



**TESTIMONY BEFORE THE JOINT FISCAL COMMITTEES
OF THE NEW YORK STATE LEGISLATURE
REGARDING THE 2008-2009 EXECUTIVE BUDGET
MENTAL HYGIENE FUNDING**

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Submitted by:

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INTRODUCTION

Thank you to the chairs and members of the New York State Senate Finance and Assembly Ways & Means Committees for hearing our testimony today on elements of the Executive Budget relating to mental hygiene. I am Jeff Wise, president and chief executive officer of the New York Rehabilitation Association.

The New York State Rehabilitation Association, NYSRA, this year marks 30 years as a statewide trade association of not-for-profit providers of services to New Yorkers of differing abilities. Our providers and their dedicated direct-care staff are key components of the state's delivery system of services to people with developmental disabilities, mental health diagnoses, learning disabilities, and other conditions. Our approximately 100 provider agencies deliver myriad services to New Yorkers, including vocational rehabilitation, residential care, and many other person-centered services.

GENERAL RESPONSE TO THE EXECUTIVE BUDGET

Generally, we believe the Governor's budget recognizes the social value of assisting people in need, a role for government in helping people be truly productive and integrated members of society, and a sense of compassion for people who face – and with the proper assistance – surmount remarkable challenges in life that many of us do not ordinarily encounter. We know that, historically, the Legislature has also recognized this value and we once again express our appreciation to you for your ongoing support.

We believe the Governor has done much in this proposed budget to further his theme of One New York, a theme that individuals, families and providers in the disabilities system embrace. As an association of providers of services, NYSRA endorses the notion of a system that is person-centered, with services tailored as much as possible to serve people through individualized supports, and to work with government to enrich the lives of all New Yorkers through methodologies that lead to integration of people with special needs into the community.

While we understand the pressures that are present in every budget season, and acknowledge the proposals from others that may be put in front of the Legislature in the coming weeks, NYSRA urges that the key elements of the Executive Budget relating to developmental disabilities, mental health, and vocational rehabilitation issues be carried forward into the adopted State Budget.

In weighing the various pressures that are applied to any State Budget process, we ask that the Legislature remain mindful of the critical importance of our workforce. Our not-for-profit agencies constantly struggle to ensure that fiscal constraints do not erode their ability to attract and employ quality direct-care staff. Those who work in our field are dedicated people who help make huge differences in the lives of New Yorkers facing extra challenges. We join with the Governor and others who recognize the strength of this workforce, of the importance of keeping

it at the highest levels of service, and of the challenges that workforce – and our not-for-profit providers who employ them – face in maintaining and ensuring delivery of high-quality services. NYSRA welcomes the views of how best to continue these services, and stands ready to work with all policy-makers and decision-makers to find ways to maintain the continuity and stability of the workforce in the areas of developmental disabilities, mental health, substance abuse, and in all our disabilities disciplines.

Obviously, a key element of our system involves the Medicaid system. We recognize the need for scrutiny of that program and stand ready to help find ways to effect system change that leads to more effective and efficient services. At the same time, however, we must remind the Legislature and the Executive that changes – and proposed changes – at the Federal level pose serious questions about the future efficacy -- and even the viability – of our system. Federal regulators seem, at least at the moment, quite intent on finding ways to cut the flow of Federal dollars to many of our programs. This creates a circumstance that makes any State-level changes all that much more dramatic, sharpening the impact of even small adjustments in revenue streams. And adding to that impact is the simple fact that virtually all cohorts of the population we serve are growing in number and living longer.

Simply put, the demand for services has never been greater. At the same time, we see sentiment toward cutting revenue sources. While, again, we support system reforms that truly make the system cost-effective, we must be on guard for those reforms that could, in fact, mean fewer services getting to fewer people.

Additionally, we would once again note our willingness to partner with the State in rooting out cases of true fraud and abuse of the Medicaid system. NYSRA's members take such efforts seriously. However, we would note that the ever-increasing number of agencies performing audits of programs – state program agencies like OMRDD and OMH, the Office of the Medicaid Inspector General, County Governments, and the Attorney General – can become highly duplicative and result in an extremely inefficient system. Providers, many of them already stretched quite thin in their workforce, are required to devote hundreds of staff hours to multiple, redundant audits.

DEVELOPMENTAL DISABILITIES

The Executive Budget includes important support for New Yorkers whose services are delivered through the Office of Mental Retardation and Developmental Disabilities. Overall OMRDD support will be \$4.4 billion – an increase of \$1.2 billion. The large increase in OMRDD spending proposed by the Executive Budget, however, is largely due to technical changes and shifting of cost centers into the OMRDD budget that did not previously appear there. The actual increase in programs in the office is approximately \$250 million.

NYSRA supports the following elements of the Executive Budget and urges their preservation in the enacted budget:

- The Medicaid trend factor is set at approximately 3.5 percent. We are grateful for that level of support, which blunts the effects of inflation and is a key element that helps to maintain current levels of certain services.
- The third installment of the COLA for eligible un-trended programs that was adopted last year by the Legislature from the 2006-2007 Executive Budget proposal, is funded and based on a statutory index. We support this funding from the Executive, and we support the Executive Budget's proposal to extend this COLA for three years once the current adjustment expires at the end of the upcoming fiscal year.
- Enhancements for Family Support and Respite Services are included, providing \$2 million in new funding for those areas. We support the Executive Budget in this expansion, as well as the inclusion of additional money to support services to 1,300 individuals with autism or autism spectrum disorders.
- An additional \$750,000 is included in the next fiscal year to further strengthen competitive and supported employment programs. NYSRA providers support funding for such programs to ensure that individuals succeed in integrated settings, but note that employment programs must offer the widest array of work opportunities to ensure that individual needs are accommodated.

NYSRA expresses concern about the following:

- There are cost savings to be found at OMRDD totaling some \$10 million – half of that state share – through “rationalizing provider reimbursement.” OMRDD officials have been collaborative with providers in the past, and we are optimistic that dynamic will continue, in finding solutions to cost challenges. We note, however, that is difficult for us to assess at this time the level of impact of this initiative, since the precise nature of the source of these savings is not yet determined. On a general level, the Executive calls for rate “restructurings” for areas such as Intermediate Care Facilities, Day Habilitation in Home and Community-Based Services, Article 16 clinic services, and levels of reimbursement for administrative costs in all programs. This latter proposal regarding administrative reimbursement is a major concern. As regulatory requirements and labor-intensive paperwork obligations increase, so do the costs of running our service programs. It is essential, then, that we all truly pursue “rational” reimbursement – while rates should be rational from a payer standpoint, they must also rationally reflect true costs of providing the needed services.

MENTAL HEALTH

The Executive Budget funds the Office of Mental Health at some \$3.7 billion. This is an increase of some \$1.4 billion but, as with OMRDD, this largely due to technical changes and shifting of cost centers into the OMH budget that did not previously appear there.

NYSRA supports the following elements of the Executive Budget:

- The third installment of the COLA for eligible un-trended programs that was adopted last year by the Legislature from the 2006-2007 Executive Budget proposal is funded and based on a statutory index. We support this funding from the Executive, and we support the Executive Budget's proposal to extend this COLA for three years once the current adjustment expires at the end of the upcoming fiscal year.
- Resources that will allow OMH to develop 1,500 Supported Housing Beds targeted to specific mentally ill populations and develop 500 integrated Single Room Occupancy (SRO) beds for priority populations.
- Some \$5 million to take the first steps in rationalizing clinic funding. This initiative will provide fiscal relief to mental health clinics by: establishing minimum comprehensive outpatient provider rates for clinics licensed solely under Mental Hygiene Law; rebasing clinic providers who have exceeded their Comprehensive Outpatient Programs (COPS) threshold using prior year service volume; eliminating volume adjustments on COPS clinic services; limiting certain payments made for services provided to managed care enrollees; and removing the Medicaid neutrality cap for mental health clinic services. NYSRA was a participant in the 2007 study of these issues and notes that the Executive Budget adopts recommendations from that clinic restructuring study.
- Demonstration programs to address the treatment needs of persons who are both mentally ill and chemically dependent, with \$1.0 million budgeted. An additional \$1.5 will support two managed care demonstration programs (one in Western New York and one in New York City) that will help coordinate both the health and the behavioral health needs of high cost populations.

NYSRA recommends the following:

- NYSRA joins others in asking the Legislature to add \$2 million in funding to enhance employment opportunities for individuals with mental health conditions.

VOCATIONAL EDUCATION (VESID)

VESID-funded programs will see funding through the State Education Department at the same levels as in the current fiscal year. NYSRA and its member agencies would merely point out that the rehabilitation programs funded through the State Education Department are often pivotal in the lives of those receiving services in our state's schools, and we urge the Legislature to continue to support these services.

SUMMARY OF NYSRA RECOMMENDATIONS:

NYSRA seeks a formal study of the myriad and critically important issues relating to not-for-profit workforce recruitment and retention. The demands of working in these human services are great, while resources for compensation of direct care staff often lag behind those demands. While we are mindful of the use of Medicaid trend factors and program COLAs to help meet this issue, NYSRA urges the creation of a formal Task Force on Workforce Recruitment and Retention to study current workforce capacity, increasing costs of human resources, potential revenue streams, and possible recommendations for ensuring a strong workforce in the coming years.

NYSRA joins others in asking the Legislature to add \$2 million in funding to enhance employment opportunities for individuals with mental health conditions. The rehabilitation and recovery community strongly believes that employment opportunities for this population are critical to ensuring positive outcomes for people.

NYSRA asks the Legislature to reject the Executive Budget's proposal to have not-for-profit exempt organizations collect sales taxes on certain sales, including auctions and other revenue-raising enterprises. We believe that the proposal could result in hardship to organizations looking to find ways to raise revenue – revenue that it might otherwise need to solicit from the government or through other programs. Such a policy may deter organizations from investigating these activities to fund their missions.

CONCLUSION

NYSRA is grateful to the Legislative Leaders, these committees and their chairs, and to all rank-and-file members of the Legislature who have always been supportive of New Yorkers with disabilities. We urge the Legislature to continue the fine work it has always done in this area and are available at any time to confer with you on how best to improve the lives of all New Yorkers.