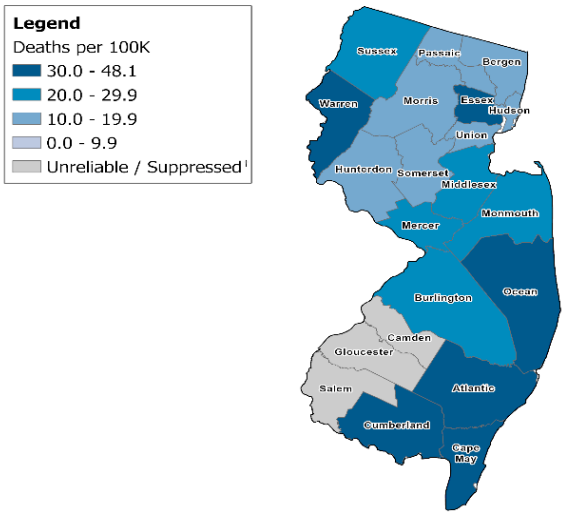
INTRODUCTION

WHY WE DID THIS AUDIT

The Department of Health and Human Services (HHS), Substance Abuse and Mental Health Services Administration (SAMHSA) awarded more than $2 billion in grants to States and Tribes to combat opioid use disorder (OUD) since fiscal year 2017. This included funding for State Targeted Response (STR) to the Opioid Crisis grants, State Opioid Response (SOR) grants, and Tribal Opioid Response grants. The purposes of these grants were to increase access to treatment, reduce unmet treatment needs, and reduce opioid overdose-related deaths through prevention, treatment, and recovery services for OUD. States and Tribes that received these grants must use the funds to supplement opioid-related activities administered under the Public Health Service Act's Substance Abuse Prevention and Treatment Block Grant.[1]

In March 2020, the Office of Inspector General (OIG) issued a report to SAMHSA examining the use of STR grant funds nationwide.[2] This audit is part of a series of audits of recipients that received funding through the three grant types mentioned earlier (See Appendix B). We selected for audit the STR and SOR grants awarded by SAMHSA to the New Jersey Department of Human Services, Division of Mental Health and Addiction Services (DMHAS) based on various risk factors, including the rate of drug overdose deaths in 2017 (see Figure 1) and the total amount of funding awarded to New Jersey.

Figure 1: 2017 Rate of Drug Overdose Deaths by County



† *County-level data associated with death counts between 0 and 20 are suppressed and not used to calculate a death rate.*

Source: HHS OIG Analysis

[1] The Public Health Service Act, P.L. No. 78-410 (July 1, 1944).

[2] *States' Use of Grant Funding for a Targeted Response to the Opioid Crisis* (OEI-BL-18-00460), Mar. 13, 2020.

OBJECTIVES

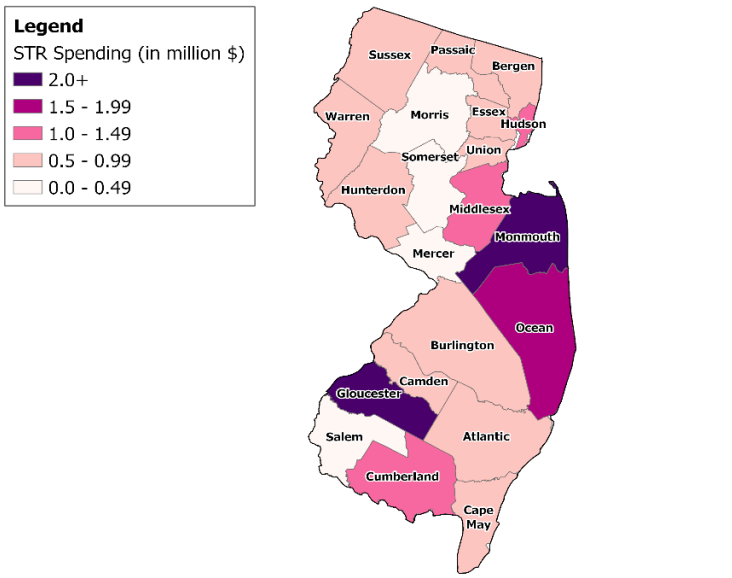
Our objectives were to determine whether DMHAS and its subrecipients responsible for implementing SAMHSA's STR and SOR grants complied with Federal regulations and met program goals.

BACKGROUND

State Targeted Response Grants

SAMHSA awarded STR grants to address the opioid crisis by increasing access to treatment, reducing unmet treatment needs,[3] and reducing opioid overdose-related deaths by providing prevention, treatment, and recovery activities for OUD, including prescription opioids and illicit drugs such as heroin. SAMHSA required in its Funding Opportunity Announcement (FOA) that recipients use epidemiological data to demonstrate critical gaps in availability of treatment for OUDs in geographic, demographic, and service-level terms; use evidence-based implementation strategies to identify which system design models will most rapidly address the gaps in their systems of care; deliver evidence-based treatment interventions, including medication and psychosocial interventions; report progress toward increasing availability of treatment for OUD; and reduce opioid-related overdose deaths based on measures developed in collaboration with HHS.

Figure 2: Total 2017 through 2020 STR Spending by County



SAMHSA awarded a total of $25,991,242 in STR grant funds to DMHAS for the performance period from May 1, 2017, through April 30, 2020.[4] Figure 2 (above) depicts where DMHAS spent its STR funds by county for 2017 through 2020.

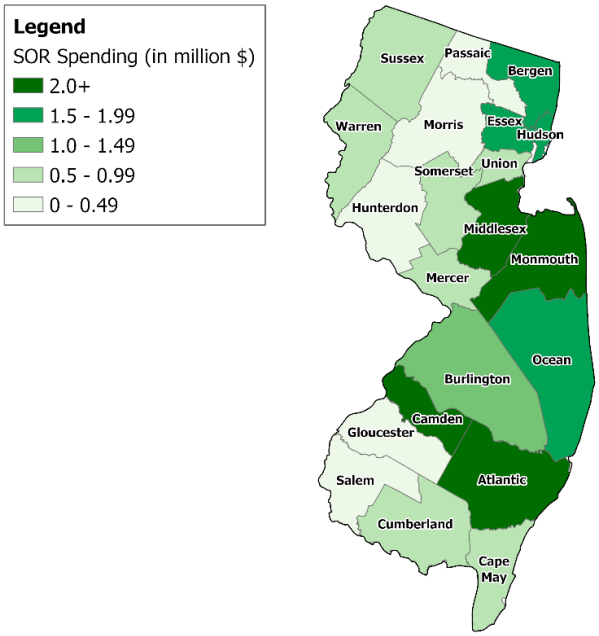
[3] For example, training substance use and mental health care practitioners, reducing the cost of treatment, developing systems of care to expand access to treatment, engaging and retaining patients in treatment, and addressing discrimination associated with access to treatment, including discrimination that limits access to treatment, are activities that can reduce unmet treatment needs.

[4] In April 2019, SAMHSA granted a 1-year, no-cost extension that extended the initial STR grant period.

State Opioid Response Grants

SAMHSA awarded SOR grants to address the opioid crisis by increasing access to medications for opioid use disorder (MOUD)[5] using medications approved by the Food and Drug Administration (FDA) for the treatment of OUD;[6] reducing unmet treatment needs; and reducing opioid overdose-related deaths by providing prevention, treatment, and recovery activities for OUD. SAMHSA required in its FOA that recipients base the services provided on needs identified in each State's STR strategic plan. SAMHSA also required that FDA-approved MOUD be made available to individuals diagnosed with OUD. In addition to providing MOUD, States are required to provide effective prevention and recovery support services to ensure that individuals receive a comprehensive array of services across the spectrum of prevention, treatment, and recovery.

Figure 3: Total 2021 SOR Spending by County



Source: DMHAS

SAMHSA awarded a total of $131,939,684 in SOR grant funds to DMHAS for the performance period from September 30, 2020, through September 29, 2022.[7] Figure 3 (above) depicts where DMHAS spent its SOR funds by county for 2021.

[5] MOUD is the use of medications, with counseling and behavioral therapies, to treat substance use disorders and prevent opioid overdose.

[6] FDA-approved medications (e.g., methadone) are used to treat OUD.

[7] We limited our review to the first year of the SOR grant based on the most recent expenditures at the time we initiated our audit. SAMHSA awarded a total of $65,969,842 in SOR grant funds to DMHAS for the performance period from September 30, 2020, through September 29, 2021.

New Jersey Division of Mental Health and Addiction Services

DMHAS is the State office within the New Jersey Department of Human Services responsible for managing and delivering the services and support necessary to improve the quality of life for citizens with developmental and addictive disorders in New Jersey. DMHAS uses a fee-for-service network of over 120 community providers of addiction treatment services to administer Opioid Treatment Programs (OTPs). DMHAS also contracts with subrecipients, in part, to expand its existing OTPs.

HOW WE CONDUCTED THIS AUDIT

Our audit period for DMHAS's STR grant was from May 1, 2017, through April 30, 2020 (the first 2 years of the STR grant and a 1-year no-cost extension (NCE)).[8] Our audit period for DMHAS's SOR grant was from September 30, 2020, through September 29, 2021, the first year of the grant.

To determine whether DMHAS and its subrecipients complied with Federal regulations, we reviewed DMHAS's grant applications, its STR needs assessment, and strategic action plan. We also reviewed DMHAS's annual progress reports to SAMHSA and its agreements with subrecipients. We also interviewed officials from both DMHAS and its subrecipients to gain an understanding of DMHAS's approach to distributing grant funds and implementing programs.

To determine whether DMHAS and its subrecipients met grant program goals, we reviewed DMHAS's grant applications, annual progress reports to SAMHSA, and interviewed responsible DMHAS and subrecipient officials. We compared the annual progress reports to DMHAS's stated grant application goals and objectives to determine whether DMHAS and its subrecipients met the STR and SOR grant program goals during the audit period.

We reviewed DMHAS's internal control design by reviewing its internal financial management and data collection procedures for the annual progress reports. We also interviewed DMHAS financial and programmatic staff. To assess DMHAS's internal control implementation and operating effectiveness over the financial administration of grant funds, we reviewed 5 subrecipients and tested 50 SOR transactions from the selected recipients, totaling $1,427,746, based on recent transactions, high subrecipient total dollar transactions, and a broad range of transaction accounts.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

[8] An NCE allows grant recipients to submit a one-time post award amendment to request an extension of up to 12 months, with no additional Federal funds, on their project.

Appendix A contains the details of our audit scope and methodology, Appendix B contains a list of related OIG reports, and Appendix C contains Federal requirements related to our audit.

FINDINGS

DMHAS and its subrecipients complied with Federal regulations by implementing programs under its STR and SOR grants. Specifically, DMHAS funded a new fee-for-service network and expanded opioid treatment services (e.g., MOUD) within an existing network of contracted providers. Additionally, DMHAS implemented effective internal controls over its financial administration of grant funds. However, DMHAS did not meet its STR and SOR grant program services goals. According to DMHAS officials, STR and SOR services goals were based on what it expected from providers awarded new contracts and did not consider the length of time it would take to create a new STR provider network or to subcontract SOR services with subrecipients. In addition, for the SOR grant, subrecipients faced challenges with hiring qualified staff and grant activities were impacted by the COVID-19 pandemic.

DMHAS COMPLIED WITH FEDERAL REGULATIONS WHEN IMPLEMENTING PROGRAMS UNDER ITS STATE TARGETED RESPONSE AND STATE OPIOID RESPONSE GRANTS

Acts of Congress

The 21st Century Cures Act[9] authorizes HHS to award grants to States for the purpose of addressing the opioid abuse crisis. The Cures Act also provides guidance on activities State agencies may use grant monies for, including improving State prescription drug monitoring programs; implementing prevention activities and evaluating such activities; and other public health-related activities related to addressing the opioid abuse crisis within the State.

SAMHSA was authorized to award funds for OUD-related funding for STR, SOR, and the Tribal Opioid Response grants under the authority of The Alcohol, Drug Abuse, and Mental Health Administration (ADAMHA) Reorganization Act. States and Tribes that received these grants must use the funds to supplement activities pertaining to opioid-related activities administered under the Public Health Service Act's Substance Abuse Prevention and Treatment Block Grant.

Federal Regulations

Recipients must establish and maintain effective internal control over grant funds, provide reasonable assurance that recipients are managing the program in compliance with Federal statutes, regulations, and the terms and conditions of the Federal grant and take prompt action when instances of noncompliance are identified (45 CFR §§ 75.303(a) and (d)).

[9] 21st Century Cures Act, P.L. No. 114-255, § 1003 (December 13, 2016).

Recipients are also responsible for oversight of the operations of Federal award-supported activities. Recipients must monitor their activities under Federal awards to ensure that they comply with applicable Federal requirements and achieve performance expectations. Monitoring by the recipient must cover each program, function, or activity (45 CFR § 75.342(a)). Recipients must submit performance reports when providing performance information. These reports will contain, for each Federal award, brief information on a comparison of actual accomplishments with the objectives of the Federal award established for the period (45 CFR § 75.342(2)(i)).

DMHAS Complied with Federal Regulations

DMHAS complied with Federal regulations when implementing programs under its SAMHSA STR and SOR grants, in part, by awarding contracts to subrecipients to build what it described as a comprehensive approach for the prevention and treatment of OUD. Additionally, DMHAS established an overseeing body of program managers, administrators, and fiscal analysts to coordinate and monitor the subrecipients' activities. This overseeing body collected monthly and quarterly data reports and met with contracted providers to assess progress on contract deliverables. This group also monitored providers' expenditures.

DMHAS used STR grant funds to expand its Opioid Overdose Recovery Program (OORP) to cover all of New Jersey[10] and created the Support Team for Addiction Recovery[11] (STAR) program in high-risk counties. DMHAS also opened three regional family support centers for individuals to achieve goals (i.e. reducing or abstaining from drugs and alcohol, or reducing criminal justice involvement). Specifically, DMHAS used grant funds to provide OUD-related family and peer recovery support, community education programs, and training. Targeted groups included individuals with OUD, veterans, and individuals recently released from incarceration. Prevention efforts funded under the grant focused on reducing demand for and misuse of opioid prescriptions. Program activities included training at schools and jails on the use of naloxone—a medication that rapidly reverses the effects of opioid overdose—as well as the distribution of naloxone kits.

DMHAS used its SOR grant funds to address the opioid abuse crisis by increasing access to MOUD, reducing unmet treatment needs, and reducing opioid-related deaths. To address these objectives, DMHAS supported expanded hours at existing licensed OTPs and provided buprenorphine—a medication used to treat OUD—at two locations. In addition, DMHAS continued existing contracts with county jails to enhance MOUD programs for inmates with an

[10] The purpose of OORP is to utilize recovery specialists and patient navigators to engage individuals reversed from an opioid overdose by providing OTP services (e.g., recovery support and substance use disorder treatment). Prior to receiving the grant, DMHAS operated OORP in 11 of 21 counties throughout New Jersey.

[11] STAR consists of a community-based group of case managers and recovery specialists. It also provides tools and resources to individuals with OUD to commit to their health, wellness, and long-term recovery.

OUD.[12] Other programs included a statewide public information campaign to promote medications to support OUD recovery and opportunities for training. With regard to its financial related activities, DMHAS adequately monitored grant expenditures. The five SOR subrecipients that were selected for our sample received $9,235,148 in grants funds during the audit period. We tested a judgmental sample of 50 transactions (10 from each of the five subrecipients) totaling $1,427,746. Our judgmental sample was designed to evaluate subrecipient expenditures of $1 million or more, different general ledger accounts, and high-dollar amounts. We determined that the 50 transactions were reasonable, allocable, and allowable.

DMHAS DID NOT MEET PROGRAM SERVICES GOALS FOR ITS STATE TARGETED RESPONSE AND STATE OPIOID RESPONSE GRANT-FUNDED PROGRAMS

Federal Funding Opportunity Announcement Requirements

SAMHSA requires recipients to report performance on measures specific to the STR and SOR programs. For the STR grant, this includes the number of people who receive OUD treatment, recovery services and the number of people who receive prevention services (i.e., MOUD). For the SOR grant, this includes demographic characteristics, substance use, diagnosis(es) services received, and types of MOUD received and housing. All recipients that receive STR and SOR grants are required to submit to SAMHSA an annual report at the conclusion of each year.[13]

Program Services Goals Not Met

DMHAS did not meet recovery support and treatment services goals for its STR grant-funded programs. Specifically, in its application for STR grant funds, DMHAS estimated that it would serve 8,671 individuals annually and 17,342 individuals over the 2-year project.[14] However, DMHAS's progress reports to SAMHSA indicated that it only served a total of 12,643 individuals for the grant period, and an additional 3,113 individuals during the 1-year NCE. Furthermore, DMHAS did not meet recovery support services goals for both grant years and prevention services goals for the first year of the grant. However, DMHAS met treatment services goals for both years and prevention services goals for one year. The following table illustrates DMHAS's target and actual number of individuals served under the grant.

[12] Case management is a key component of this initiative, which includes conducting intake assessments, establishing pre-release plans for needed services in the community, and linking inmates to programming when released from incarceration.

[13] SAMHSA intends that its services grants result in the delivery of services as soon as possible after award. In addition, SAMHSA's STR and SOR FOAs requires recipients to periodically review the performance data they report to SAMHSA, assess their progress toward achieving program goals, and use the performance data to improve management of their grant projects.

[14] Application for Federal Assistance SF-424, New Jersey DMHAS, Funding Opportunity Number TI-17-014, State Targeted Response Grants, Project Summary, Page 10.

Table: STR Individuals Served by Service Type (Targeted vs. Actual)

Service Type	Number of Individuals: Target from Application				Number of Individuals: Actual from Progress Reports			
	Year 1	Year 2	Total		Year 1	Year 2	NCE	Total
Treatment	1,081	1,081	2,162		1,423	1,643	1,268	4,334
Recovery Support	4,590	4,590	9,180		556	2,521	345	3,422
Prevention	3,000	3,000	6,000		2,530	3,970	1,500	8,000
Total	**8,671**	**8,671**	**17,342**		**4,509**	**8,134**	**3,113**	**15,756**

DMHAS did not meet goals related to the number of individuals served for its SOR grant-funded programs. In its application for SOR grant funds, DMHAS estimated that its SOR grant-funded programs would serve 34,178 individuals during the first year of the grant. Prior to the grant inception, SAMHSA approved DMHAS's revised estimate that it would serve 29,279 individuals. However, according to DMHAS' progress reports to SAMHSA, its SOR grant-funded programs only served 27,868 individuals during the first year of the grant.[15]

According to DMHAS officials, for both its STR and SOR grants, DMHAS based its goals on what it expected from newly awarded provider contracts and did not consider the length of time it would take to create a new provider network or to subcontract SOR services with subrecipients. DMHAS officials stated that they should have prorated their target numbers because the first year of the program was not a full year. Rather, DMHAS based its target numbers on what it expected annually from providers awarded new contracts. Additionally, according to DMHAS officials, DMHAS was required to follow what the officials described as complex and time-consuming New Jersey Department of Human Services policies for contracting services. Further, for its SOR grant, subrecipients faced challenges with hiring qualified staff and grant activities were impacted by the COVID-19 pandemic.[16]

As a result of DMHAS not meeting its services goals for its STR and SOR grants, individuals in New Jersey may not have received timely opioid treatment or recovery support services.

RECOMMENDATION

We recommend that DMHAS identify factors that could delay grant-funded activities when estimating goals for future STR and SOR grant applications.

[15] The total comprised individuals who received treatment services for OUD (2,255), individuals who received treatment services for stimulant use disorder (2,441), individuals who received recovery support services (11,172), and the number of what the DMHAS described as "overdose reversals" (12,000).

[16] For example, one subrecipient reported that it encountered challenges with hiring qualified staff to provide SOR grant services. The subrecipient stated that hiring for positions can be challenging because similar programs compete for staff.

NEW JERSEY DEPARTMENT OF HUMAN SERVICES COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In written comments on our draft report, New Jersey Department of Human Services (NJDHS) concurred with our first finding and recommendation but did not concur with our second finding regarding not meeting program goals for STR and SOR grant-funded programs. NJDHS stated that, in setting program targets, DMHAS could not have predicted the COVID-19 public health emergency and its impact on staffing and the capacity to provide in-person care. Further, NJDHS stated that DMHAS reviewed its data and reports and determined that it did, in fact, satisfy projections for the total amount of individuals served by the STR and SOR grants.

After reviewing NJDHS's comments, we maintain that our findings and recommendation are valid. A summary of NJDHS's comments and our responses follows. NJDHS's comments, excluding attachments, are included in Appendix D.[17]

NEW JERSEY DEPARTMENT OF HUMAN SERVICES COMMENTS

NJDHS did not concur with our finding that DMHAS did not meet program services goals for its STR and SOR grants. NJDHS stated that it believes OIG overlooked certain data provided by DMHAS and that DMHAS did not include certain data in its initial responses, which NJDHS supplemented with its comments on our draft report. According to NJDHS, OIG did not include data submitted by DMHAS to SAMHSA regarding 847 unduplicated individuals served by the STR grant and indicated that we miscalculated DMHAS's initial totals. NJDHS's updated figure includes the total number of prevention services provided by DMHAS during the 1-year NCE and recovery support services provided during Year 2. According to NJDHS, DMHAS served a total of 2,288 (1,500 reported plus 788) individuals for prevention services and 2,580 (2,521 reported plus 59) individuals for recovery support.

NJDHS further stated that, when considering what it described as actual data, DMHAS exceeded its total projections and well exceeded its specific targets for treatment and prevention services. According to NJDHS, DMHAS determined that it mistakenly omitted from its original reports several subsets of data and that these omissions were caused by the inadvertent failure to capture certain data.[18]

Additionally, NJDHS stated that DMHAS determined that it mistakenly omitted from its original reports training data from certain SOR grant-funded programs included in DMHAS's original

[17] We are providing NJDHS's comments, in their entirety, to SAMHSA.

[18] For example, NJDHS stated that DMHAS mistakenly omitted certain family data provided by STR-funded providers because families could not identify the substance used by their loved ones. Another example cited by NJDHS related to data on the number of individuals who completed STR-funded opioid education training modules. In that case, NJDHS stated that DMHAS reported data on the number of individuals who completed all of the training modules instead of data on the number of individuals who completed at least one of the modules.

targets and neglected to include 1 month of training data from its Opioid Overdose Prevention Network.

NJDHS concurred with our recommendation that it will continue to identify factors that could delay grant-funded activities when estimating goals for future STR and SOR grant applications and stated that DMHAS is always considering ways to effectively and efficiently spend grant funding.

OFFICE OF INSPECTOR GENERAL RESPONSE

After reviewing NJDHS's comments, we maintain that our findings and recommendation are valid.

Contrary to NJDHS's assertion that we overlooked and miscalculated certain data provided by DMHAS for the STR grants, we relied on the set of data—provided by the DMHAS Chief Financial Officer (CFO)—to support the figure in our draft report related to prevention services provided by DMHAS during the 1-year NCE period. The DMHAS CFO indicated that we should rely on these data for our audit. OIG also discussed with the DMHAS CFO a footnote in a DMHAS report to SAMHSA regarding the calculation of recovery support services provided to individuals during Year 2 of the STR grant.[19] According to the DMHAS CFO, the footnote indicated that 1,492 individuals (including 59 transgender and Hispanic/Latino individuals) who received recovery support services were not included in the calculation because demographic data was not available. In its comments on the draft report, NJDHS indicated that the 59 individuals were not included in DMHAS's total calculation. We relied on the DMHAS CFO for deriving the calculation of the number of individuals who received services. Our calculation included the 1,492 individuals who received recovery support services without demographic data and used those data to perform our analysis.

We are encouraged by the actions that DMHAS has taken and plans to take, and the additional data provided to update DMHAS's STR and SOR grants services goals data. We acknowledge that, as NJDHS indicated in its comments, DMHAS did not provide us with several subsets of data during the audit that it included with its comments on the draft report. However, we note that the DMHAS data used to support NJDHS's comment are summary figures that lack detailed support. Also, DMHAS's newest figures have not been reported to SAMHSA. As the primary recipient of STR and SOR grant funds, DMHAS is responsible for ensuring the accuracy of this information so that SAMHSA can make informed funding decisions. We will review and validate the additional data provided during the audit resolution process.

[19] Specifically, the footnote stated, ". . . Demographic data is not available . . . for 1,492 individuals who received recovery support services. Three transgender individuals are missing from the table. Hispanic/Latino is missing for 56 individuals."

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

Our audit period for the STR grant was from May 1, 2017, through April 30, 2020—the first 2 years of the grant and the 1-year NCE. For the SOR grant, our audit period was from September 30, 2020, through September 29, 2021—the first year of the grant. To determine whether DMHAS complied with applicable Federal regulations (45 CFR §§ 75.302(a) and 75.303(a)), we reviewed DMHAS's policies and procedures relevant to the STR and SOR grant programs and interviewed DMHAS officials.

To determine whether DMHAS met program goals, we reviewed grant applications, needs assessments, strategic action plans, annual progress reports, and source documents. We compared those programs with the requirements in SAMHSA's FOAs to determine whether DMHAS made progress or implemented programs in accordance with grant goals and requirements.

We assessed DMHAS's design, implementation, and operating effectiveness of internal controls over the financial administration of grant funds by reviewing DMHAS's internal financial management procedures and by judgmentally testing expenditures totaling $1,427,746 from the SOR grant. We tested and verified that the expenditures were allowable and that control activities were operating effectively. We assessed DMHAS's internal control design, implementation, and operating effectiveness of internal controls over data collection procedures by reviewing DMHAS's policies and procedures, reconciling supporting data to the annual progress reports, and interviewing DMHAS's programmatic staff.

We conducted our audit work from January 2022 through September 2023. On January 31, 2020, HHS declared a public health emergency for COVID-19, and on March 13, 2020, the President declared a national emergency to limit the spread of COVID-19; therefore, we were unable to conduct site visits in New Jersey and at the subrecipients.

METHODOLOGY

To accomplish our objectives, we:

- reviewed applicable Federal, State, and grant requirements related to SAMHSA's STR and SOR grants;

- interviewed SAMHSA officials regarding DMHAS's progress in meeting the objectives of the grants, challenges of meeting the goals of the STR and SOR grants, and concerns related to the implementation of the grants;

- reviewed DMHAS's grant applications, needs assessments, and strategic action plans to identify how DMHAS planned on implementing programs to meet its STR and SOR grant

goals;

- reconciled STR and SOR grant expenditures to the annual Federal Financial Reports;

- interviewed DMHAS officials to gain an understanding of DMHAS's process for completing the annual progress report submitted to SAMHSA;

- interviewed DMHAS officials and reviewed related policies and procedures to obtain an understanding of DMHAS 's monitoring of subrecipients activities;

- interviewed DMHAS officials responsible for administering the STR and SOR grants to gain an understanding of DMHAS's approach for distributing STR and SOR funds and whether DMHAS faced any challenges or barriers when implementing the programs;

- conducted a risk assessment to select 5 of the 65 subrecipients for review based on funding, program goals, and type of services provided;

- interviewed selected subrecipients regarding implementation of the SOR grant to gain an understanding of the prevention, treatment, and recovery services provided and whether the subrecipients faced any challenges or barriers when implementing these programs;

- interviewed subrecipient officials to obtain an understanding of the subrecipients' reimbursement and data collection and reporting processes for the SOR grants;

- assessed DMHAS's internal controls related to financial management and data collection by reviewing a judgmental sample of 50 transactions (10 transactions from each subrecipient) totaling $1,427,746 based on direct service amounts that each subrecipient charged to the SOR grant to determine whether the expenses were reasonable, allocable, and allowable; and

- discuss the results of our audit with DMHAS officials.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX B: RELATED OFFICE OF INSPECTOR GENERAL REPORTS

Report Title	Report Number	Date Issued
Vermont Complied With Regulations When Implementing Programs Under SAMHSA's Opioid Response Grants, but Claimed Unallowable Expenditures	A-01-20-01501	5/24/2023
Louisiana Faced Compliance and Contracting Challenges in Implementing Opioid Response Grant Programs	A-06-20-07003	4/8/2022
Choctaw Nation of Oklahoma Made Progress Toward Meeting Program Goals During the First Year of Its Tribal Opioid Response Grant	A-07-20-04121	1/20/2021
States' Use of Grant Funding for a Targeted Response to the Opioid Crisis	OEI-BL-18-00460	3/13/2020

APPENDIX C: FEDERAL REQUIREMENTS

21st CENTURY CURES ACT

The 21st Century Cures Act authorizes the Secretary of Health and Human Services to use any funds appropriated in the "Account for the State Response to the Opioid Abuse Crisis" toward grants to States for the purpose of addressing the opioid abuse crisis. The Cures Act also provides guidance on activities the State agencies may use grant monies for (21st Century Cures Act, Section 1003 (incorporating §1942 of the Public Health Service Act (42 U.S.C. § 300x-52))).

ADAMHA REORGANIZATION ACT

SAMHSA was authorized to award funds for OUD-related funding for STR, SOR, and the Tribal Opioid Response grants under the authority of the ADAMHA Reorganization Act. The purposes of these grants were to increase access to treatment, reduce unmet treatment needs, and reduce opioid overdose-related deaths through prevention, treatment, and recovery services for OUD (ADAMHA Reorganization Act, P.L. No. 102-321, § 203 (enacted in 1992) (adding § 1942 to The Public Health Service Act, P.L. No. 78-410 (July 1, 1944))).

FEDERAL REGULATIONS

Recipients must establish and maintain effective internal control over grant funds and provide reasonable assurance that recipients are managing the program in compliance with Federal statutes, regulations, and the terms and conditions of the Federal grant (45 CFR §§ 75.302(a) and 75.303(a)).

Recipients must submit performance reports using OMB-approved governmentwide standard information collections when providing performance information. These reports will contain, for each Federal award, brief information on the following unless other collections are approved by OMB: a comparison of actual accomplishments to the objectives of the Federal award established for the period (CFR § 75.342(2)(i)).

Non-Federal entities are responsible for oversight of the operations of Federal award-supported activities. They must monitor their activities under Federal awards to ensure that they comply with applicable Federal requirements and that they meet performance expectations. Monitoring by non-Federal entities must cover each program, function, or activity (45 CFR § 75.342(a)).

Subawards may be provided by a non-Federal entity to a subrecipient through any form of legal agreement, even an agreement considered to be a contract (45 CFR § 75.2). Pass-through entities must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, the subaward is in compliance with Federal statutes and the terms and conditions of the subaward, and that subaward performance goals are achieved (45 CFR § 75.352).

FEDERAL FUNDING OPPORTUNITY ANNOUNCEMENT REQUIREMENTS

SAMHSA STR Grant FOA TI-17-014 requires recipients to report performance on measures specific to the STR program, which includes the number of people who receive OUD treatment and the number of people who receive OUD recovery services. All recipients that receive the Opioid STR grant are required to prepare and submit to SAMHSA a final annual report at the conclusion of each year (FOA TI-17-014).

STR FOA 2. Expectations – Recipients are expected to develop and provide opioid misuse prevention, treatment, and recovery support services for the purposes of addressing the opioid abuse crisis in the States and territories. The service array should be based on the needs identified in the State plan (FOA TI-17-014).

FOA 2.3 Performance Assessment – Recipients must periodically review the performance data they report to SAMHSA, assess their progress, and use the performance data to improve management of their grant projects (FOA TI-17-014).

In Section V of the SOR Grant FOA TI-20-012, recipients are instructed to describe their proposed implementation approach to meeting SOR goals and objectives, which includes stating the unduplicated number of individuals who are proposed to be served with grant funds (FOA TI-20-012).

SOR Grant FOA TI-20-012 requires State recipients and subrecipients to implement prevention and education services, which included the purchasing and distribution of naloxone (FOA TI-20-012).

APPENDIX D: NEW JERSEY DEPARTMENT OF HUMAN SERVICES COMMENTS

PHILIP D. MURPHY
Governor

TAHESHA L. WAY
Lt. Governor

State of New Jersey
DEPARTMENT OF HUMAN SERVICES
P.O. BOX 700
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SARAH ADELMAN
Commissioner

December 19, 2023

Brenda M. Tierney
Regional Inspector General for Audit Services
Office of Inspector General
Office of Audit Services, Region II
Jacob K. Javits Federal Building
26 Federal Plaza, Room 3900
New York, NY 10278

Re. Report Number: A-02-22-02002

Dear Ms. Tierney:

The Department of Human Services ("the Department") is in receipt of the draft audit report issued by the Office of Inspector General ("OIG") entitled ***"New Jersey Complied With Federal Regulations When Implementing Programs Under SAMHSA'S Opioid Response Grants, But Did Not Meet Its Program Services Goals"*** pertaining to the State Targeted Response Grant period of May 1, 2017 to April 30, 2020 ("STR"), and to the State Opioid Response Grant period of September 30, 2020 to September 29, 2021 ("SOR"). Thank you for the opportunity to respond.

The Department appreciates OIG's acknowledgment that the Division of Mental Health and Addiction Services ("DMHAS") and its subrecipients complied with Federal regulations in implementing programs under its STR and SOR grants. DMHAS funded a new fee-for-service network and expanded services within its existing opioid treatment network despite the procurement challenges faced by government entities, and despite the facility closures and staffing challenges associated with the COVID-19 Public Health Emergencies ("PHE"). Additionally, DMHAS implemented effective financial controls and monitored nearly $50 million in grant expenditures while managing the additional responsibilities associated with the PHE. OIG reviewed five (5) recipients and fifty (50) transactions, and determined that every transaction was 100% compliant. Please be assured that DMHAS remains committed to the proper administration and oversight of federal funds, and it will continue its efforts to protect every dollar and maximize every expenditure to combat the opioid crisis.

OIG's other findings relate to DMHAS' purported inability to meet its service targets. In setting program targets, DMHAS could not have predicted the PHE and its impact on staffing and the capacity to provide in-person care. While the OIG report references the PHE, it should be

emphasized that it took months for every level of government, and every point of contact in the private healthcare industry, to confront and adapt to the extraordinary circumstances. Despite these obstacles, DMHAS and its contract agencies worked tirelessly to satisfy grant projections.

Moreover, DMHAS has reviewed its data and reports, and determined that it did, in fact, satisfy projections for the total amount of individuals served. In some instances, OIG miscalculated the number of individuals served. In other instances, data was mistakenly overlooked or missing from initial reports, often because of the overlap between STR and SOR. Details of the actual amount of individuals served are provided below in response to each OIG finding.

OIG Finding concerning STR Grants

OIG finds that DMHAS did not meet recovery support and treatment services goals for its STR grant-funded programs based on DMHAS' estimate that it would serve 17,342 individuals over the STR project period, beginning May 1, 2017 through the no-cost extension (NCE) ending April 30, 2020. OIG concludes that DMHAS served only 15,756 individuals, purportedly leaving a 9% shortfall of 1,586 individuals.[1] OIG acknowledges that DMHAS met treatment and prevention services goals, but concludes that DMHAS did not satisfy recovery support services and total goals, as indicated in OIG's table below.

OIG Table: STR Individuals Served by Service Type (Targeted vs. Actual)

Service Type	Number of Individuals: Target			Number of Individuals: Actual			
	Year 1	Year 2	Total	Year 1	Year 2	NCE	Total
Treatment	1,081	1,081	2,162	1,423	1,643	1,268	4,334
Recovery Support	4,590	4,590	9,180	556	2,521	345	3,422
Prevention	3,000	3,000	6,000	2,530	3,970	1,500	8,000
Total	8,671	8,671	17,342	4,509	8,134	3,113	15,756

Response

DMHAS does not concur with this finding because it believes that OIG overlooked certain data provided by DMHAS, and DMHAS did not include certain data in its initial responses which it now supplements with this response. When considering the actual data, DMHAS exceeded its total projections, and well exceeded its specific targets for treatment and prevention services.

With respect to the total number of individuals served, we believe OIG did not include the following data DMHAS reported to SAMHSA:

1. 788 unduplicated individuals served and reported in Table D (Prevention Trainings) of DMHAS' year-end report for the NCE period. The error appears to be caused by a mathematical error in the OIG Table. The quarterly subtotals reflected in DMHAS' Table D2, and the subject trainings reflected in DMHAS' Table D3, total 2,287 (not 1,500). The applicable tables, with the correct totals and emphasis added to the relevant portions, are attached as Exhibit A; and

[1] The 15,756 includes 12,643 individuals served during the original 2-year grant period, and an additional 3,113 individuals served during the 1-year NCE.

2. 59 unduplicated individuals served and reported in Table B2 (Recovery Supports) of DMHAS' year-end report for Year 2 of STR. These individuals identify as transgender and Hispanic/Latino persons, and they should not be excluded because they do not fall within a fixed classification or category. The applicable Table B2 for Year 2 of STR, with emphasis added to the individuals served but omitted from the totals, is attached as Exhibit B.

Based on the above, OIG's table should reflect an additional 847 individuals actually served – that is, a revised total of 2,288 (1,500 plus 788) for ***Prevention*** services during the NCE; and a revised total of 2,580 (2,521 plus 59) for ***Recovery Support*** during Year 2.

Furthermore, DMHAS determined that it mistakenly omitted from its original reports several subsets of data. The omissions were caused by the inadvertent failure to capture data: a) reported as "additional" family level data, including those families who could not specify the substance used by their loved ones; b) from education provided in anticipation of and in connection with the distribution of Naloxone kits; c) from programs associated with multiple/braided funding sources despite the ability to extract data attributable to STR only, as well as from programs funded initially by STR, but later transitioned to a different federal funding source; and d) from programs that reported data in alternate formats.

a) Additional Family Level Data

Certain family level data provided by STR-funded Family Support Centers ("FSC") was omitted mistakenly from DMHAS' original reports because the families could not identify the substance used by their loved ones. During the audit, however, DMHAS reported the information in the "optional tab" for "additional" cases. The FSCs report that despite families' limited knowledge of their loved ones' substance use, the FSCs provided them with Recovery Support Services. The FSCs reported 81 additional families in Year 2 and 116 additional families in the NCE, for a total of 197 additional families served. A true copy of the supplemental report is attached as Exhibit C. The Recovery Support Services provided to the additional individuals are supplemental activities related to the FSC programs that should be accounted for.

b) Additional Naloxone Education Data

DMHAS also determined that OIG did not account in any year for naloxone education included in DMHAS' original targets and provided by its Family Support Centers. DMHAS believes much of the data was overlooked initially (despite being required by DMHAS contract) because the education was provided in anticipation of and in connection with the distribution of naloxone kits.[2] The information should have been included in Table B2 of DMHAS' year-end reports for Year 2, and on the Recovery Supports Tab of DMHAS' year-end report for the NCE. DMHAS verified the education data and confirms that an additional 145 unduplicated families received naloxone

[2] As noted to OIG during the audit, DMHAS distributed 23,457 Naloxone kits during the audit period. OIG does not acknowledge these extraordinary distribution efforts in the audit. Thousands of individuals now have the means to reverse an opioid overdose and seek treatment. At a minimum, OIG's figures should account for the education provided in advance of, or in connection with, the kit distributions.

education in Year 2, and an additional 180 unduplicated families received naloxone education in the NCE.

A true copy of the data report is attached as Exhibit D. The contractual obligation to provide naloxone education was included in the FSC's scope of work (Annex A). Accordingly, OIG's figures should account for an additional combined total of 325 families.

c) Telephone Recovery Supports

DMHAS reviewed the Telephone Recovery Supports ("TRS") data provided to SAMHSA and determined that certain data for the NCE was mistakenly omitted, likely because TRS funding was transferred, in part, to the SOR grant beginning October 2019. DMHAS calculated the data percentage attributable solely to STR (from May 2019 through September 2019) and determined that STR served an additional 183 unduplicated individuals. A true copy of the data calculation is attached as Exhibit F. DMHAS confirms that it did ***not*** include these individuals in its SOR reports.

d) Opioid Education for Healthcare Professionals Trainings

DMHAS included in its initial reports data relating to various webinars in connection with its STR-funded Opioid Education for Healthcare Professionals Trainings. However, DMHAS' contracted provider submitted data in two (2) forms: 1) the first table reported individuals who completed all three (3) training modules; and 2) the second table reported the number of unduplicated individuals who completed any one (1) of the three (3) training modules. A true copy of the provider's data submission, with each of the tables, is attached as Exhibit F. The second table is correct, but DMHAS mistakenly included the first in its submission to SAMHSA. The additional data accounts for an additional 88 individuals in Table D3, column C of the NCE, thus increasing the column C total from 99 to 187. The program did not require individuals to be trained in every module.

Based on the data reported above, DMHAS submits that the OIG Table should be amended as follows:

Service Type	Number of Individuals: Target			Number of Individuals: Actual			
	Year 1	Year 2	Total	Year 1	Year 2	NCE	Total
Treatment	1,081	1,081	2,162	1,423	1,643	1,268	4,334
Recovery Support	4,590	4,590	9,180	556	2,806	824	4,186
Prevention	3,000	3,000	6,000	2,530	3,970	2,376	8,876
Total	8,671	8,671	17,342	4,509	8,419	4,468	17,396

Based on the above, DMHAS satisfied (and in fact, exceeded) the STR targets that were predicated on the total STR funding award of $25,991,242.00.

We note, however, that DMHAS satisfied targets without expending all of the STR funds available to it. DMHAS records indicate a total unexpended amount of $6,445,646.00 of STR funds. Thus, DMHAS exceeded certain targets in a fiscally responsible manner during a public health emergency that necessitated facility closures and caused staffing shortages.

OIG Finding concerning SOR Grants

OIG finds that DMHAS did not meet goals related to the number of individuals served for its SOR grant-funded programs based on DMHAS' projection that it would serve 29,279 individuals during the audit period of September 30, 2020 through September 29, 2021. OIG concludes that according to DMHAS' progress reports to SAMHSA, its SOR-funded programs served only 27,868 individuals, leaving a five (5%) percent shortfall of 1,464 individuals served.

Response

DMHAS does not concur with this finding because DMHAS did not include certain data in its initial responses which it now supplements with this response. When considering this data, DMHAS exceeded its total projections.

DMHAS determined that it mistakenly omitted from its original reports all performance data relating to each of the three agencies in DMHAS' Opioid Overdose Prevention Program ("OOPP"), which were included in DMHAS' original targets. DMHAS verified the data and confirms that an additional 1,253 unduplicated individuals received training during the SOR audit period. A compilation of the monthly data is attached as Exhibit G.

DMHAS also determined that it mistakenly omitted from its original reports training data from certain County Innovation Programs ("CIP"), which were included in DMHAS' original targets. DMHAS verified the data and confirms that an additional 602 unduplicated individuals were trained by the CIPs for the six (6) months of data available to DMHAS.[3] A summary table and the original narrative report evidencing the data are attached as Exbibit H.

Finally, DMHAS determined that it neglected to include one month of training data from its Opioid Overdose Prevention Network ("OOPN"). The data was overlooked because the programs were funded in part by a separate federal Prescription Drug Overdose grant. DMHAS failed to capture the September 2021 period that was funded by SOR. During the one-month period, OOPN provided trainings to an additional 202 unduplicated individuals. The September 2021 data is attached as Exhibit I.

Based on the above, the total number of individuals served increases by 2,057, bringing the total from 27,868 to 29,925. DMHAS therefore satisfied (and in fact, exceeded) the SOR targets for the audited period.

We again note that DMHAS did not expend all of the funds available to it. DMHAS records indicate that the total unexpended amount of SOR funds for the relevant year is $29,953,438.12. Thus, DMHAS exceeded its targets in a fiscally responsible manner during a public health emergency that necessitated facility closures and caused staffing shortages.

[3] DMHAS secured access to six (6) months of data, but did not have sufficient time to secure data for the second half of the audit year.

OIG Recommendation:

OIG recommends that DMHAS identify factors that could delay grant-funded activities when estimating goals for future STR and SOR grant applications.

Response

DMHAS concurs with the recommendation as it is always considering ways to effectively and efficiently spend grant funding. However, we note challenges with the subject grants that were not specific to New Jersey, including the timing of the grants and the public health emergency.

In the OIG national report entitled, *States' Use of Grant Funding for a Targeted Response to the Opioid Crisis*,[4] OIG found that nearly every State "experienced delays in implementing their respective STR grant programs." In fact, "[a]lmost a third of the total nationwide STR grant funding ($304 million) remained unspent after 2 years" and 51 States and territories required an extension. OIG also acknowledged that the "primary driver" for the delays were "[c]hallenges with State procurement processes."

One challenge unique to the STR grant was not addressed in OIG's national report. STR funding was first awarded in April 2017, and while the Funding Opportunity Announcement (FOA No. TI-17-014) required the commencement of services within four months of grant award, the project period commenced May 1, 2017. In short, the STR grant timeline did not provide any time to competitively bid the federal dollars. Instead, States were expected to commence services almost immediately, without any regard for procurement processes.

DMHAS, like agencies in other states, must comply with competitive bidding laws. These laws usually require the development and public posting of a procurement, which takes significant time. The provider community must then develop bids. DMHAS must review these bids, score them, issue awards, process any bid appeals, negotiate terms of agreement, and execute a formal contract. The final contract must identify deliverables and performance standards, specify measurable goals, fix reporting criteria, and particularize fiscal controls. In certain circumstances, DMHAS may pursue direct agreements with other government entities without a full procurement process, but this process also takes considerable time

The procurement process, from start to finish, takes a minimum of six months. New and innovative programs take several months more, in order to: develop clinical standards; verify licensure authority with the State's Department of Health; formulate a revenue model; and ensure that adequate fiscal standards and controls are in place.

Further, once a contract is in place, the awardee must "wind up." The contracted agency must secure or access the necessary facility and license; advertise, interview and hire qualified staff; and purchase the necessary equipment. All of these steps take time, yet they are important to ensure that federal resources are spent appropriately and the quality of care is not compromised.

[4] Murrin, Suzanne, Deputy Inspector General for Evaluation and Inspections (March 2020). *States' Use of Grant Funding for a Targeted Response to the Opioid Crisis* (OEI-BL-18-00460). U.S. Department of Health and Human Services, Office of the Inspector General. https://oig.hhs.gov/oei/reports/oei-BL-18-00460.pdf

Moreover, during the COVID-19 PHE, the challenges increased exponentially with severe staffing shortages, facility closings, increased workloads and supply chain limitations.

DMHAS made significant efforts to contract and commence STR and SOR funded services, despite the procurement challenges experienced across the country. With respect to STR, DMHAS publicly advertised the availability of funding for certain awards before it received its federal notice of award, noting that any award would be contingent upon the receipt of federal funds, and the State's provider agencies invested their time and resources on bids for funding that was not yet definite. Specifically, DMHAS advertised for nine (9) Opioid Overdose Recovery Program contracts before the award of STR funds, and it awarded nine (9) contingent contracts only two months after receipt of DMHAS' award of STR funds. DMHAS then drafted five (5) additional RFPs, scored dozens of proposals, issued more than twenty (20) awards, and negotiated twenty-nine (29) new contracts. Of the twenty-nine (29) new contracts, twenty (20) were awarded within six (6) months of SAMHSA's notice of STR award. While the execution of formal contracts and the commencement of services took several more months despite DMHAS' best efforts, DMHAS began its treatment fee-for-service program only two (2) months after the STR award. A table of the RFPs, awards and contract start dates appears below.

STR Funded RFP	RFP Issued	Date of Award	Contract Start
Opioid Overdose Recovery Program (Burlington, Cape May, Cumberland, Morris, Salem, Somerset, Sussex, Union and Warren Counties)	3/30/2017	6/30/2017	Bur: 1/2018 CM: 8/2017 Cum: 11/2017 Mor: 8/2017 Sal: 12/2017 Som: 10/2017 Sus: 9/2017 Un: 12/2017 War: 1/2018
Support Team for Addiction Recovery (Atlantic, Bergen, Camden, Essex, Gloucester, Hudson, Middlesex, Monmouth, Ocean and Mercer Counties)	7/24/2017	10/6/2017	Atl: 6/2018 Ber: 3/2018 Cam: 4/2018 Esx: 4/2018 Glo:4/2018 Hud: 4/2018 Mid: 5/2018 Mon: 2/2018 Ocn: 2/2018 Mer: 8/2018
Opioid Overdose Recovery Program (Hunterdon County)	8/11/2017	10/10/2017	3/1/2018
Alternative Approaches to Pain Management for Older Adults (5 awards)	10/13/2017	1/2/2018	CPC: 10/1/2018 CAFS: 10/1/2018 PIP: 10/1/2018 PR: 10/1/2018 Rwn: 10/1/2018
Family Support Centers (3 regional awards)	12/4/2017	2/20/2018	No: 7/2018 Cen: 3/2018 So: 6/2018
Telephone Recovery Support (1 award)	12/20/2017	3/1/2018	7/1/2018

With respect to SOR, DMHAS determined that it was best to transition various STR-funded programs (already operational) over to SOR-funding. The transition allowed DMHAS to avoid interruptions in service, and to utilize SOR funds almost immediately. Although DMHAS experienced common procurement delays with new SOR-funded programs, the impact of such delays was less significant. DMHAS notes that the COVID-19 PHE exacerbated staffing shortages, necessitated certain facility closings and overtaxed an already over-burdened work force. Despite all of those challenges, however, DMHAS satisfied its SOR projections as supported herein.

Thus, while DMHAS will continue to identify factors that that could delay grant-funded activities when estimating service goals, procurement and contracting will always take time.

DMHAS appreciates the urgency of the Opioid crisis and the obligation to meet the treatment needs of individuals with an OUD. In its national report, OIG inquired whether States "have the resources needed to fight the overdose epidemic and to continue their efforts to reverse the OUD crisis." To that question, DMHAS responds, "no." More services means more staff. DMHAS needs tools and resources to overcome the severe workforce challenges in this space. Simply stated, New Jersey is trying to treat individuals with an OUD, but there is not enough qualified staff to do it.

Thank you again for the opportunity to review and respond to OIG's draft audit report. We appreciate OIG's recognition that DMHAS and its subrecipients complied with Federal regulations in implementing programs under its STR and SOR grants. The State remains committed to addressing the opioid crisis by increasing access to treatment, reducing unmet treatment needs, and reducing opioid overdose related deaths through the provision of prevention, treatment and recovery activities for OUD. New Jersey will do everything in its power to overcome the common obstacles and barriers faced by DMHAS and every other STR and SOR grant recipient.

Sincerely,

Sarah Adelman

Sarah Adelman
Commissioner

c: Valerie Mielke, Assistant Commissioner
Allan Brophy, Director, Office of Auditing