



NYSRA 2012-2013 PROPOSED STATE BUDGET

TALKING POINTS

GENERAL THEMES:

Governor Cuomo has presented an Executive Budget that is ambitious on many fronts. Some aspects of the proposed budget for SFY 2012-2013 are worthy of NYSRA support. But, as is generally the case with any budget, there are elements of the plan that raise questions and concerns. That is not surprising given the sweeping reforms that are taking place in New York State with regard to systems change in many areas, including services to people with disabilities.

From a fiscal perspective, we know that New York continues to confront many challenges, including a sluggish state and national economy, structural deficits that have accumulated over many years, and changes beyond New York's control. Among these would be the current climate in Washington, which is not one that engenders a sense of encouragement when it comes to fiscal resources for states and their residents.

Whatever the fiscal or policy climate, **servicing people with disabilities is an essential responsibility that New York has long assigned a very high priority. However difficult the climate, however urgent the need to find efficiencies, transform systems, and adjust roles of various stakeholders, this high priority must always remain.**

The proposed SFY 2012-2013 state budget thankfully interrupts a series of budget actions over the past 3 years that have resulted in overall cuts to most programs in the mental hygiene system. We commend the Governor for keeping his pledge, made last year when sacrifices were necessary to close a \$10 billion budget deficit, to work for a 4 percent increase in Medicaid spending overall in the coming fiscal year. We also commend the Governor and the Legislature for their joint efforts two months ago to revamp the state's personal income tax code, generating \$1.5 billion in revenue for the next fiscal year and assisting in closing a structural deficit estimated at \$3.5 billion.

Structural changes at a rapid pace, however, cause concern among all stakeholders in the field of disabilities. Both the mental health and the developmental disabilities systems in New York will see drastic changes as the state transitions all Medicaid beneficiaries toward a full managed care environment.



OMH TALKING POINTS

New York has begun its transition to managed care in mental health with the advent of Behavioral Health Organizations (BHOs). The purpose of these five regional organizations is to monitor service utilization, review length of stay, monitor and work to reduce readmissions, enhance engagement with individuals in outpatient treatment settings, profile performance by providers and work to encourage cross-systems coordination. The five regional BHOs have been contracted jointly by OMH and the Office of Alcohol and Substance Abuse Services (OASAS).

- NYSRA urges the Legislature to be aware of the major changes happening in the behavioral health field and to engage actively with the Administration to analyze BHO implementation and any impact on services to individuals. Phase 2 of the BHOs will begin in 2013 and will include some form of risk-bearing Medicaid managed care for adults and children with serious mental health issues or substance use disorders.
- NYSRA urges the Legislature to support the Executive Budget's freeing up of capital dollars to begin increasing the number of supportive housing units available to New Yorkers. However, the state should consider further investment in upstate housing opportunities; reliance on NY/NY III is helpful, but needs exist in areas outside of New York City.
- NYSRA urges the Legislature to prescribe specific reinvestment principles regarding a portion of the state savings due to institutional closures. The budget gives authority only to the Health Commissioner with regard to reinvestment. All commissioners should have authority to reinvest dollars from savings in their areas. A portion of savings in OMH should be reinvested in employment, education, family services, and other areas.
- NYSRA urges the Legislature to remove the proposed sunset date on COLAs for health and human services agencies. In contrast to past years when enacted COLAs were delayed, this Executive Budget proposes, essentially, a repeal of the COLA statute as of April 1. While we understand the need to forgo the COLA in this tight budget year, we believe the Legislature should retain the ability appropriate funds for such use in future years.
- NYSRA urges the Legislature to support grants to providers to assist in converting Information Technology (IT) systems to ensure the smoothest transition to Medicaid managed care in the MH/BH sector.



OPWDD TALKING POINTS

As with mental health, the DD system in New York State is embarking on a period that will undoubtedly bring dramatic changes to a system that serves some 126,000 New Yorkers. State officials are currently in negotiation with federal staff at the Centers for Medicare and Medicaid Services (CMS) on the upcoming Section 1115 Medicaid managed care waiver, termed the People First Waiver. Managed long-term care presents special issues that are distinct from issues in the acute health care realm. Although we have seen – and participated in – months of waiver design and planning, as yet the actual implementation and operation of the People First Waiver is not truly known. Areas of concern include what appears to be a growing waiting list for residential opportunities.

- NYSRA urges the Legislature to be vigilant and engaged in monitoring with us the pilot programs that are put in place to test New York’s managed care environment for people with developmental disabilities. We ask that legislators urge their leadership and Committee Chairs to affirmatively engage with the Administration to ensure the waiver does not result in upheaval, fiscal dangers, and loss of services to individuals.
- NYSRA urges the Legislature to actively monitor Administration efforts regarding unmet need as demonstrated by waiting lists for services.
- NYSRA urges the Legislature to support OPWDD funding included in the Executive Budget to create new residential and non-residential opportunities. Consideration should always be given to finding additional resources, when possible, to even further strengthen this effort.
- NYSRA urges the Legislature to preserve, even expand, funding for employment opportunities for people with disabilities. Employment should be a priority; funds should not be eroded.
- NYSRA urges the Legislature to support any Administration efforts to transition individuals out of institutional, state-run facilities and into community-based services. Such a transition will serve the interests of finding efficiencies and savings while continuing to guarantee quality supports and services.



CROSS-AGENCY TALKING POINTS

The Governor has proposed, in both budget language and in a January 18, 2012 Executive Order, to limit state reimbursement of executive salaries and administrative costs at providers of services who contract with one or more of several state agencies. While we condemn some of the practices that have come to light in newspaper stories over the past few months, NYSRA strongly believes that fiscal abuses are not at all widespread. We also strongly believe in the community-based service model, with services provided by local agencies that governed by Boards of Directors whose members are mission-driven and community-minded. Rather than rigid compensation reimbursement limits such as those proposed, we urge an alternative based on existing IRS statutory and regulatory language, as well as oversight statutes already on the books in New York State.

On the matter of administrative costs, NYSRA has engaged with colleagues and policymakers over the issues presented by the limitations. NYSRA supports the notion of as many dollars as possible being used for direct supports and services. However, issues arise with regard to defining – both within state agency programs and across state agency programs – which dollars in which programs belong to which category (admin or program). We strongly believe that state agencies must collaborate in this area (despite each commissioner being given individual authority for rulemaking) to ensure there is consistency and uniformity in calculating and expressing admin and program costs.

- NYSRA urges the Legislature to consider using existing statutes and IRS provisions to determine whether executive compensation is excessive. Such an approach is based, as noted, on existing requirements. It also ensures that community-based Boards of Directors are responsible, which is a major virtue of the community-based provider system.
- NYSRA urges the Legislature to encourage state agencies to work collaboratively in arriving at rational and actual distinctions between administrative and program dollars for purposes of calculating whether proper allocations are being followed. At present, differing methodologies among the respective state agencies cast considerable doubt as to how this allocation requirement can be properly fulfilled.