



NEW YORK STATE CONFERENCE OF LOCAL MENTAL HYGIENE DIRECTORS, INC.

An Affiliate of the New York State Association of Counties

41 State St., Suite 505, Albany, NY 12207 (518) 462-9422 FAX (518) 465-2695

E-MAIL: clmhd@clmhd.org www.clmhd.org

2010-11 EXECUTIVE BUDGET OVERVIEW

DEPARTMENT OF MENTAL HYGIENE – IMPACTS TO OMH, OMRDD AND OASAS

No cuts to Local Administration dollars: All three agencies have indicated that the proposed Executive Budget does not contain any cuts to local administration dollars.

Eliminate Enhanced Funding for Unified Services Counties: Eliminates the enhanced funding for Unified Service counties (Rensselaer, Rockland, Warren, Washington and Westchester) effective July 1, 2010.

Protect Providers from a Deflationary Cost-of-Living Adjustment (COLA): Modifies the current statute to protect providers from a negative 2.1 percent COLA, and extends the statute for an additional year. The COLA adjustment is tied in statute to the CPI. Since the CPI is -2.1%, if the COLA were allowed to run, the effect would be lower payments to employees. The delay prevents a loss to not-for-profit providers that contract with the state agencies.

Reauthorize Exemption from Social Worker Licensing Requirements: Extends the exemption from the social work and mental health practitioner licensing requirements for an additional four years through June 1, 2014 (Article VII is in the Education, Labor and Family Assistance bill).

Office of the Medicaid Inspector General (OMIG): The Department of Health Medicaid bill amends the Civil Penalties Section of Public Health Law (PHL) to authorize civil penalties for defrauding the Medicaid program according to the following schedule:

- \$10,000 per violation
- \$25,000 per violation for repeat of the same violation within 5 years of initial violation
- \$50,000 per violation for repeat of violation that was assessed at \$25,000 per violation within 5 years of repeat violation.

Increase the Medicaid Fraud Target: (DOH Medicaid Bill) OMIG Medicaid Fraud Target is increased by \$300 million for 2010-11 up to \$1.2 billion. The Medicaid Fraud Target for 2009-10 was \$870 million.

Timothy's Law (NYS Mental Health Parity): (Transportation Economic Development Bill) Reduces by \$30 million the reimbursement to small businesses (50 or fewer employees) provided to offset the cost of mandated mental health benefit coverage under Timothy's Law.

Health Insurance Premiums: Reinstates the authority of the State Insurance Department (SID) to review and approve premium rate increases of health insurance companies. (\$70 million savings in 2010-11 and \$150 million in savings in 2011-12.)

OFFICE OF MENTAL HEALTH (OMH)

PROPOSED 2010-11	DIFFERENCE FROM 2009-2010 AVAILABLE
State Operations: \$2,121,294,000	\$ 82,636,000
Aid to Localities: \$1,281,183,000	\$ 127,755,893
Capital Projects: <u>\$576,543,000</u>	<u>(\$342,252,000)</u>
Total \$3,646,768,000	(\$131,860,107)

Medicaid Managed Care Pass-through for Mental Health Services

The Governor's 21-day amendments include a key provision authorizing the transfer of funding from the Office of Mental Health to the Department of Health to increase the premiums paid to the Medicaid managed care plans. The bill would require the plans to subsequently pass through the increased premiums to mental health clinic providers on parity with the Ambulatory Patient Group (APG) rate methodology.

Extends the Community Mental Health Support and Workforce Reinvestment Program:

Reinvestment is extended for one year until March 31, 2011. The existing membership and duties of mental health subcommittees of the Community Services Boards (CSBs) is also extended until March 31, 2011. Closures planned for the 2010-11 fiscal year are not subject to the reinvestment statute.

Discontinues the Exemption for anti-depressants, atypical anti-psychotics, anti-retroviral and anti-rejection drugs from the Medicaid Preferred Drug Program (PDP): (DOH Medicaid bill) The PDP program allows the Medicaid program to obtain higher rebates from drug manufacturers when a drug is determined to be a "preferred" drug and can be obtained directly without prior authorization from Medicaid. In order for Medicaid to access additional supplemental rebates available through the multi-state purchasing pool, DOH is using existing statutory authority to add these drugs to the PDP to access the supplemental rebates only. Prior authorization would NOT be required under the program and the physician opinion would prevail if Medicaid denies approval for the drug.

Continue to Expand Personalized Recovery Oriented Services (PROS):

The 2010-11 Executive Budget Recommendation includes funding to annualize programs already in development by supporting conversions to Personalized Recovery Oriented Services (PROS) which will more than triple capacity by the end of 2010-11.

Adult Home Remedial Plan (+\$1 million):

In response to a Federal court decision, a portion of the savings from delays in residential development begun in 2009-10 budget, and proposed savings actions in this year's budget, are being reinvested to support a proposed multi-year remedial plan to provide additional OMH supported housing for individuals currently in adult homes. In 2010-11, \$1 million to begin assessments of current residents, with funding of \$20 million annually in five years to fund 1,000 additional supported housing units, education, skills development, and ongoing review of the remaining adult home residents.

Clarify Existing Authority for Recovery of Exempt Income from Residential Programs: Includes language to clarify OMH's existing authority to recover exempt income consistent with the contract agreements for Community Residences and Family Based Treatment programs for the fiscal periods January 1, 2003 through December 31, 2009 for programs in counties located outside the City of New York and July 1, 2003 through June 30, 2010 for programs located within the City of New York.

OMH State Operations: 2010 - 2011 Proposed Savings

Ward Efficiencies (-\$9.0 million): The 2010-11 Executive Budget authorizes that up to 250 Adult inpatient beds be reduced or replaced via conversion to the Transitional Placement Program (TPP). TPPs provide support to transition individuals to community care. The agency is hoping that workforce reductions can be achieved through attrition, however, Article VII legislation has been advanced to eliminate the required 12 month notice to Local Governments, community organizations, unions and others, for this downsizing in order to achieve savings in the 2010-11 fiscal year.

Other Savings Actions (-\$54.9 million): The 2010-11 Executive Budget includes several recommendations to enhance agency operating efficiencies such as converting certain Information Technology contracts to State jobs, overtime savings, a review of Hazardous Duty Pay and Standby/On-Call Pay to ensure appropriate usage, a reduced planned annualization of targeted salary enhancements to promote recruitment and retention of clinical staff, eliminating the duplicative Unmet Needs Study, and a reduced annualization of a variety of Forensic programs including savings for the enhanced use of video-conferencing of certain Sex Offender Management & Treatment Act (SOMTA) judicial proceedings (-\$31.7 million). Lastly, reductions include savings related to OMH's share of proposed collective bargaining savings (-\$23.2 million).

Prior Year Initiatives (+\$18.0 million)

The 2010-11 Executive Budget includes adjustments related to the annualization of the following 2009-10 actions:

- Adult inpatient restructuring initiative (-\$6.3 million);
- SOMTA expansion to support projected census growth to 230 individuals (+\$16.3 million);
- Voluntary Severance Plan (-\$18.9 million);
- Forensic programs (+\$5.4 million); and
- Continuing other existing programs (+\$21.5 million).

Census/Bed Levels

The 2010-11 Executive Budget includes ongoing support for the following existing beds:

- 3,380 Adult inpatient beds (4,030 - 2007-08 level)
- 538 Children & Youth (C&Y) inpatient beds (526 - 2007-08 level)
- 715 Forensic inpatient beds (695 - 2007-08 level)
- 230 projected SOMTA census of 230 (123 – current census)

Continue Pipeline Residential Units - Defer New Residential Units:

The 2010-11 Executive Budget includes resources for residential units currently in the pipeline to annualize units opened in the current year and more than 1,300 new units scheduled to open by the end of 2010 – 11 fiscal year under the New York/New York III agreement and supported housing units. The Executive Budget continues a freeze on new construction included in the 2009-10 Deficit Reduction Plan (DRP), impacting approximately 1,600 units.

Continue to Improve Employment Opportunities through Federal Grant:

The 2010-11 Executive Budget includes a new \$6 million appropriation for a second federal Medicaid Infrastructure Grant (MIG) for the New York Makes Work Pay program, to increase capacity to support individuals with all disabilities with a desire to work; build comprehensive, cross-agency, sustainable, coordinated systems of support and services to advance employment for individuals across the full spectrum of disabilities.

Implementation of 2009-10 Spending Controls

Voluntary Severance Program: The 2010-11 Executive Budget annualizes the savings measures initiated in SFY 2009-10 as part of the Voluntary Severance Program (VSP). This initiative, which resulted in reduction of 290 FTEs through attrition, vacancy elimination and approved voluntary severance will annualize at a total savings of \$23.4 million in Personal Service and Fringe Benefits savings.

Deficit Reduction Plan: The 2010-11 Executive Budget continues the \$5.8 million in non-personal service savings measures that OMH has taken as a result of the 2009/10 mid-year Deficit Reduction Plan (DRP). Savings measures will be taken through agency operating efficiencies.

Maximization of Recoveries:

OMH will continue its efforts to maximize recoveries of State Aid funding from direct contracts and State Aid advances to counties by becoming current with past-due reconciliations, as well as completing the reconciliations underway for Comprehensive Outpatient Programs.

OFFICE OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES (OMRDD)

The 2010-11 Executive Budget recommends \$4.8 billion for OMRDD on an all funds basis (a \$78 million increase over 2009-10 level) broken down as follows:

State Operations	\$2,259,461,000
Aid to Localities	\$2,369,296,000
Capital	<u>\$139,560,000</u>
Total	\$4,768,317,000

Day Habilitation: The 2010-11 Executive Budget recommends a 4% cut to Day Habilitation services for a savings of \$14 million to the Financial Plan on a full annual basis. OMRDD be will requiring providers to submit plans identifying how they will implement the decrease. This action would take effect on May 1, 2010.

Sheltered Workshop/Prevocational Services/Day Training: The Executive Budget reflects a reduction of approximately \$7 million in State funding due to both the elimination of Unified Services and the implementation of the 10 percent reduction in quarterly advances to Counties for county administration, sheltered workshop programs and other services in the county supporting individuals with developmental disabilities that was included in the 2009-10 final enacted state budget. This action would also include a 10 percent reduction in State aid paid through direct contracts for these same types of programs.

Medicaid Service Coordination/Plan of Care Support Services: The 2010-11 Executive Budget Recommendations for OMRDD makes an 18% cut to targeted case management services, provided through the MSC program through the reimbursement rates and the cost structure for a \$21 million state savings. Restructuring efforts to the MSC program may include adjusting staff caseloads, reassessing the number of individuals receiving case management services, developing different levels of service based upon the individuals needs and potentially offering a self-directed option.

NYS-CARES: Provides funding to support the opening of 530 new out-of-home residential opportunities, and an additional 1,000 new in-home residential opportunities By the end of the

2010-11 fiscal year approximately 18,500 individuals will have received residential services through NYS-CARES.

New Community Services for Graduates: Funding is provided to support the development of 133 new residential and more than 1,600 new employment/day service opportunities and to support 51 new in-State residential opportunities pursuant to Billy's Law for children being served out of state being returned to NYS.

Home and Community Based Services (HCBS): Recommends a series of rate/price setting restructurings related to HCBS Waiver Day Habilitation services and supervised IRA residential habilitation services.

Individualized Support Services (ISS): Funding of \$16.9 million (State share) is available to continue supporting more than 2,100 individuals with developmental disabilities to live as independently as possible in their own homes. This service option allows the development of individualized and creative supports and is being encouraged as a residential opportunity that provides for greater independence and choice. To assist those who live independently with enhancing life skills and moving toward personal goals, At- Home Residential Habilitation services may be combined with ISS services to provide additional supports. OMRDD is seeking to expand this residential option for as many people as possible.

At-Home Residential Habilitation (AHRH) Funding: Through NYS-CARES will support 1,000 new AHRH opportunities in 2010-11. In addition, OMRDD in partnership with its various stakeholders is developing a more intensive clinical based in-home service option to support families who are caring for individuals with significant behavioral challenges to avoid crisis situations that result in the removal of the family member from their home. The new service option called Intensive Behavioral Supports was approved as part of OMRDD's HCBS waiver renewal this past October. This service will be implemented on a pilot basis to support approximately 200 people beginning in 2010.

Family Care: The Executive Budget proposed the following reforms to the OMRDD and OMH Family Care to:

- Eliminate the current \$250 cap on payments for personal needs, clothing etc.
- Increases the number of respite days for Family Care Home operators from 10 to 14 day annually
- Allow OMH and OMRDD to include these payments with regular payments currently being made to these operators.
- In addition, 15 positions will be unfilled after attrition from the Family Care program. OMRDD indicates this action will have no impact on the level or quality of services provided to people with developmental disabilities.

Family Support Services (FSS): The Executive Budget continues \$7 million in funding for new services, originally included in the 2008-09 Budget, to help people with developmental disabilities and their families, including those with ASD and other behavioral or medical challenges, address those challenges through crisis intervention and other services. These resources were allocated during the 2009-10 fiscal year and will be fully implemented in the 2010-11 fiscal year. Also, the 2010-11 Executive Budget Recommendation continues the conversion of between \$16 million to \$20 million in FSS contract funding to HCBS waiver funding related to respite or respite-like services (i.e., recreation). This will result in annual State savings of \$8 million.

Clinic Services: The 2010-11 Executive Budget Recommendations include more than \$38 million (State share) to support certain Article 16 clinics. This amount includes approximately \$23 million included to support the shifting of clinical services and appropriate capital resources from DOH licensure (Article 28) to OMRDD licensure (Article 16).

APG's: OMRDD plans to implement the Ambulatory Patient Group (APG) initiative, revising Article 16 clinic fees effective January 1, 2011.

Recognizing and Supporting the Direct Support Professional Workforce. The 2010-11 Executive Budget Recommendations for OMRDD support the workforce in two ways:

- Includes a Medicaid trend factor of 3.06 percent retroactive to 2009 and a 2.08 percent Medicaid trend factor for 2010 intended to help support salary enhancements for workers and assist in recruitment and retention efforts. OMRDD is the only agency that received a trend factor increase for its workforce.
- Provides the continuation of existing funding as well as new funding for an additional phase of the Health Care Initiative which helps offset the cost to employers for providing health insurance to employees, to be implemented effective April 1, 2010.

Provide Individuals with Developmental Disabilities with Opportunities for Community Based Services: The implementation of a plan to close the Western NY DDSO's developmental center campus located in West Seneca, by developing new State-operated community services, is well underway. The plan looks to complete the development of community residential opportunities by the end of the 2010-11 fiscal year for the approximately 44 people still being supported in the institution on this campus. Significant savings will be achieved over the long term by vacating the campus. OMRDD is maintaining its commitment to achieving closure of all developmental centers – a transition of more than 400 people to integrated community living over the next several years.

OFFICE OF ALCOHOLISM AND SUBSTANCE ABUSE SERVICES (OASAS)

Overall, the OASAS budget for 2010-2011 is \$721 million for all funds requested; an increase of \$30 million, or 4% over the funding available in the 2009-2010 fiscal year. This net growth reflects a 3.2% reduction in state operating funds and a 7.7% increase in aid to localities; capital funding was held flat. 2010-2011 Executive Budget recommendations for OASAS are as follows:

PROPOSED 2010-2011	Difference from 2009-2010 Available
State Operations: \$130,350,000	(\$ -4,366,000 / -3.2%)
Aid to Localities: \$481,194,000	(\$+34,358,136/ +7.7%)
Capital: \$108,934,000	(\$ + 51,000/ flat)
TOTAL: \$720,478,000	\$ +30,043,136/ +4.4%)

Continuation of Key Initiatives

The 2010-2011 OASAS Executive Budget proposal continues to support several key initiatives that are core to the agency's mission. The overall Community Treatment Services Program fund appropriation amounts to \$395 million; nearly \$16 million more than the 2009-2010 enacted appropriation. Several of the continuing initiatives that have maintained and enhance OASAS local assistance under the Executive Budget proposal include:

- **Drug Law Reform:** The funding for outpatient treatment/assessment, clinical case management, and residential services will be continued for the same 13 counties eligible for the planning supplement and RFP process that began in the 2009-2010 fiscal year. The 2010-2011 funding is expected to support up to 1,000 outpatient treatment slots and 621 residential treatment beds associated with drug law reform diversions. (**\$13 million**)
- **MATS:** Managed Addiction Treatment Services programs in New York City and Orange, Westchester, Dutchess, Suffolk, and Erie Counties will continue to receive funding as part of base aid to localities through the 2010-2011 fiscal year. (**\$5.4 million**)
- **Substance Abuse Prevention and Treatment (SAPT)** Block Grant federal funding is continued and enhanced (**\$116 million**)
- **Recovery Community Centers:** Funding will continue for three currently operating centers (**\$600,000**)
- **Problem Gambling Prevention and Treatment:** Funding for currently operating programs will continue.
- **Safe and Drug Free Schools and Communities:** While the federal funding is discontinued as of the 2010 grant award, there are sufficient resources to continue operating these programs with existing dollars (approximately **\$4.8 million** appropriated in the 2010-2011 budget)

- **NY/NY III:** 587 scattered site and 50 congregate care units will be funded at **\$9.6 million** and **\$800,000** respectively.
- **Permanent supportive housing:** 53 scattered site units for single adults will be funded at **\$500,000**.
- **Debt service:** Increased funding to pay bonds for Capital projects (**\$6 million increase**)

Savings and Reductions

Savings under the OASAS Executive Budget plan are achieved through several methods; there are no planned layoffs. Savings will be achieved through further reductions in nonpersonal services, administrative efficiencies, labor negotiations, and deferrals in the development of some programs.

- **Nonpersonal service reductions** (\$1.3 million savings)
- **Negotiations with labor unions:** The Governor has proposed negotiations with labor unions to achieve a projected statewide savings of \$250 million; OASAS savings are projected at \$1.5 million.
- **COLA deferral.** A one-year COLA deferral is necessary to prevent what would have been a 2.1% reduction in reimbursement due to the statutory methodology attaching COLA to growth/deflation in the Consumer Price Index (deflation in the CPI would have driven a negative COLA for 2010-2011). The COLA is scheduled to resume in 2011 and continue to March 31, 2014.
- Deferral in development of **Five Problem Gambling Prevention Programs** until 2012-2013. (\$300,000 savings)
- Deferral in development of three **additional Recovery Community Centers** (\$300,000 savings)
- Conversions to Part 817 **Residential Rehabilitation Services for Youth** treatment models (\$750,000)
- **Elimination of Unified Services** as of July 1, 2010 (\$40,000 savings for OASAS)
- Continuation of the \$1.2 million reduction in **prevention programming** in the New York City Department of Education programs implemented in the 2009-10 enacted Deficit Reduction Plan.

Other Budget Proposals Impacting OASAS Services

Transferring DMV treatment program authority to OASAS:

The Health and Mental Hygiene bill amends section 19.07 of mental hygiene law and section 1196 of the vehicle and traffic law: Transfers oversight of the alcohol and drug rehabilitation program (“Drinking Driver Program” or DDP) from the Department of Motor Vehicles to OASAS and allows OASAS to develop standards and regulations for the operation of such programs. Language also replaces references to the DMV Commissioner with references to the OASAS commissioner in relevant sections of vehicle and traffic law. A similar proposal was made in the 2009-2010 Executive Budget, but rejected by the Legislature. Effective date: January 1, 2011.

Certification of Art. 28 Hospital Detoxification Units:

Requires OASAS to certify all Article 28 facilities that provide chemical dependence crisis services for over 2000 patient days per year or 10% of all patient days per year, whichever is less. Currently OASAS certifies the provision of “residential or non-residential chemical dependence services in Article 28 facilities. Amending language would include provision of “chemical dependence crisis services” which refers largely to detoxification. Effective date: April 1, 2010.

Taskforce Reductions and Eliminations:

The Executive Budget includes the Office of Taxpayer Accountability Interagency Task Force Elimination Article VII Bill proposes the repeal of several statewide taskforces and/or the reduction in meeting frequency for such task forces in order to reduce State liability for travel and related costs.

Two provisions impacting OASAS include:

- **Elimination of the Advisory Council on Underage Alcohol Consumption.** This Advisory Council was established under Chapter 275 of 2008; the Council was charged with issuing its first report to the governor and the legislature on the first of October 2010.
- Reduction in the number of annual meetings of the **Advisory Council on Alcoholism and Substance Abuse Services** from four (4) times to two (2) times per year.

OTDA NY/NY III Funding Transfer Authorization

The Education Labor and Family Assistance appropriations bill authorizes the transfer of \$625,000 in NY/NY III funds from the Office of Temporary and Disability Assistance to OASAS or other state agencies if the head of household of the eligible family suffers from a substance abuse disorder or other disability.

OFFICE OF CHILDREN AND FAMILY SERVICES (OCFS)

- Community Optional Preventive Services (COPS) reimbursement is recommended at a capped amount of \$26,194,500, a decrease of \$2.9 million from SFY 2009-10. This will provide 63.7 percent reimbursement of approved, eligible COPS expenditures up to the capped appropriation.
- The SFY 2010-11 Executive Budget recommendations include proposed funding of \$18.194 million related to the remediation or improvement of juvenile justice practices in OCFS for personal services and non-personal services. The addition of 169 Full Time Equivalent (FTE) is included in the proposal.